

Annual Report **2023**

Engtex

ENGTEX GROUP BERHAD

Company No. : 200101000937(536693-X)

Continue to
Serve, Surpass
and **Sustain**



ANNUAL GENERAL MEETING

23rd

**The Ballroom**

2nd floor, Mercure Selangor Selayang
B-G-12, Dataran Emerald
Jalan PS 11, Prima Selayang
68100 Batu Caves
Selangor Darul Ehsan

**11:30 a.m.****Thursday, 23rd May 2024**

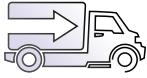
Table of contents

2	Overview of Group Principal Activities
3	Corporate Structure
4	Financial Highlights
5	Corporate Information
6	Directors' Profile
9	Key Senior Management Personnel Profile
11	Chairman's Statement
12	Management Discussion and Analysis
18	Audit Committee Report
21	Corporate Governance Overview Statement
36	Statement on Risk Management and Internal Control
38	Financial Statements
111	List of Properties
123	Analysis of Shareholdings
125	Analysis of Warrantholdings
127	Notice of Annual General Meeting
131	Appendix A
	Proxy Form

OVERVIEW OF GROUP PRINCIPAL ACTIVITIES



Engtex Group Berhad



WHOLESALE & DISTRIBUTION

Pipes, Valves, Fittings, Plumbing Materials, Construction Materials, Steel Products & General Hardware Products

- Engtex Sdn Berhad
- Benton Corporation Sdn Bhd
- Mega Alliance Builder Supplies Sdn Bhd
- Engtex Marketing Sdn Bhd
- Eng Lian Hup Trading Sdn Bhd
- LYE Marketing Sdn Bhd
- Engtex Ductile Iron Marketing Sdn Bhd
- Eng Lian Hup Marketing Sdn Bhd
- East Coast Metals Sdn Bhd
- Engtex Metal Products Sdn Bhd
- Nagasari Bitumen Products Sdn Bhd
- Engtex Industries Sdn Bhd
- EngLen Metals Sdn Bhd

Food Processing Equipment & Engineering Tools

- Wiki Pratama Sdn Bhd



HOSPITALITY

- Swiss Mission Sdn Bhd
- Engtex Leisure Sdn Bhd



PROPERTY DEVELOPMENT

- Engtex Properties Sdn Bhd
- Engtex Emerald Sdn Bhd
- Engtex Platinum Sdn Bhd
- Ivory Progression Sdn Bhd
- Blue Legacy Sdn Bhd
- Tiara Mission Sdn Bhd



MANUFACTURING

Mild Steel Concrete-Lined Pipes & Fittings

- Allpipes Technology Sdn Bhd
- Canova Manufacturing Sdn Bhd

Wire Mesh, Hard Drawn Wire & Other Steel Products

- Engtex Metals Sdn Bhd
- Engtex Metals (Utara) Sdn Bhd
- Hachita Enterprise Sdn Bhd
- EngLen Manufacturing Sdn Bhd
- East Coast Manufacturing Sdn Bhd
- Engtex Steel Industries Sdn Bhd

Ductile Iron Pipes

- Engtex Ductile Iron Pipe Industry Sdn Bhd

Valves, Hydrants, Fittings & Manhole Covers

- LYE Manufacturing Sdn Bhd

Steel Pipe Piles

- Engtex Pipe Industry Sdn Bhd

Electric Resistance Welded Pipe

- Engtex Steel Pipe Sdn Bhd



OTHERS

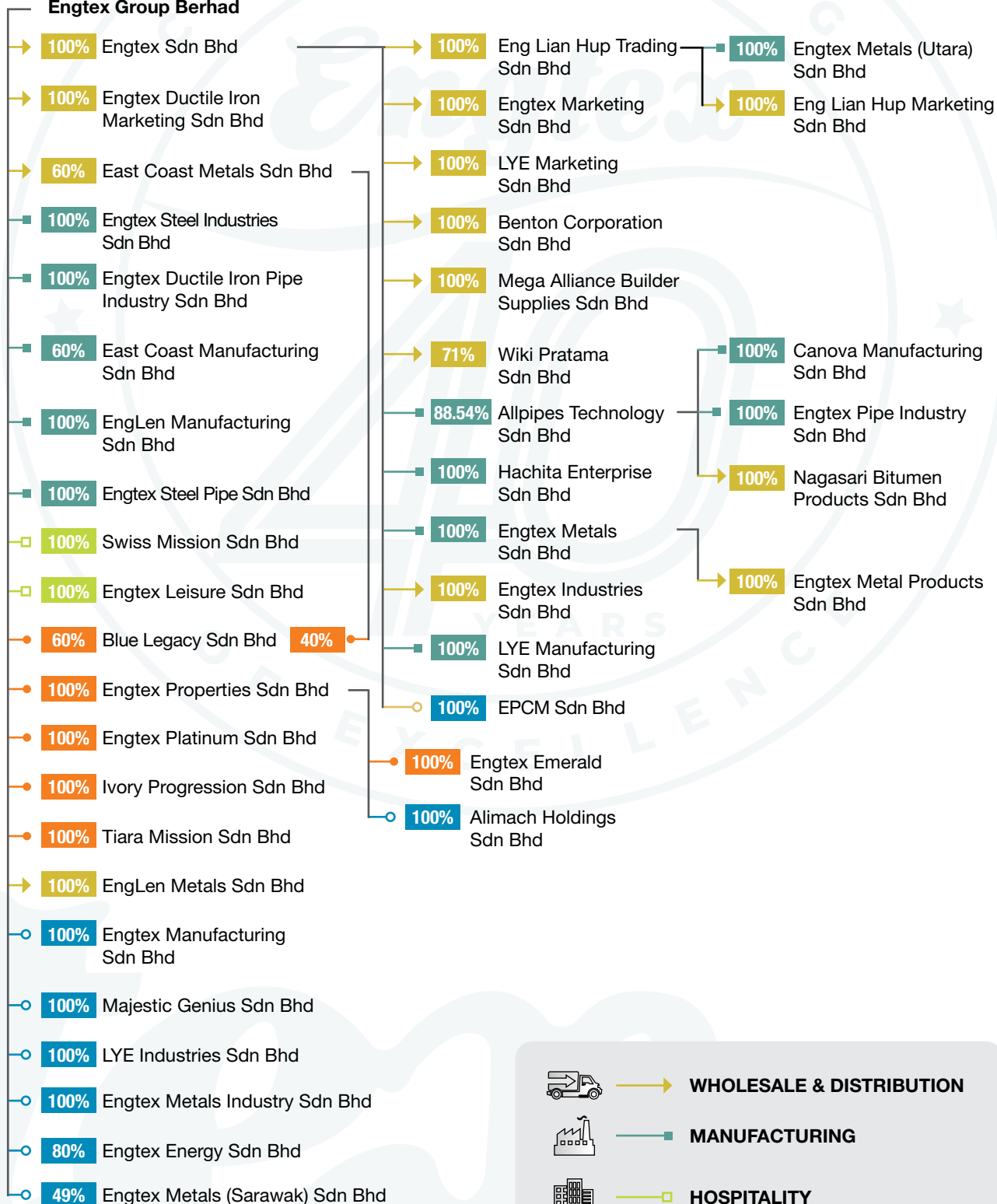
- LYE Industries Sdn Bhd
- EPCM Sdn Bhd
- Majestic Genius Sdn Bhd
- Alimach Holdings Sdn Bhd
- Engtex Manufacturing Sdn Bhd
- Engtex Energy Sdn Bhd
- Engtex Metals Industry Sdn Bhd
- Engtex Metals (Sarawak) Sdn Bhd

CORPORATE STRUCTURE

as at 31 March 2024



Engtex Group Berhad



-  → **WHOLESALE & DISTRIBUTION**
-  → **MANUFACTURING**
-  → **HOSPITALITY**
-  → **PROPERTY DEVELOPMENT**
-  → **OTHERS**

FINANCIAL HIGHLIGHTS

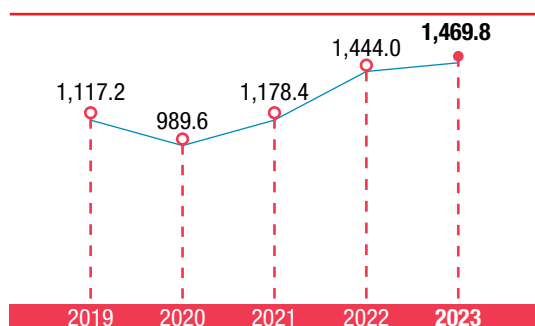
	2019	2020	2021	2022	2023
KEY FINANCIAL DATA (RM'mil)					
Revenue	1,117.2	989.6	1,178.4	1,444.0	1,469.8
EBITDA ^(a)	56.9	67.8	142.6	88.0	65.6
Finance costs	22.7	18.3	16.5	19.8	28.6
Profit before tax	11.9	28.3	105.6	47.9	18.1
(Loss)/Profit attributable to owners of the Company	(0.9)	15.4	78.4	32.5	10.1
Total assets	1,289.4	1,342.3	1,430.3	1,532.3	1,600.9
Borrowings	477.0	518.0	499.1	587.7	645.4
Share capital	269.9	269.9	269.9	269.9	269.9
Retained earnings	415.2	427.9	503.0	531.2	534.6
Total equity attributable to owners of the Company	680.1	691.9	769.3	795.9	806.0
SHARE INFORMATION					
Basic (loss)/earnings per share (sen)	(0.20)	3.52	17.96	7.48	2.32
Single tier dividends per share (sen)	0.750	0.625	0.750	1.000	^(N1)
Dividends pay-out (RM'mil)	3.3	2.7	3.3	4.4	^(N2)
Net debt-to-equity ratio (time)	0.58	0.59	0.48	0.56	0.67
Net assets per share (RM)	1.58	1.60	1.78	1.84	1.86
SHARE PERFORMANCE					
Year high (RM)	0.91	0.87	0.93	0.77	0.78
Year low (RM)	0.56	0.42	0.53	0.55	0.57
Year close (RM)	0.75	0.72	0.59	0.68	0.76
Trading volume ('mil)	107.9	606.7	831.4	152.8	60.3
Market capitalisation (at 31 December) (RM'mil)	332.5	319.2	259.3	301.5	334.7

^(a) Earnings before interest, taxes, depreciation and amortisation

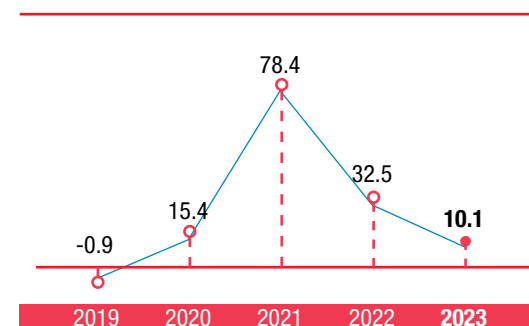
^(N1) Share dividend by way of distribution of treasury shares on the basis of 1 treasury share for every 50 ordinary shares held in the Company.

^(N2) Total number of treasury shares distributed was 8,654,342 shares or equivalent to RM6,676,331.

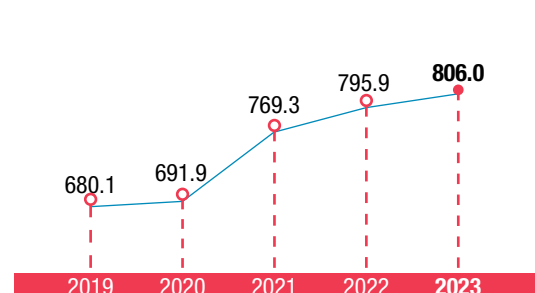
REVENUE RM'mil



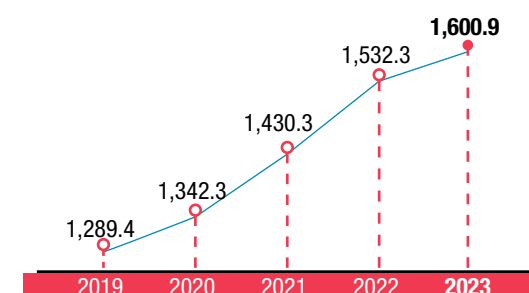
PROFIT AFTER TAX RM'mil (attributable to owners of the Company)



SHAREHOLDERS' FUNDS RM'mil (attributable to owners of the Company)



TOTAL ASSETS RM'mil



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Lim Pang Kiam

Chairman,
Independent Non-Executive Director

Tan Sri Dato' Ng Hook

Group Managing Director,
Executive Director

Ng Chooi Guan

Executive Director

Puan Sri Datin Yap Seng Kuan

Executive Director

Ng Yik Soon

Executive Director

Ng Koi Lin

Executive Director

Ho Sin Kheong

Independent Non-Executive Director

Dato' Leanne Koh Li Ann

Independent Non-Executive Director

AUDIT COMMITTEE

Chairperson**Dato' Leanne Koh Li Ann**

Independent Non-Executive Director

Members**Dr. Lim Pang Kiam**

Independent Non-Executive Director

Ho Sin Kheong

Independent Non-Executive Director

REGISTERED OFFICE

Lot 36 Jalan BRP 9/2B
Putra Industrial Park
Bukit Rahman Putra
47000 Sungai Buloh
Selangor Darul Ehsan
Tel : 603-6140 1111
Fax : 603-6157 0348
E-mail : enquiry@engtex.com.my

COMPANY SECRETARIES

Khoo Chong Keong

(MIA CA11413)

Lim Seck Wah

(MAICSA 0799845)

Tang Chi Hoe (Kevin)

(MAICSA 7045754)

NOMINATION COMMITTEE

Chairman**Dr. Lim Pang Kiam**

Independent Non-Executive Director

Members**Dato' Leanne Koh Li Ann**

Independent Non-Executive Director

Ho Sin Kheong

Independent Non-Executive Director

SHARE REGISTRARS

Mega Corporate Services Sdn Bhd

Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 603-2692 4271
Fax : 603-2732 5388

AUDITORS

KPMG PLT

Level 10 KPMG Tower 8
First Avenue Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7721 3388
Fax : 603-7721 3399

REMUNERATION COMMITTEE

Chairman**Dr. Lim Pang Kiam**

Independent Non-Executive Director

Members**Dato' Leanne Koh Li Ann**

Independent Non-Executive Director

Ho Sin Kheong

Independent Non-Executive Director

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia**Securities Berhad**

Stock Name : ENGTEX /
ENGTEX - WB
Stock Code : 5056 / 5056WB
Sector : Industrial Products
and Services

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Al Rajhi Banking Investment
Corporation (Malaysia) Bhd
Alliance Bank Malaysia Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad

DIRECTORS' PROFILE

DR. LIM PANG KIAM

Chairman, Independent Non-Executive Director



Male



61

DR. LIM PANG KIAM was appointed to the Board as an Independent Non-Executive Director on 23 July 2018. He is currently the Chairman of the Board, the Nomination Committee and the Remuneration Committee, and a member of the Audit Committee. Dr. Lim obtained a Bachelor of Science (Honours) in Housing, Building and Planning and a Master of Science in Planning from Universiti Sains Malaysia in 1988 and 1989 respectively. He is a Certified Financial Planner, a title by the Financial Planning Association of Malaysia which he has held since 2002. He is also a Credit Risk Management specialist whereby he was awarded the designation as a Certified Risk Professional from the Bank Administration Institute for Certification in USA in 2003. He has been a member of the Council of the Asian Institute of Chartered Bankers since 1999. He is a fellow member of the Chartered Institute of Management Accountants ("CIMA") and the Institute of Corporate Director Malaysia ("ICDM"). He is also a member of the Malaysian Institute of Accountants ("MIA"), the Chartered Global Management Accountant ("CGMA") and the ASEAN Chartered Professional Accountants ("ASEAN CPA"). He obtained a Doctor of Business Administration from SEGi University in August 2020. He was appointed as the External Advisory Committee ("EAC") member by Sunway University for a 3-year term expiring on 31 October 2026 to review the suitability and relevancy of the postgraduate

programmes, namely Doctor of Philosophy (Business) and Master of Philosophy (Business Administration). He was also appointed by the Universiti Teknologi Petronas as the member of the Industry Advisory Panel ("IAP") to the Management & Humanities Department for undergraduate and postgraduate programmes for a 2-year term expiring on 31 December 2025.

He has been in the banking industry for over 15 years holding various senior positions which include banking operation, commercial and corporate banking and investment banking. He left the industry in 2004 to become business owner and held several executive and non-executive directorships in public and private enterprises in Malaysia. He has resigned as the Chief Executive Officer and reappointed as the Non-Independent Non-Executive Director of K. Seng Seng Corporation Berhad on 28 June 2023.

He currently sits on the Board of Inta Bina Group Berhad, SDS Group Berhad and Lagenda Properties Berhad as an Independent Non-Executive Director.

He does not have any family relationship with any director and/or major shareholder of Engtex Group Berhad. He attended all the five Board meetings held during the financial year ended 31 December 2023.

TAN SRI DATO' NG HOOK

Group Managing Director, Non-Independent Executive Director



Male



68

TAN SRI DATO' NG HOOK is the Group Managing Director ("GMD") and was appointed to the Board as a Non-Independent Executive Director on 3 June 2002. He is the founder of the Group. He has been involved in the hardware, pipes, valves, fittings and plumbing materials industries upon completion of his secondary education in 1973. With more than 40 years of hands-on

experience in the business and acute business vision, he has developed the Group's businesses and responsible for the continuing growth and success of the Group. He is the spouse of Puan Sri Yap Seng Kuan. He does not hold any directorship in other public company. He attended all the five Board meetings held during the financial year ended 31 December 2023.

NG CHOOI GUAN

Non-Independent Executive Director



Male



60

NG CHOOI GUAN was appointed to the Board as a Non-Independent Executive Director on 3 June 2002. He is the Managing Director of Engtex Sdn Berhad ("Engtex"). He commenced his sales career in the hardware industry upon completion of his secondary education in 1980. He joined Engtex upon its inception in 1984 as a Sales Representative. His responsibilities include sales and marketing, group

supply chain management and procurement, business development, securing exclusive distributorships/agencies and developing house-brand products. He does not hold any directorship in other public company. He attended all the five Board meetings held during the financial year ended 31 December 2023.

PUAN SRI DATIN YAP SENG KUAN

Non-Independent Executive Director



Female



66

PUAN SRI DATIN YAP SENG KUAN was appointed to the Board as a Non-Independent Executive Director on 3 June 2002. After completing her secondary education, she has held various administrative positions and managed her own business prior to joining Engtex. She is currently in-charge of the Group's Treasury & Credit Control function.

Her portfolio includes the monitoring of day-to-day credit control and cashflow, monitoring debtors' collections and treasury function of the Group. She is the spouse of Tan Sri Dato' Ng Hook. She does not hold any directorship in other public company. She attended all the five Board meetings held during the financial year ended 31 December 2023.

Directors' Profile

NG YIK SOON

Non-Independent Executive Director



Male



56

NG YIK SOON was appointed to the Board as a Non-Independent Executive Director on 3 June 2002. He holds a Professional Diploma in Sales and Marketing from the University of Malaya Centre for Continuing Education. He has been with Engtex upon completion of his secondary education in 1985. His roles in Engtex included sales and marketing, group supply chain management and procurement, inventory control and product quality

control. He was also involved in the business and product development in certain manufactured steel products before focusing on business development, brand building, and sales and marketing of ductile iron pipes and fittings. He does not hold any directorship in other public company. He attended all the five Board meetings held during the financial year ended 31 December 2023.

NG KOI LIN

Non-Independent Executive Director



Female



35

NG KOI LIN was appointed to the Board as a Non-Independent Executive Director on 25 August 2022. She graduated from Monash University, Clayton-Australia with a Bachelor of Commerce (Accounting & Finance) degree in September 2011. She started her career with KPMG Malaysia as an Associate in Internal Audit, Risk & Compliance Services ("IARCS") division upon graduation in 2011. At KPMG IARCS, she was involved in risk-based internal audit assignments, enterprise risk management assessment and cost improvement reviews, assisting numerous clients, comprising mainly public listed companies, to optimise their risk management, controls and governance processes. She left KPMG Malaysia in June 2016 and joined Engtex in August 2016 as Business

Operations Manager. In April 2019, she was promoted to Personal Assistant ("PA") to the GMD where she assists the GMD in management duties as well as overseeing the operations of the hospitality segment. In May 2022, she assumed the position of Chief Sustainability Officer to drive the Environment, Social and Governance ("ESG") initiatives of the Group and its subsidiaries.

She is the daughter of Tan Sri Dato' Ng Hook and Puan Sri Datin Yap Seng Kuan, who are the GMD and Executive Director respectively and the major shareholder of Engtex Group Berhad. She does not hold any directorship in other public company. She attended all the five Board meetings held during the financial year ended 31 December 2023.

HO SIN KHEONG

Independent Non-Executive Director



Male



69

HO SIN KHEONG was appointed to the Board as an Independent Non-Executive Director on 7 August 2020. He is currently a member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

He began his career as a lecturer in Universiti Sains Malaysia, his Alma Mater. He graduated with a Master of Science from the Universiti Sains Malaysia in 1983 and a Bachelor of Science with Education (Honours) degree from the Universiti Pertanian Malaysia in 1979.

He has over 38 years of working experience in banking and Information Technology ("IT"). He started his first commercial career in NCR Malaysia from 1983 till 1988. He later moved on to assume the role of Head of IT/Chief Information Officer in various banks in Malaysia which included Ban Hin Lee Bank Berhad (1988 to 1997), United Overseas Bank (Malaysia) Bhd (1997 to 2003), RHB Bank Malaysia Bhd (2008 to 2014), MBSB Bank Berhad (2017 to 2018) and Kuwait Finance House Malaysia (2019 to

2020). In IT, he had experience working in eBworx Berhad from 2003 to 2005 as an Executive Director and a board member. From 2005 to 2007, he was the Executive Director in a mobile payment services start-up called Mobile Money Sdn Bhd and pioneered the mobile payment using handphones in Malaysia.

He has vast experience in core retail banking system, delivery channels system like branch teller system, internet and mobile banking, mobile payment system, data warehousing and big data analytics. He has excelled in project management and people management with successful implementation in numerous multi-million projects.

He does not have any family relationship with any director and/or major shareholder of Engtex Group Berhad. He attended all the five Board meetings held during the financial year ended 31 December 2023.

Directors' Profile

DATO' LEANNE KOH LI ANN

Independent Non-Executive Director



Female



50

DATO' LEANNE KOH LI ANN was appointed to the Board as an Independent Non-Executive Director on 28 May 2021. She is currently the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. She graduated with a Bachelor of Laws degree and a Bachelor of Commerce degree from the Australian National University in 1997. She is also a member of the Chartered Tax Institute of Malaysia and the International Fiscal Association. Dato' Leanne Koh chambered with Messrs Lee Hishammuddin, a Kuala Lumpur-based corporate and commercial law firm and was called to the Malaysian Bar in 1998. Following her chambering, she worked in the Litigation Department and thereafter the Corporate Department of the law firm at which she had chambered before joining KPMG Malaysia in June 2000. As a member of KPMG Malaysia's corporate tax practice team for over 20 years, Dato' Leanne Koh has provided corporate tax advice in relation to a variety of domestic and international transactions and exercises, including inbound and outbound investments, cross border and domestic regulatory issues, mergers and acquisitions ("M&A"), Initial Public Offerings ("IPOs"), international tax advice and tax due diligence, corporate tax diagnostic reviews and group tax planning and advising on structured finance products and structuring commercial contracts for tax efficiency. She held the position of Executive Director Corporate Tax in KPMG Malaysia for about 15 years before retiring in June 2020. During the course of her career, Dato' Leanne Koh had,

amongst others, served in an advisory capacity with the Securities Commission and Bank Negara Malaysia in respect of tax issues relating to ABS structures and Islamic financing. She had also addressed seminars and conferences in relation to tax issues relating to M&As and international tax planning. She also holds substantial legal experience in the areas of insolvency law and corporate and commercial restructurings, in particular receiverships and liquidations, banking litigation and administrative law matters. Dato' Leanne Koh returned to legal practice in July 2020 and was a partner of Messrs Mah-Kamariyah & Philip Koh in the Corporate and M&A Department until January 2023.

She is currently a director of DL Partners Sdn. Bhd. which provides business management consultancy services in relation to M&A, buy and sell side engagements, corporate reorganisation, financial restructuring, capital raising, arrangement of acquisition financing, strategic consulting and tax advisory.

She currently sits on the Board of Inta Bina Group Berhad and Panda Eco Systems Berhad as an Independent Non-Executive Director.

She does not have any family relationship with any director and/or major shareholder of Engtex Group Berhad. She attended all the five Board meetings held during the financial year ended 31 December 2023.

OTHER INFORMATION:

- All the Directors are Malaysian.
- The Group has entered into recurrent related party transactions with parties in which the directors of the Company, namely Tan Sri Dato' Ng Hook, Ng Chooi Guan and Ng Yik Soon have direct and/or indirect interests as disclosed in the notes to the Financial Statements section of the yearly Annual Report.
- Puan Sri Datin Yap Seng Kuan and Ng Koi Lin are interested in the recurrent related party transactions by virtue of being the spouse and daughter of Tan Sri Dato' Ng Hook respectively.
- Save for the above mentioned disclosure, none of the other directors have any conflict of interest with the Company.
- None of the Directors has been convicted of any offences other than traffic offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the year.
- Tan Sri Dato' Ng Hook, Ng Chooi Guan and Ng Yik Soon are siblings. Tan Sri Dato' Ng Hook and Puan Sri Datin Yap Seng Kuan are indirect major shareholders of Engtex Group Berhad.

KEY SENIOR MANAGEMENT PERSONNEL PROFILE

DR. TEH CHEE GHEE



Male



57

DR. TEH CHEE GHEE was appointed as the Chief Operating Officer of the Group on 15 February 2022. He was formerly the Chairman of the Board and an Independent Non-Executive Director until his retirement on 27 May 2021.

He holds a Doctor of Philosophy degree in Credit Management, a Master of Business Administration degree and an Honours Degree in Accounting, all from University Malaya. He is a Council Member of the Malaysian Institute of Certified Public Accountants (“MICPA”) and a fellow member of the Association of Chartered Certified Accountants (“ACCA”) and the Chartered Tax Institute of Malaysia (“CTIM”). He is also a member of the MIA.

Dr. Teh commenced his career in 1990 in Arthur Andersen-HRM (Management Services) Sdn Bhd as an associate consultant. He then served in the audit and business advisory division of Arthur Andersen & Co. between the years 1990 to 1994. He joined CWS Hygiene Sdn Bhd (“CWS”) as the Finance & Administration Manager in 1994 and when the Zuellig Group acquired CWS in 1995, he was appointed the Regional Financial Controller of Gold Coin Feedmills (M) Sdn Bhd. He joined Engtex Sdn Berhad (“Engtex”) as the Group Financial Controller in 1996 and was the Personal Assistant (“PA”) to the Group Managing Director and Company Secretary of Engtex Group Berhad between September 2002 and May 2006. He served TH Group Berhad from June 2006 to October 2010 as the PA

to the Group Managing Director. He was also the Acting Chief Operating Officer of Nilai Medical Centre (formerly known as NCI Hospital owned by Asiaprise Biotech Sdn Bhd, a wholly-owned subsidiary of TH Group Berhad) from February 2010 to October 2010. He was the General Manager - Strategic Planning and Operations of TSH Resources Berhad from October 2010 to October 2012. He joined Monash University Malaysia (“MUM”) in October 2012 as a Senior Lecturer in Accounting and Finance of the School of Business until his early retirement on 7 January 2022. He was also the Deputy Director of Research from 2013 to 2014, Deputy Director of MBA Programme from 2017 to 2018 and Deputy Director of Development and External Engagement of the Entrepreneurship and Innovation Hub (“eiHub”) from 2018 to 2019 of the School of Business in MUM. Dr Teh was also appointed as the Head of Research of the Socio-Economic Research Centre, operating under SERC Sdn Bhd, an independent think tank initiated by the Associated Chinese Chambers of Commerce and Industry of Malaysia (“ACCCIM”) under a paid outside work retainer arrangement with Monash University Malaysia from January 2014 to February 2016.

He currently sits on the Board of ACO Group Berhad, Orgabio Holdings Berhad and LGMS Berhad as an Independent Non-Executive Director. He does not have any family relationship with any director and/or major shareholder of Engtex Group Berhad.

CHEAH HOCK KEE



Male



62

CHEAH HOCK KEE is currently the Director and General Manager of Allpipes Technology Sdn Bhd (“Allpipes”). He holds a Diploma in Management from the Malaysian Institute of Management in 1988. He started his career in 1984 as an Estimator with Petro-Pipe Industries and was later promoted to Marketing Manager in 1989 to market and sell steel pipe and fittings. In 1993, he joined Accurate Industrial Steel Sdn Bhd as General Manager overseeing the steel pipe

factory operation until 1999 prior to joining Allpipes in 2000. He has more than 35 years of experience in steel pipe industry and is overall responsible for the sales and marketing, and operations of the mild steel concrete-lined pipes and fittings, and pipe piles manufacturing division. He does not hold any directorship in other public company. He does not have any family relationship with any director and/or major shareholder of Engtex Group Berhad.

HOW KON FOOK



Male



68

HOW KON FOOK is currently the Director of Sales of Benton Corporation Sdn Bhd (“Benton”). He commenced his career in 1974 when he joined a hardware store as a store hand. He served for 2 years before moving to Hup Huat Hardware Sdn Bhd as a counter sales personnel from 1978 to 1980. Subsequently he was employed as a Sales Representative in Yong Hardware Sdn Bhd for 9 years prior to joining Benton as Sales Manager. He

is overall in-charge of the distribution of pipes, valves, fittings, general hardware products, steel products and plumbing materials primarily in East Malaysia. He does not hold any directorship in other public company. He does not have any family relationship with any director and/or major shareholder of Engtex Group Berhad.

Key Senior Management Personnel Profile

KHOO CHONG KEONG



Male



55

KHOO CHONG KEONG is currently the Chief Financial Officer and Joint Company Secretary of the Group. He is a member of the MICPA and the MIA.

He started his career in 1990 as an audit assistant in Arthur Andersen & Co. and left the firm as an Audit Manager after serving the Audit and Business Advisory division for more than 10 years. He joined Selangor Properties Berhad in 2000 as the Finance Manager and later joined Engtex as

the Group Internal Audit and Enterprise Risk Management Manager in 2001. He was promoted to Group Finance Manager in 2002 and later assumes his current position in 2004. He is responsible for the overall financial management, accounting, secretarial and corporate function of the Group. He does not hold any directorship in other public company. He does not have any family relationship with any director and/or major shareholder of Engtex Group Berhad.

LEE GEOK AI



Male



68

LEE GEOK AI is currently the Director of Ivory Progression Sdn Bhd and General Manager of EPCM Sdn Bhd. He holds a Bachelor of Science (Honours) in Civil Engineering from University of Glasgow Scotland and a Master of Construction Management from University of New South Wales Australia. He started his career as a Contract Engineer with Drainage and Irrigation Department under the Ministry of Agriculture from 1982 to 1983 and later joined Ooi Bok Khoo as Project Engineer in Building Construction from 1984 to 1986. He joined Ahmad Zaki Sdn Bhd in 1988 as Site Engineer and

later promoted to Regional Manager in 1990 and then to Technical General Manager in 1994. He joined Tiaraview Management Sdn Bhd as General Manager from 1996 to 2008 to oversee the property development management prior to joining the Group in 2009. He is currently responsible for overseeing the property development and management of Property Development segment. He does not hold any directorship in other public company. He does not have any family relationship with any director and/or major shareholder of Engtex Group Berhad.

NG CHIN MAN



Male



65

NG CHIN MAN is currently the Director and Factory Manager of Allpipes. He commenced his career upon completing his secondary education as a welder in Ban Lee Iron Works from 1974 to 1978 and thereafter undertook steel subcontracting works. In 1981, he set up his own business of manufacturing iron grilles and steel

products with his sibling before joining Allpipes in 1986. He has more than 35 years of experience in the steel manufacturing industry and is currently responsible for the factory operation of mild steel concrete-line pipes and fittings, and pipe piles divisions. He does not hold any directorship in other public company.

NG YOU CHAI



Male



67

NG YOU CHAI is currently the Director and Group Logistics and Operations Manager of Engtex. He commenced his career in the grocery business upon completing his secondary education from 1973 to 1977. In 1977, he joined Selangor Motor Sdn Bhd as counter sales personnel for 4 years before joining his sibling to set up the

business of manufacturing iron grilles and steel products. In 1984, he joined Engtex as a sales representative and was promoted to the current position in 1993. He is responsible for the warehousing operations and logistics handling. He does not hold any directorship in other public company.

OTHER INFORMATION:

- All the key senior management personnel are Malaysian.
- Save for the above mentioned disclosure, none of the key senior management personnel have any conflict of interest with the Company.
- None of the key senior management personnel has been convicted of any offences other than traffic

- offences, if any, within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the year.
- Ng Chin Man and Ng You Chai are siblings to Tan Sri Dato' Ng Hook. Tan Sri Dato' Ng Hook and Puan Sri Datin Yap Seng Kuan are indirect major shareholders of Engtex Group Berhad.

CHAIRMAN'S STATEMENT

INTRODUCTION

On behalf of the Board of Directors of Engtex Group Berhad, I am pleased to present the Annual Report and Financial Statements of Engtex Group Berhad ("Company") and its subsidiaries ("Group") for the Financial Year Ended 31 December 2023.

BUSINESS AND OPERATIONS, AND FINANCIAL PERFORMANCE

The war in Ukraine and other ongoing conflicts, uncertain energy prices, high inflation, underperforming China's steel demand due to contraction in the real estate sector and the worsening global economic outlook have contributed to the adverse impact on steel consumption in 2023 and Malaysia was not spared as the domestic steel prices are closely associated with the global supply and market condition. The domestic steel prices retraced amid the weak economic environment and absence of large infrastructure projects rollout during 2023.

Despite the challenging operating conditions, the Group adapted well to these challenges and managed to achieve a net revenue of RM1.5 billion (2022: RM1.4 billion) representing a year-on-year increase of 1.8%. However, the Group's pre-tax profit declined to RM18.1 million (2022: RM47.9 million). Consequently, the Group recorded a lower net profit attributable to owners of the Company of RM10.1 million (2022: RM32.5 million) and earnings per ordinary share of 2.3 sen (2022: 7.5 sen). The business conditions, operations and financial performance during the year under review are further explained in this Annual Report's Management Discussion and Analysis section.

After considering the need to balance the working capital requirements and capital investment, your Board is recommending a final single-tier dividend for the financial year ended 31 December 2023 of 0.75 sen per ordinary share totaling RM3.3 million (2022: share dividend distribution based on one (1) treasury share for every fifty (50) existing ordinary shares held valued at RM6.7 million) to reward our shareholders for their unwavering support.

CORPORATE EXERCISE

In February 2023, the Company acquired 51,000 ordinary shares representing 51% equity interest in Engtex Energy Sdn. Bhd. (formerly known as Leading Wonder Sdn. Bhd.) ("EESB") for a total cash consideration of RM62,292. During the financial year, the Company subscribed for an additional 749,000 ordinary shares in EESB for a total cash consideration of RM749,000 to increase its equity stake in EESB from 51% to 80%. The acquisition of EESB will enable the Company to participate in the clean energy solution.

In September 2023, the Company subscribed 49 ordinary shares representing 49% equity interest in a newly incorporated company, Engtex Metals (Sarawak) Sdn. Bhd. ("EMSSB") for a total cash consideration of RM49.

The intended principal activities of EMSSB are the manufacturing and distributing metal-related products, and it is currently looking for suitable land to operate in Sarawak.

In October 2023, the Company incorporated a wholly-owned subsidiary, Engtex Metals Industry Sdn. Bhd. ("EMISB") by way of issuance of 100 ordinary shares representing 100% equity interest in EMISB for a total cash consideration of RM100. The intended principal activities of EMISB are the manufacturing and distributing metal-related products.

ENVIRONMENT, SOCIAL AND GOVERNANCE INITIATIVES

Your Board determines the general course of the Group's sustainability development and focuses on creating value for its stakeholders. Our sustainability efforts extend across all facets of our businesses, from stringent environmental management practices in our operational processes to fostering inclusive workplaces and supporting the communities where we operate. We are proud to uphold the highest standards of integrity, humility, and excellence in all our endeavours, ensuring sustainability remains at the forefront of our decision-making processes. Our Group's sustainability initiatives are in a separate Sustainability Report 2023.

As a Group, we constantly uphold the principles of good corporate governance, which we believe is fundamental to the sustainable creation of shareholders' value. Our practices are set out in this Annual Report's Corporate Governance Overview Statement section.

During the year, the Group adopted the Sustainability Policy which seeks to establish a sustainability framework on which we conduct our businesses, and the Diversity and Inclusion Policy which serves as a framework for promoting diversity and inclusivity.

The Group is also undertaking the installation of rooftop Solar Photovoltaic ("PV") projects in 10 locations in Peninsular Malaysia to generate renewable energy to mitigate the rising electricity costs and promote a cleaner environment. The Solar PV projects are expected to commence installation, testing and commissioning works beginning in the third quarter of 2024 after we obtain all the necessary regulatory approvals.

ACKNOWLEDGEMENTS

It has been a privilege to be the Chairman of the Company this year, and I would like to take this opportunity to thank my fellow Board members, Management and all employees for their support.

Dr Lim Pang Kiam
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis aims to provide our shareholders and other stakeholders with an overview of our Group’s business conditions, operations and financial performance for the Financial Year Ended 31 December 2023.

BUSINESS AND OPERATIONS

Group profile

The principal activities of the Group can be divided into four strategic business segments, and the following summary describes the operations in each of the business segments:


- Wholesale and distribution - This includes the wholesale and distribution of pipes, valves, fittings, plumbing materials, steel-related products, general hardware products and construction materials
- Manufacturing - This includes the manufacturing and sale of steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard-drawn wire, steel bars and other steel-related products.
- Property development - This includes property development and investment activities.
- Hospitality - This includes the operation of hotel rooms, food and beverage, meeting and function rooms, and other hospitality services.

Other non-reportable segments comprise operations related to corporate assets and expenses.

Key market area and geographical locations

The Group operates in Malaysia. The geographical location of its business operations is as follows:

- Wholesales and distribution - two (2) primary warehousing operations located at Selangor and Penang, respectively.
- Manufacturing - twelve (12) manufacturing operations, of which four (4) are located at Selangor, four (4) are located at Pahang and one (1) each is located at Penang, Johor, Sabah and Melaka respectively.
- Property - three (3) completed property development projects, namely Tiara Residence and Emerald Avenue, both located at Selayang and Amanja located at Kepong, Selangor.
- Hospitality - a 72-room hotel, “Avenue J’ located at Leboh Pasar, Kuala Lumpur, a 144-room hotel, “Ibis Style” located at Bandar Sri Damansara and a 120-room hotel, “Mercure” located at Selayang, both located at Selangor.

	<p>Vision</p> <p>To be the leading integrated manufacturer and one-stop distribution centre for pipes, valves, fittings, plumbing and steel products and construction materials that provide total supply-chain solutions to our customers in the water supply, sewerage, fire fighting, heat ventilation and air conditioning systems, infrastructure and construction industries</p>
	<p>Mission</p> <p>To deliver sustainably good financial returns through our impeccable commitment to setting high standards, innovation, productivity and competency in providing products and services of international quality and value-focused that meet the needs of our customers</p>
	<p>Value</p> <ul style="list-style-type: none"> <li style="width: 50%;">• Customer Satisfaction <li style="width: 50%;">• Integrity and Professionalism <li style="width: 50%;">• Safety and Environment <li style="width: 50%;">• Quality Management <li style="width: 50%;">• Shareholder Value <li style="width: 50%;">• Corporate Responsibility

Management Discussion And Analysis

Financial Highlights

The last five (5) years' financial information and share performance are disclosed in the Financial Highlights section of this Annual Report.

FINANCIAL PERFORMANCE

General overview

Overall, the 2023 growth for the Malaysian economy normalised to 3.7%, following a robust growth registered in the previous year of 8.7%. Growth moderated amid a challenging external environment. This was due mainly to slower global trade, the global tech downcycle, geopolitical tensions and tighter monetary policies. On the domestic front, despite the lapse of considerable policy support provided as the economy started to open up in 2022, the continued recovery in economic activity and labour market conditions supported growth in 2023. In addition, the solid growth performance of the economy is reinforced by a resilient external position. *(Source: Bank Negara Malaysia ("BNM") Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023)*

The severe consequences of the war in Ukraine and other ongoing conflicts, uncertainty surrounding energy prices, high inflation, under-performing China's steel demand due to contraction in the real estate sector and the worsening global economic outlook have contributed to the adverse impact on the apparent steel consumption in 2023 and put downward pressure on the international steel prices. Global economic growth is forecast to weaken from 3.5% in 2022 to 3.1% in 2023. *(Source: International Monetary Fund ("IMF"), World Economic Outlook Update, January 2024)* Malaysia was not spared as the domestic steel prices are closely associated with the global supply and market condition. The domestic steel prices retraced amid the weak economic environment and absence of large infrastructure projects rollout during 2023, after rebounding slightly following China's reopening from the strict COVID-19 lockdown in December 2022.

Financials

The Group recorded a higher net revenue of RM1.5 billion (2022: RM1.4 billion) representing a year-on-year increase of 1.8% mainly attributable to the recovery in market demand for certain metal-related trading products.

However, the Group saw its earnings before interest, income tax, depreciation and amortisation ("EBITDA") and pre-tax profit declined by 25.5% and 62.2%, respectively, to RM65.6 million (2022: RM88.0 million) and RM18.1 million (2022: RM47.9 million) respectively. The decrease was mainly due to the higher procurement costs for its raw material inventories and production costs for most of the manufactured steel products, and the lower selling prices arising from the increased market competition in light of the current volatility and the slowdown in the domestic market demand. Consequently, the Group has achieved a lower net profit attributable to owners of the Company of RM10.1 million (2022: RM32.5 million) and earnings per ordinary share of 2.3 sen (2022: 7.5 sen).

On the back of the increased retained earnings, the Group's equity attributable to owners of the Company increased by 1.3% from RM795.9 million as of 31 December 2022 to RM806.0 million as of 31 December 2023, and the net assets per share increased from RM1.84 as of 31 December 2022 to RM1.86 as of 31 December 2023. The net debt-to-equity ratio increased to 0.67 (2022: 0.56) times in tandem with the increase in net bank borrowings from RM457.3 million as of 31 December 2022 to RM553.5 million as of 31 December 2023 largely to procure raw materials and trading inventories besides financing the trade receivables and supporting other working capital requirements. The Group has been vigilant in managing credit control, inventory holdings and cash flow to overcome any business uncertainties.

Staff cost increased by 8.2% year-on-year in 2023 (2022: 20.9%) as the Group focused on expanding its business and customer network to support growth.

The Group's weighted average interest rate on bank borrowings increased to 4.9% (2022: 3.9%) due to BNM increasing the overnight policy rate from 2.75% to 3.00% in May 2023 to support economic growth.

In 2023, there was a net gain of RM1.5 million on the impairment loss of trade receivables (2022: net impairment losses of RM6.2 million), and write down of the trading and manufactured inventories of RM5.4 million (2022: RM4.7 million) and unsold properties located at Selayang of RM0.5 million (2022: RM0.1 million).

Management Discussion And Analysis

Business segments

Wholesale and Distribution segment

The wholesale and distribution segment recorded net revenue of RM697.0 million (2022: RM671.1 million) representing a year-on-year increase of 3.9%, and the segment contributed 47.4% (2022: 46.5%) of the Group's total net revenue. The recovery in market demand for certain metal-related trading products primarily drove the increase in net revenue. This segment recorded a lower EBITDA and pre-tax profit of RM36.4 million (2022: RM40.2 million) and RM19.2 million (2022: RM26.2 million) representing a year-on-year decline of 9.5% and 26.7% respectively. This segment accounted for 54.4% (2022: 45.2%) of the Group's EBITDA and 105.8% (2022: 54.6%) of the Group's pre-tax profit.

The decrease in EBITDA and pre-tax profit was mainly due to higher procurement costs for its trading inventories and the lower selling prices arising from the increased market competition in light of the current volatility and the slowdown in the domestic market demand. The net reversal on the impairment loss of trade receivables and inventories written down during the year was approximately RM1.4 million (2022: net impairment losses of RM6.3 million) and RM5.2 million (2022: RM4.2 million), respectively.

In March 2023, a wholly owned subsidiary disposed of a residential freehold serviced apartment located at Johor Bahru, Johor, for a total cash consideration of RM0.7 million to generate cash flows for working capital purposes.

Manufacturing segment

The manufacturing segment recorded lower net revenue of RM753.6 million (2022: RM757.9 million) which represented a year-on-year decrease of 0.6% and the segment contributed 51.3% (2022: 52.5%) of the Group's total net revenue. Correspondingly, this segment recorded a lower EBITDA and pre-profit of RM33.2 million (2022: RM51.4 million) and RM7.8 million (2022: RM30.5 million) representing a year-on-year decline of 35.3% and 74.4% respectively. This segment accounted for 49.7% (2022: 57.8%) of the Group's EBITDA and 43.0% (2022: 63.6%) of the Group's pre-tax profit.

The decline in net revenue, EBITDA and pre-tax profit was mainly due to the lower selling prices arising from the increased market competition and higher procurement and production costs for most of the manufactured steel products in light of the current volatility in the international and domestic steel prices, domestic market demand and lower production output. The inventories written down during the year were approximately RM0.2 million (2022: RM0.5 million).

In September 2023, the Company subscribed 49 ordinary shares representing 49% equity interest in a newly

incorporated company, Engtex Metals (Sarawak) Sdn. Bhd. ("EMSSB") for a total cash consideration of RM49. The intended principal activities of EMSSB are the manufacturing and distributing metal-related products, and is currently sourcing for suitable land to operate in Sarawak.

In October 2023, the Company incorporated a wholly owned subsidiary, Engtex Metals Industry Sdn. Bhd. ("EMISB") by way of issuance of 100 ordinary shares representing 100% equity interest in EMISB for total cash consideration of RM100. The intended principal activities of EMISB are the manufacturing and distributing metal-related products.

In November 2023, a wholly owned subsidiary acquired a residential freehold single-storey terrace house located at Bukit Mertajam, Pulau Pinang for staff accommodation for a total cash consideration of RM320,000.

Property Development segment

This segment recorded a higher net revenue of RM8.8 million (2022: RM6.8 million) and contributed 0.6% (2022: 0.5%) to the Group's net revenue. The revenue was mainly derived from the sale of residential units of the Tiara Residence project, the Emerald Avenue project located at Selayang and the Amanja project located at Kepong. The total accumulated residential units sold as of 31 December 2023 for the Tiara Residence project was 95.7% (2022: 91.3%), and the Amanja project was 92.9% (2022: 89.7%).

This segment incurred a pre-tax loss of RM2.0 million (2022: RM1.2 million) to maintain these unsold properties. The unsold property at Selayang was written down during the year at approximately RM0.5 million (2022: RM0.1 million).

In January 2023, a wholly owned subsidiary acquired eleven (11) plots of vacant leasehold industrial land measuring approximately 2.6 acres located at Bandar Sungai Buloh, Selangor for a total consideration of RM14.4 million. The land will be developed into light industrial building lots for sale.

Hospitality segment

This segment recorded a higher net revenue of RM10.4 million (2022: RM8.2 million) due to a higher number of rooms sold of 46,763 (2022: 39,227) at all three operating hotels after the reopening of Ibis Styles Hotel located at Bandar Sri Damansara in April 2022, and the increase in average occupancy rate from 36.1% in 2022 to 38.2% in 2023.

As a result, this segment registered a lower pre-tax loss of RM5.2 million (2022: RM6.3 million), which largely included the borrowing costs and depreciation of RM4.7 million (2022: RM5.0 million).

Management Discussion And Analysis

Future outlook

General overview

Growth in 2024 will be driven by resilient domestic expenditure and improvement in external demand. On the external front, the IMF is projecting a rebound in global trade growth from 0.4% in 2023 to 3.3% in 2024. Together with the tech upcycle, the more robust external demand and continued improvement in the tourism sector will support Malaysia's exports. On the domestic front, household spending will be supported by continued employment and wage growth. Investment activity will be underpinned by further progress of multi-year projects by both the private and public sectors, and the implementation of catalytic initiatives under the various national master plans. Improvement in tourist arrivals and spending are expected to continue. The growth outlook remains subject to downside risks from weaker-than-expected external demand and more significant declines in commodity production. Nonetheless, there are upside risks to growth emanating from significant spillover from the tech upcycle, stronger-than-expected tourism activity and faster implementation of existing and new projects. The Malaysian economy is projected to grow between 4% and 5% in 2024. This will be supported by resilient domestic demand and improvement in external demand. (Source: *BNM Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023 and BNM Annual Report 2023*)

On 11 September 2023, the Government of Malaysia ("GOM") tabled the Twelfth Malaysia Plan 2021-2025 ("12MP") Mid-Term Review ("12MP MTR"), and it outlines a new framework for strengthening the efficiency of public service delivery as the key enabler and also highlighted three main focus areas namely strengthening sustainability, building prosperous society and achieving high-income nation. A total of 17 key measures are introduced covering important strategies and initiatives that will serve as the main catalyst in accelerating the efforts to reform the socioeconomic development of the nation in line with the aspiration of the MADANI economy framework for the subsequent three years (2023-2025) while continuing the fiscal measures outlined in the 12MP as reported in the Annual Report 2022. The initial development expenditure allocation under the 12MP of RM400.0 billion has also been raised to RM415.0 billion in line with the 12MP MTR, including the New Industrial Master Plan ("NIMP") and New Energy Transition Roadmap ("NETR"). The anticipated growth rate for the upcoming years (2023-2025) is expected to range between 5.0% and 5.5% annually, and the overall target for the 12MP has been revised upward to 5.0% to 6.0% from 4.5% to 5.5% as announced previously. This revision primarily stems from the expectation of improving growth in domestic demand, particularly driven by private expenditure. (Source: *12MP and 12MP MTR*)

The GOM takes a further expansionary fiscal approach while being prudent to gradually reduce the fiscal deficit in 2024 by allocating a total expenditure of RM393.8 billion (2023: RM388.1 billion), of which RM90.0 billion is for development expenditure. The Malaysian economic growth is projected at 4% to 5% in 2024 under the reforms being implemented under the MADANI economy, while Malaysia's economic growth projection is 4.3% by the World Bank and IMF. The GOM will allocate RM11.8 billion for the 33 high-priority flood mitigation projects, RM1.1 billion to resolve water supply issues, particularly in Kelantan, Sabah and Labuan, RM1.9 billion for the school upgrading and maintenance nationwide, RM2.55 billion for the construction of 26 new schools, RM2.8 billion for the maintenance federal roads and bridges, RM2.47 billion for Projek Perumahan Rakyat ("PPR") housing projects, RM1.63 billion for the construction and upgrading of roads and RM939 million for water and electricity supplies in rural areas, RM2.4 billion to build, maintain and repair quarters for civil servants, teachers, hospitals, police, armed forces and firefighters, and RM931 million for the North-South Highway road expansion project. Sabah and Sarawak will continue to receive development allocations of RM6.6 billion (2023: RM6.5 billion) and RM5.8 billion (2023: RM5.6 billion) respectively, and RM15.7 billion to complete the construction of Pan Borneo Highway in Sabah and RM7.4 billion for the construction of Sarawak-Sabah Link Road. (Source: *Malaysian Budget 2024*)

The National Water Services Commission ("SPAN"), as the regulator for the 12 states' water operators in Peninsular Malaysia and Labuan, has announced the water tariff rates increase by 22 sen per cubic meter from 1 February 2024 and was implemented for the long-term sustainability of the water service industry. These tariff adjustments reflect the cost of water supply to ensure water operators deliver quality water by enhancing the service levels. Water operators are more prepared to make continuous investments to develop the infrastructure of the water supply system which includes the construction or upgrading of water treatment plants and replacing old pipes. SPAN also said that the increase would allow water operators to carry out regular maintenance and deal with complaints more efficiently to ensure the continuity of water supply services and meet user expectations at the same time simultaneously. (Source: *The Star, dated 17 January 2024*)

The above local and global economic outlook will provide a challenging platform for our existing businesses in all segments, which focus primarily on the domestic market.

Management Discussion And Analysis

Wholesale and Distribution segment

Our wholesale and distribution segment will continue to consistently contribute to the Group's growth in net revenue and profitability.

The segment continues to become a one-stop solution provider of pipes, valves, and fittings to its established customer network in Malaysia, which is involved in the utilities and infrastructure sectors. It will continue to expand and maximise its warehousing facilities based in Selangor and Penang and deploy effective utilisation of resources to source for existing and new trading products. The segment has commenced the distribution of its own manufactured steel products in Sarawak and plans to expand its range of pipes, valves and fittings products throughout East Malaysia.

The new warehouse facility at its existing ten acres of freehold industrial land located at Kapar, Selangor is part of the plan to consolidate some of its fragmented warehousing and manufacturing facilities located at Selangor to reduce warehouse administration and management costs and for letting prospects. The facility is expected to obtain all regulatory approvals by the second half of 2024 before it can commence its operations.

Manufacturing segment

Our manufacturing segment has been the major revenue contributor for the Group since 2022 and is seen as the growth catalyst with ample capacities to increase its contribution to the Group without having to incur substantial capital investments. However, its steel commodity manufactured products are dependent on the rollout of large-scale utilities, infrastructure, construction and property development projects by the public and private sectors as announced by the GOM during the Budget 2024 and 12MP.

The mild steel concrete-lined ("MSCL") pipe plant is located in Selangor and is one of the leading MSCL pipe producers in Malaysia. It can produce the largest diameter MSCL pipe of up to 3.0 meters. The other plant in Kuantan is primarily set up to manufacture steel pipe piles and is well-positioned to undertake significant infrastructure projects in the ASEAN region. Currently, the plant is not able to operate the steel pipe piles commercially due to soft market demand in the infrastructure sectors locally and in the ASEAN region and it is currently been used to produce MSCL pipes for the domestic market. Therefore, both plants have a combined annual production capacity of 66,000 metric tonnes ("MT"), and their utilisation rates in 2023 have declined to 32.7% (2022: 50.0%).

The Group has overcome the limited space for the production and storage of MSCL pipes in the plant located in Selangor to enhance the plant utilisation further by having a piece of freehold industrial land located at Batang Kali, Selangor, measuring approximately 47.6 acres together with a factory erected thereon.

The ductile iron ("DI") pipe plant located in Kuantan is one of the two DI pipe players in Malaysia. It has an annual production capacity of 60,000 MT and the plant's capacity can be expanded further if needed. The plant can produce the largest diameter DI pipe up to 1.2 meters in the ASEAN region. The utilisation rate in 2023 was higher at 33.8% (2022: 31.7%).

Both the MSCL pipes and DI pipes cater for water and sewerage purposes. In line with the recent water tariff rates increase in February 2024, the plants are well-positioned to partake in the non-revenue water ("NRW") pipe replacement projects undertaken by Pengurusan Aset Air Berhad ("PAAB"), our national water assets holding company, and other states water authorities, including Sabah and Sarawak. Without any NRW pipe replacement projects, both plants are currently fulfilling orders to deliver pipes for new water treatment plants, water distribution schemes, and land development areas by the public and private sectors nationwide.

Our welded wire mesh and hard-drawn wire plants, comprising five (5) factories located in Selangor, Penang, Johor, Pahang, and Sabah, have a combined annual production capacity of 210,000 MT to serve the construction and property development sectors. The plants' utilisation rates in 2023 were higher at 52.2% (2022: 47.5%).

The Electric Resistance Welded ("ERW") pipe plants located in Pahang and Selangor have a combined annual production capacity of 66,000 MT based on four production lines, and the plant's utilisation rates in 2023 were higher at 50.6% (2022: 47.5%). Another three new production lines installed at the Ijok plant with an annual combined production capacity of 54,000 MT are at various commissioning stages and are targeted for commercial run by the second quarter of 2024 to increase the yearly combined production capacity to 120,000 MT. The Group is also constructing new warehouse and production facilities on two parcels of land measuring approximately ten acres adjacent to the existing plants located at Ijok, Selangor for future expansion and will be ready for use by the second half of 2024.

The steel mill located at Melaka has an annual production capacity to produce steel bars of 96,000 MT, and the utilisation rate in 2023 was higher at 53.2% (2022: 41.8%).

Management Discussion And Analysis

Property Development segment

The Tiara Residence residential development project located at Selayang still has 2 (2022: 4) units of unsold stocks, which are pending perfection of sale and purchase agreements with a book value of approximately RM1.9 million (2022: RM4.9 million). The Emerald Avenue mixed residential and commercial development project in Selayang has 14 units of unsold stocks and investment properties comprising retail lots, carparks and walk malls with book values of approximately RM34.2 million (2022: RM35.3 million). The Amanja project located at Kepong has 16 units of unsold stocks and investment properties comprising a retail unit and carparks with book values of approximately RM19.0 million (2022: RM22.9 million)

Other than the eleven plots of vacant leasehold industrial land located at Bandar Sungai Buloh, Selangor measuring approximately 2.6 acres that will be developed into light industrial building lots for sale in the near future, the Group is currently putting on hold the future launching of new property development projects on its remaining land bank of approximately 63.1 acres which is at various stages of preliminary works because of the weak property market and is focusing on actively selling the remaining unsold property units to pare down bank borrowings and curbing operating expenditure. The segment intends to review and revise the earlier development plans to find the right product to market or put the land for sale to unlock the value of these lands.

Hospitality segment

The National Tourism Policy 2020-2030 was launched on 23 December 2020. It aims to ensure the continuity of the country's tourism industry and makes Malaysia a preferred tourism destination at the global level. In the Budget 2024, the GOM has set the year 2026 as the Visit Malaysia Year and targets the arrival of 26.1 million foreign tourists with an estimated domestic spending of RM97.6 billion. RM350 million will be set aside to boost tourism promotion and activities in Malaysia.

Moving forward, the segment will focus on revenue management of all three hotels located in Selangor and Kuala Lumpur and intensify its marketing plan to offer attractive rooms and Meetings, Incentives, Conferences and Exhibitions ("MICE") packages to the local government agencies and private sectors while maintaining attractive room rates for foreign and local tourists and free and independent travellers. Alternatively, the hotels may be put for sale if the right offer arises.

Risk and mitigating factors

The performance of the Group will be affected by factors such as the uncertainties in the domestic demand and prices arising from the impact of the global and domestic economic outlook, volatility in the international and domestic metal prices, and the timely implementation of large-scale projects in the utilities, infrastructure, construction and property development sectors. The Group will continue to focus on expanding its existing metal-related product range for its wholesale and distribution segment locally and abroad. It will improve, automate, optimise and expand its operating capacity and continue to look for new business opportunities in its manufacturing segment. The Group is committed to improve its cash flow while maintaining sustainable operations. It will continue to implement prudent credit and cash flow management, diversify income generating sources, identify cost savings opportunities, maintain optimum inventories holding level, improve production efficiency, explore the export market opportunity and divest some non-core assets to enhance the returns to our stakeholders.

Dividends

The Board has established no dividend policy at this juncture as there is a need to conserve cash for the working capital requirement in light of the challenging business environment. Nevertheless, the Board has consistently declared dividends annually since its listing to reward the shareholders for their continued support and confidence in the Group.

The Board is recommending a final single-tier dividend of 0.75 sen per ordinary share totalling RM3.3 million for the financial year ended 31 December 2023 (2022: share dividend distribution based on one (1) treasury share for every fifty (50) existing ordinary shares held at an average purchase cost of RM6.7 million), which is subject to shareholders' approval at the forthcoming Annual General Meeting.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of Engtex Group Berhad (“Company”) is pleased to present the report of its Audit Committee (“AC”) for the financial year ended 31 December 2023.

1. SALIENT FEATURES OF THE TERMS OF REFERENCE

Objectives

The principal objective of the AC is to assist the Board in discharging its statutory duties and responsibilities relating to the accounting and reporting practices of Engtex Group Berhad and its subsidiaries (“Group”). In addition, the AC shall: -

- a. oversee and appraise the quality of the audits conducted by both the Group’s external auditors and Internal Audit Function (“IAF”);
- b. maintain open lines of communication between the Board, the Internal Audit Department (“IAD”) and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- c. determine the adequacy of the Group’s administrative, operating and accounting controls.

2. MEMBERS AND MEETINGS OF THE COMMITTEE

The AC is pleased to report that all its members are independent and non-executive directors. The AC met five (5) times during the financial year and the details of its members and their attendance at the AC meetings during the financial year are as follows:

Name of Directors	Meeting Attendance
Dato’ Leanne Koh Li Ann <i>(Chairperson, Independent Non-Executive Director)</i>	5/5
Dr. Lim Pang Kiam <i>(Member, Independent Non-Executive Director)</i>	5/5
Ho Sin Kheong <i>(Member, Independent Non-Executive Director)</i>	5/5

The AC has fulfilled the requirement of Paragraph 15.09 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, which states that at least one (1) member of the AC must be a member of the Malaysian Institute of Accountants (“MIA”).

3. ACTIVITIES DURING THE YEAR

The main activities performed by the AC during the financial year were as follows:

External Reporting:

- a. Reviewed the quarterly financial results and year-end financial statements before recommending them for approval by the Board, particularly in relation to:
 - i. Implementation of major changes in accounting policies.
 - ii. Significant and unusual events.
 - iii. Going concern assumptions.
 - iv. Compliance with accounting standards and other regulatory requirements.
- b. Reviewed the circular to shareholders in relation to the renewal of shareholders’ mandate for recurrent related party transactions of a revenue or trading nature and recommended to the Board for approval and circulation.
- c. Issued the AC Report, reviewed the Statement on Risk Management and Internal Control and Corporate Governance Overview Statement, and recommended to the Board for inclusion in the Company’s Annual Report.
- d. Reviewed the Corporate Governance Report for disclosure on Malaysian Code on Corporate Governance updated in 2021 (“MCCG”) to the Bursa Securities.

Audit Committee Report

3. ACTIVITIES DURING THE YEAR (CONTINUED)

External Audit:

- a. Reviewed with the external auditors their audit plan for the statutory audit of the Group's financial statements for the financial year ended 31 December 2023 which states the nature and scope of the audit and to ensure coordination of audit where more than one audit firm is involved.
- b. Reviewed with the external auditors their evaluation of the systems of internal control as well as their findings, recommendations and associated management responses.
- c. Discussed with the external auditors the problems and reservations arising from the external audit and any matters the external auditors may wish to address.
- d. Reviewed and recommended the re-appointment of external auditors of the Company for the financial year ended 31 December 2023, as well as fixing the auditor's remuneration.

Internal Audit and Risk Management:

- a. Reviewed the adequacy of the scope, function, competency and resources of the IAD whether in-house or co-outsourced, where necessary, and that it has the necessary authority and capacity to carry out its work.
- b. Appraised the performance of the IAD staff including the approvals for the appointment, termination and resignation of IAD staff thereof.
- c. Reviewed the internal audit programmes, major findings of internal audit investigation and management's responses, and ensure that appropriate actions were taken on the recommendations of the IAD.
- d. Reviewed the reports from the Risk Management Committee in respect of the Group's principal operation and business risks and the Group's risk management policies in place to identify adequately and address these risks.
- e. To promptly report any matters resulting in the breach of the Bursa Securities Listing Requirements to the Board. Where the AC is of the opinion that such matters reported by it to the Board has not been satisfactorily resolved, the AC shall promptly report such matters to Bursa Securities.
- f. To consider any other function that may be mutually agreed upon by the AC and the Board, which would be beneficial to the Company and ensure the effective discharge of the AC's duties and responsibilities.

Others:

- a. To consider any related party transactions and conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises the question of management integrity, and measures taken to resolve, eliminate or mitigate such conflicts.
- b. Reviewed the annual budget of the Group tabled by the management for the financial year ending 31 December 2023, and the general outlook for the subsequent four (4) financial years.

4. EVALUATION OF AUDIT COMMITTEE

For the financial year under review, an evaluation was carried out on the terms of office, competency and performance of the AC. As all the Nomination Committee members are also members of the AC, the evaluation was carried out by all directors who are non-AC members. The Board was satisfied that the AC and its members had carried out their duties in accordance with the AC's Terms of Reference.

5. TRAINING

The training and seminars attended by the directors during the financial year are disclosed in the Corporate Governance Overview Statement in this Annual Report.

Audit Committee Report

6. INTERNAL AUDIT FUNCTION (“IAF”)

The Group’s IAF consists of an in-house IAD and its co-sourced partner Moore Stephens Associates PLT (“Moore”) whose practices are guided by the International Professional Practices Framework (“IPPF”). The IAD is further governed by its Internal Audit Charter and Moore conducted their work based on the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) framework.

The IAD consists of a Group Internal Audit Manager, Mr. Beh Sui Boon, who has more than 20 years of experience in internal audit and is a member of the MIA. Mr. Beh is free from any relationships or conflict of interest which could impair his objectivity and independence.

The engagement team from Moore is led by Mr. Dennis Chong, who is a Certified Internal Auditor and a Chartered Member of the Institute of Internal Auditors (“CMIIA”) and has more than ten (10) years of related experience. The firm and the engagement team are also free from any relationship or conflict of interest, which could impair their objectivity and independence

The primary role of the IAF is to provide assurance by assessing and reporting on the effectiveness of the systems of internal control, risk management and governance processes implemented to help the Group achieve its strategic, operational, financial and compliance objectives. It carries out its function based on its annual audit plan which is developed based on a risk-based approach to determine the priorities, objectives and scopes of its activities. The major activities carried out during the financial year were as follows:

- a. Evaluated the adequacy and effectiveness of key internal control features derived from the risk assessment of selected business units within the Group.
- b. Conducted follow-up audits on the agreed improvement plans implemented by the relevant business units and assessed the results of the implementations thereon, and advised the AC accordingly.
- c. Ascertained the extent of compliance with established Group policies and procedures and statutory requirements.
- d. Reviewed on a quarterly basis the Recurrent Related Party Transactions (“RRPT”) within the Group in respect of the adequacy in identifying the relevant related parties, the completeness and accuracy of the amount of RRPT reported to the AC, whether the RRPT was transacted at arm’s length, in compliance with the Group’s RRPT reporting procedures, and within the Shareholders’ mandate given in the latest Annual General Meeting of the Company.
- e. Reviewed new and updated policies and procedures of the Group and advised on areas pertaining to internal control features and efficiency and integrity of reporting structure.
- f. Validated with the Risk Management Committee, the results of the Group’s risk management process and report to the AC.
- g. Reviewed the various corporate policies with respect to compliance with the MCCG.
- h. Presented on a quarterly basis, the significant findings with root-cause analysis, its evaluation on the effectiveness of internal control, risk management and governance processes, as well as recommendations and agreed improvement plan thereon to the AC.
- i. Developed internal audit strategies and annual audit plan for year 2024 based on risk assessment of the Group. The internal audit plans had been approved by the AC.

The cost of operating the IAF for the financial year was approximately RM315,000.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of the Company recognises the importance of practising good corporate governance in order to achieve long-term success of the Company and deliver sustainable value to its shareholders and other stakeholders. As such, the Board is committed to practising good corporate governance prescribed in the Malaysian Code on Corporate Governance which had been reviewed and updated in year 2021 (“MCCG”).

The Company has adopted all the practices and applied the main principles prescribed in the MCCG except for the following:

- Practice 1.4 – The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.
- Practice 5.2 – At least half of the Board comprises independent directors.
- Practice 8.2 – The Board discloses on a named basis the top 5 senior management’s remuneration component in bands of RM50,000.
- Practice 13.3 – The Company as a listed company should leverage technology to facilitate voting including voting in absentia and remote shareholders’ participation at general meetings.

The following section sets out the commitment of the Board towards applying the principles and practices in the MCCG and achieving the intended outcomes of the practices.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

The Board

The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its shareholders. The responsibilities of the Board are set out in the Board Charter, which include steering the strategic direction of the Company, setting corporate governance expectations within the Group, upholding the principles and values of sustainable development and integrating them into its business processes, identifying principal risks and ensuring the implementation of a proper internal control and risk management system to manage these risks, and ensuring effective communications with the shareholders and other stakeholders.

In discharging its duties and responsibilities, the Board delegates the responsibility of managing the day-to-day business operations and implementing the Board’s approved strategies, business plan, sustainability plans as well as other governance-related policies and decisions to the Executive Directors and senior management which are led by the Group Managing Director (“GMD”). The Board also delegates specific responsibilities to the Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) (collectively referred to as “Committees”), which have their own clearly defined Terms of Reference (“TOR”). Each of these Committees meets periodically and reports to and advises the Board on the outcome of the meetings.

Board Charter

The Board has a Board Charter which defines the roles and responsibilities of the Board, its Committees, individual directors, the management and the Company Secretaries. It also serves as a guide to Board members and senior management on the functions of the Board. The Board Charter which is subject to review and update as and when needed is available on the Company’s website at www.engtexgroup.com.my. The Board Charter was last reviewed and updated on 19 April 2024 to reflect changes to the Board’s practices primarily according to changes in relevant regulatory rules and requirements.

Distinct Roles between Board Chairman and GMD

The roles and responsibilities of the Board Chairman and the GMD are distinct and separate to ensure that there is a balance of power and authority. The Chairman, being a Non-Executive, heads the Board and is responsible for the leadership, effectiveness, conduct and governance of the Board. In contrast, the GMD oversees and manages the day-to-day operations of the Group and undertakes executive decision-making and implementation of policies and decisions.

The roles and responsibilities of the Board Chairman and GMD are prescribed in the Company’s Board Charter, which is available for viewing on the Company’s website.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

Chairman of the Board and Its Board Committees

The Board is mindful of Practice 1.4 of the MCCG and the risk of the Board Chairman's objectivity being impaired arising from his concurrent involvement in the AC, NC and/or RC. The Board has three (3) independent directors in its composition at this juncture, resulting in the Board Chairman also assuming positions in the respective Committees. Nevertheless, the Board has as a whole assessed the performance and conduct of its Chairman, and has affirmed his professionalism, competency, objectivity and impartiality in carrying out his duties as the Board Chairman and his roles in the respective Committees.

Company Secretaries

The Company Secretaries are qualified Chartered Secretaries, under the prescribed body as permitted by the Companies Act 2016. The Board members have direct access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries provide information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The Company Secretaries' roles are to:

- a. Support the Board and its Committees and advise on their respective roles and responsibilities;
- b. Manage all Board and its Committees' meeting logistics, attend and record minutes of all Board and its Committees' meetings and facilitate Board communications;
- c. Facilitate the orientation of new directors and assist in director training and development;
- d. Update and advise the Board and its Committees on the Companies Act 2016, the Company's Constitution, MCCG and compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities");
- e. Monitor corporate governance developments and assist the Board in applying corporate governance practices to meet the Board's needs and stakeholders' expectations;
- f. Maintain the statutory records;
- g. Remind the directors and principal officers of the closed period for trading in the Company's securities;
- h. Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- i. Manage processes pertaining to the annual shareholder meeting; and
- j. Serve as a focal point for stakeholders' communication and engagement on corporate governance issues

The Company Secretaries play an essential role in the general meetings to ensure that the due processes and proceedings are in place and properly managed. During the general meeting, the Company Secretaries will assist the Chairman and the Board in the conduct of the meetings and ensure the minutes are properly recorded, particularly questions and issues raised by the shareholders.

The Board is supported by three (3) qualified Company Secretaries. Ms. Lim Seck Wah and Mr. Tang Chi Hoe (Kevin) are both members of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"), and Mr. Khoo Chong Keong is a member of the Malaysian Institute of Accountants ("MIA").

The Board is satisfied with the professionalism and competency of the Company Secretaries shown in their advice and support provided to the Board and its Committees.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

Supply of Information

The directors are supplied with timely and comprehensive information to enable them to discharge their duties. Notice of Board meeting with meeting agenda set by the Board Chairman accompanied by relevant Board papers are circulated to all directors at least five (5) days before each Board meeting so that the directors have sufficient time to review, seek additional information and clarifications to facilitate effective and meaningful deliberations and decision-making during the Board meeting. Exceptions may be made for certain ad-hoc or urgent instances when directors consent to shorter notice.

The minutes of meetings are prepared and circulated to all directors within a reasonable time after the conclusion of each meeting. Matters deliberated and/or resolved by the Board are properly recorded in the minutes of meetings, which would be confirmed by the Board and signed by the Chairman in the following Board meeting. The minutes of the Board meetings are kept at the Company's registered office.

The Company plans the annual schedule of meetings so that the directors can provide the required time commitment to attend these meetings. As such, the meeting schedule of the Board and its Committees scheduled for 2023 was prepared and tabled at the Board meeting held in November 2022.

Promoting Good Business Conducts & Healthy Corporate Culture - Code of Ethics and Conduct ("CEC"), Anti Bribery and Anti-Corruption ("ABAC") Policy and Whistleblowing Policy

The Board established a CEC to formalise the commitment to promote good business conduct and to maintain a healthy corporate culture. The CEC applies to directors and all levels of personnel of the Group in all their activities directly or indirectly associated with the Group. It defines ethical principles such as honesty and fairness, respect, professionalism and competency, accountability and compliance, from which it establishes various ethical standards of conduct, including but not limited to those that are related to conflict of interest, abuse of power, corruption, insider trading and money laundering.

The Company has established an ABAC Policy with the objectives to manage the potential risks of and to prevent bribery and corruption in the Group. The ABAC Policy sets out the Group's ABAC management and governance framework, the Group's responsibilities, and of those working for the Group, in observing and upholding its position on bribery and corruption, and provides information and guidance to those working for the Group on how to recognise and deal with bribery and corruption issues.

In addition to the CEC and ABAC Policy, the Group also has a Whistleblowing Policy which sets out formal channels of communication through which concerned parties may raise relevant matters without the risk of reprisals. The Whistleblowing Policy provides a reporting framework for which genuine concerns about impropriety may be raised to one's superior, GMD or the Chairperson of the AC.

The CEC, ABAC Policy and the Whistleblowing Policy, all of which are available on the Company's website, were last reviewed and updated on 19 April 2024.

Responsibilities Towards Sustainability

The Board has established a Sustainability Policy to provide a sustainability framework covering the aspects of Environment, Social and Governance ("ESG"), which is available on the Company's website and is subject to review and update by the Board at least once every two (2) years.

The Board determines the general course of the Group's sustainability development and is supported by the Group Management Sustainability Committee ("GMSC") comprising selected senior management personnel and is headed by the Chief Sustainability Officer ("CSO"). The GMSC develops, executes and monitors programmes related to ESG. The Business Unit Sustainability Committee ("BUSC") of each identified business unit is responsible for its sustainability goal setting and performing specific tasks corresponding to their functions. The BUSCs report to the GMSC on a regular basis while on a half-yearly basis, the GMSC reports to the Board accordingly.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. BOARD RESPONSIBILITIES (CONTINUED)

Responsibilities Towards Sustainability (continued)

The Group focuses on value creation for its stakeholders and is always keen to understand their needs and expectations. The close interactions between the Group and the stakeholders, create a trusting relationship. To ensure that the voices of the stakeholders are heard, the Group has identified the following engagement:

- Shareholders and Investors
- Employees
- Customers
- Suppliers and Contractors
- Media
- Industry Associations
- Government and Regulatory Authorities
- Local Communities

The main stakeholders are persons or entities whose actions, interests, or safety may be affected by or have a potential impact on the Group's activities.

The collaboration with the stakeholders and creating values with them is an effective way to achieve the Group's strategic goals. The overall key priorities are influenced by business fundamentals and market conditions. That is the reason that the Group focuses on different grouping of stakeholders.

The Group listens to the concerns and feedback from the stakeholders and takes into consideration the legislation, contractual obligations and industry regulations, and always respects human rights. To address all stakeholders, the Group engages various stakeholder groups according to their functions:

- Communication Channels and Mechanisms – Company's website, general meetings, annual reports, corporate announcements, analyst briefings, product briefings, product brochures, e-commerce shopping platform, road-shows and trade exhibitions, etc.
- Feedback and Collection - Collects feedback from internal and external stakeholders.
- Satisfaction Survey – Conducts Customer Satisfaction Survey and collects employees' responses from questionnaires.
- Membership, Association and Institutions - Collaborates with prominent industry and business associations and institutions.

The Board is updated on the sustainability development according to the reporting framework as described above.

The Board noted the requirement by the MCCG and has via its NC updated its evaluation method and format to take into account of Board and senior management's performance relating to addressing the Company's and Group's material sustainability risks and opportunities.

The details of the Group's sustainability development are available in the Sustainability Report 2023.

2. BOARD COMPOSITION

Board Composition and Balance

In accordance with its Terms of Reference, the NC reviews the Board structure, size and composition and new appointment/re-election of directors and considers the tenure of each director.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

Board Composition and Balance (continued)

The Board has been refreshed with the appointments of Dr. Lim Pang Kiam in year 2018, Mr. Ho Sin Kheong in year 2020 and Dato' Leanne Koh Li Ann in year 2021 as Independent Non-Executive Directors ("INEDs"). The new appointment of Ms. Ng Koi Lin to the Board in year 2022 as Executive Director ("ED") also added gender and skill diversity to the Board.

In respect of the assessment for the financial year ended 31 December 2023 which was internally facilitated, the NC and the Board were satisfied that the Board composition in terms of size, the balance between Executive Directors and INEDs, and their mix of skills was adequate.

The NC has reviewed and is satisfied with the performance and contributions of Ng Chooi Guan, Ng Yik Soon and Ho Sin Kheong, and consequently has recommended for their re-election in the forthcoming Annual General Meeting, during which these directors are due for retirement and subjected to re-election in accordance with the relevant articles in the Company's Constitution.

The Board comprises three (3) INEDs and five (5) EDs, one (1) of whom is the GMD. The composition of the Board represents both the major and minority shareholders' interests and complies with the Listing Requirements where at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent directors.

The INEDs do not participate in the day-to-day management as well as the daily business of the Company. In staying clear of any potential conflict of interest situation, the INEDs remain in a position to fulfill their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgement which take into account the interests of the Group as well as shareholders and investors in the decision-making process of the Board.

The Board is mindful of the requirement of Practice 5.2 of the MCCG for non-large companies that at least half of the Board comprises independent directors, and the NC will continue to seek suitable candidates to fill the positions of independent director.

The Board Chairman, being an INED, has been able to lead effective meetings and discussions, promote active participation and critical discussions among its members and senior management personnel. The presence of independent directors, though below the recommended 50%, is effective and significant in contributing objective views and opinions in the deliberations on policy and decision-making.

Tenure of Independent Directors

The Board with the assistance of the NC conducts an annual review of the independent directors. The review processes include self and peer review within the NC, which comprises of wholly independent directors, and the results were further reviewed by the Board. All independent directors are also required to complete annual declaration forms to the Board on the status of their own independence and business dealings with the Group, if any. The Board had adopted the same criteria used in the definition of "independent directors" prescribed by the MMLR as the criteria to assess their independence.

Following the annual assessment conducted in 2023, the independent directors were found to have demonstrated independence and objectivity in the Board's decision-making process and have given valuable feedback through the sharing of knowledge and experience and have acted in the best interest of the Company.

None of the independent directors has served a cumulative term of more than nine (9) years and their respective term served will not exceed nine (9) years in the next twelve (12) months.

In the event where the Board intends to retain an independent director beyond a cumulative of more than nine (9) years, the Board and its NC shall provide justification and seek annual shareholders' approval through a two-tier voting process.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

Appointment and Reappointment of Directors, Senior Management and Time Commitment

The Board, through its NC adopts a rigorous and transparent process for the appointment and reappointment of its directors. Its selection criteria as guided by:

- (1) Paragraph 2.20A, Chapter 2 of MMLR issued by Bursa Securities, which includes character, experience, integrity, competence and time to effectively discharge one's roles required by the position to be filled;
- (2) Ethical principles specified in the CEC which include Honesty and Fairness, Respect, Professional and Competent, Accountability and Compliance; and
- (3) Directors' Fit and Proper Policy of the Company which sets out criteria that include individual's Character and Integrity, Experience and Competence, and Time and Commitment.

The NC considers the Board's diversity in skills, experience, age, cultural background and gender for the appointment and reappointment of directors.

Every director is aware that his/her appointment demands time commitment to effectively discharge his/her duties and has updated the Board and its NC on his/her directorships or board memberships in other companies. The NC reviewed the attendance of every director annually and the details are disclosed in the Annual Report. All directors have achieved the minimum attendance of 50% at Board meetings and have not held more than the maximum of five (5) directorships in public listed companies under the MMLR of Bursa Securities.

The meetings and attendance of Directors during the financial year are as follows:

Name of Directors	Board Attendance	AC Meeting Attendance	NC Meeting Attendance	RC Meeting Attendance	AGM Attendance
Dr. Lim Pang Kiam (Chairman, INED)	5/5	5/5	2/2	2/2	1/1
Tan Sri Dato' Ng Hook (GMD, Executive Director)	5/5	-/-	-/-	-/-	1/1
Ng Chooi Guan (Executive Director)	5/5	-/-	-/-	-/-	1/1
Ng Yik Soon (Executive Director)	5/5	-/-	-/-	-/-	1/1
Puan Sri Datin Yap Seng Kuan (Executive Director)	5/5	-/-	-/-	-/-	1/1
Ng Koi Lin (Executive Director)	5/5	-/-	-/-	-/-	1/1
Ho Sin Kheong (INED)	5/5	5/5	2/2	2/2	1/1
Dato' Leanne Koh Li Ann (INED)	5/5	5/5	2/2	2/2	1/1

The NC delegates to the GMD the responsibilities of assessing and considering suitable candidates for appointment to other senior management positions which require specific business performance track records.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

Gender Diversity

There are currently three (3) female directors and five (5) male directors on the Board which comply with the minimum of one (1) female director required by the MMLR of Bursa Securities, and having more than 30% female participation in the Board.

The Board acknowledges the recommendations of the MCCG on the establishment of a gender diversity policy. The Board promotes diversity while maintaining gender unbiasedness and does not have a gender-based policy for the composition of its Board and senior management. The Board believes in providing equal opportunity to candidates with merits that are dependent on the candidate's competency, skills, experience, expertise, character, time commitment, integrity and other qualities in meeting the needs of the Company.

Nomination Committee ("NC")

The NC consists solely of INEDs and is chaired by an INED. The main duties of the NC are to:

- Recommend new appointment/re-election of directors to the Board;
- Recommend appointment of members to the Board and its Committees;
- Review the Board structure, size and composition;
- Evaluate the performance and effectiveness of the Board, its Committees and individual directors and to determine their training needs;
- Determine whether a director is independent as defined in the MMLR of the Bursa Securities;
- Oversee the succession planning of key management personnel within the Group;
- Establish an orientation programme for newly appointed directors or any other related matters; and
- Review the terms of reference and performance of the Committees and their members annually to determine whether the Committees and their members have carried out their duties in accordance with their terms of reference.

The full term of reference for the NC is available on the Company's website.

The NC met three times during the financial year to:

- Review the composition of the Board in terms of its structure, balanced mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole and the Committees;
- Review and assess the contribution of individual directors based on criteria, responsibilities, strength and time commitment;
- Assess the independence of each of the existing independent directors with each director abstaining from deliberation on his/her assessment;
- Review the term of office and performance of the AC and each of its members to determine whether the AC has carried out their duties in accordance with their terms of reference; and
- Assess Ng Chooi Guan, Ng Yik Soon and Ho Sin Kheong in accordance with the Company's Directors' Fit and Proper Policy and review and evaluate their performances and contributions, and recommend their re-election at the forthcoming Company's Annual General Meeting ("AGM"), during which they are due for retirement in accordance with the relevant articles in the Company's Constitution.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

Performance Evaluation of the Board, Committees and Individual Director

The Board has adopted a Directors Assessment Policy which formalises the processes, criteria and frequency of conducting performance assessments on the Board as a whole, its Committees and individual directors. The Directors Assessment Policy provides guidelines on the assessment criteria for Board Chairman, GMD, EDs, INEDs and Committees, which are also relevant for assessing the suitability of candidates for new appointment or re-appointment of directors. Such criteria include individual director's knowledge and experience in the Group's core businesses, personal qualities, professional skills and business development skills.

The NC conducted an annual review on the Board, Committees and individual directors using the Evaluation of the Board and its Committee Forms, Audit Committee Evaluation Forms, Director Performance Self-Assessment Forms, Independent Director Self-Assessment Forms, and Board Skills Matrix Form. The results of the evaluation and recommendations were tabled to the Board for deliberation.

In respect of the assessment for the financial year ended 31 December 2023 which was internally facilitated, the NC and the Board were satisfied that the Board and its Committees have discharged their duties and responsibilities effectively and the contribution and performance of each director, including the GMD are satisfactory. The Board was also satisfied that the Board composition in terms of size, the balance between EDs and INEDs and the mix of skills was adequate.

Pursuant to the Article 86 of the Company's Constitution, all directors are required to submit themselves for re-election at least once every three (3) years. Pursuant to Article 92 of the Company's Constitution, a director appointed by the Board to fill a casual vacancy shall hold office until the next AGM and be eligible for re-election. Shareholders are provided with sufficient time and information in the Annual Report, such as individual director's profile, Board and Committees meetings attendance and shareholdings in the Company, in order to make informed decisions.

At the forthcoming AGM, Ng Chooi Guan, Ng Yik Soon and Ho Sin Kheong are scheduled for retirement by rotation, and is eligible for re-election. The NC and the Board are pleased to recommend for their re-election at the forthcoming AGM.

Directors' Trainings

During the financial year, the NC is tasked by the Board with the responsibility to evaluate and determine the training needs of its directors at least on an annual basis.

The training programmes and seminars attended by the directors during the financial year ended 31 December 2023 were:

Directors	Training Programmes	Date Attended
Dr. Lim Pang Kiam	MIA: Tax incentives	14 March 2023
	MIA: 2023 Budget Seminar	6 April 2023
	AI Smartual Learning: Anti-Bribery and Anti-Corruption	5 August 2023
	Asia School of Business and MIT Sloan: Conflict of Interest and Governance of Conflict of Interest	15 August 2023
	Bursa Securities: Advocacy sessions for Directors and CEOs of Main Market Listed Issuers	19 September 2023
	ACCA: The Accountant's Role in Putting Profit, People and Planet on Par and Navigating Ethics in the Workplace	21 November 2023
	ACCA: Role of Finance function in Transitioning Business to a Low Carbon Economy and SMEs and SMPs: Skills and Innovation for the Future	22 November 2023
	ACCA: Preparing for Sustainability Reporting; Realising the Future of Finance with Generative AI; R&D: Harnessing the Value of Disclosures; Making Tax and Ethics work together for a Just Society; and Coping with Change: Tune in, Connect and Respond	23 November 2023

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

Directors' Trainings (Continued)

Directors	Training Programmes	Date Attended
Ho Sin Kheong	FIDE FORUM: Understanding the Impact of Digital Transformation in Financial Industry	13 June 2023
	KPMG: Board and Audit Committee Priorities	6 July 2023
	Institute of Corporate Directors Malaysia ("ICDM") : Generative AI – An Opportunity or Risk?	20 July 2023
	ICDM: Board NRC Committee ("BRNC") Dialogue and Networking	26 July 2023
	AI Smartual Learning: Anti-Bribery and Anti-Corruption	5 August 2023
	FIDE FORUM: Operationalising Resolution Planning	17 August 2023
	ICLIF : Board Oversight of Climate Risks and Opportunities	10 October 2023
	KPMG: Navigating AI Governance and ESG Reporting for the Future	17 October 2023
	KPMG: Overview of Carbon Border Adjustment Mechanism ("CBAM")	25 October 2023
	FIDE FORUM: Empowering change through Diversity, Equity & Inclusion	2 November 2023
	KPMG: MFRS Updates 2023	7 December 2023
Dato' Leanne Koh Li Ann	Chartered Tax Institute of Malaysia ("CTIM"): 2023 Budget Seminar	28 March 2023
	CTIM: Tax Issues and Law Relating to Property Developers, JMB/MC and Investors	4 April 2023
	CTIM: Tax Audits and Investigations	13 April 2023
	CTIM: Learn to Develop, Build upon and/or Appreciate the Importance of Capital Statement in Tax Audits	8 May 2023
	CTIM: Tax Incentives in Malaysia	7 June 2023
	CTIM: Budget Seminar 2023	3 July 2023
	LHDN/CTIM: National Tax Conference 2023	1 & 2 August 2023
	AI Smartual Learning: Anti-Bribery and Anti-Corruption	5 August 2023
	CTIM: 2024 Budget Seminar	25 October 2023
	CTIM: E-Invoicing: Is Your Business Ready for New Regulations?	15 December 2023
Tan Sri Dato' Ng Hook	AI Smartual Learning: Anti-Bribery and Anti-Corruption	5 August 2023
Puan Sri Datin Yap Seng Kuan	AI Smartual Learning: Anti-Bribery and Anti-Corruption	5 August 2023
Ng Chooi Guan	AI Smartual Learning: Anti-Bribery and Anti-Corruption	5 August 2023
Ng Yik Soon	AI Smartual Learning: Anti-Bribery and Anti-Corruption	5 August 2023

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. BOARD COMPOSITION (CONTINUED)

Directors' Trainings (Continued)

Directors	Training Programmes	Date Attended
Ng Koi Lin	Hong Leong Bank: Building Competitiveness with Green Supply Chains	13 April 2023
	ICDM: A Dialogue with Bursa Malaysia - FTSE4GOOD ESG Rating for All PLCs	14 April 2023
	Embarking on ESG Journey with SIRIM	28 June 2023
	AI Smartual Learning: Anti-Bribery and Anti-Corruption	5 August 2023
	Centre for Industry Certifications and Professional Development: GHG SCOPE 3 Accounting Essentials	15 to 18 August 2023
	ObsnapGroup: Driving Team Success By Mastering Performance Management and Motivational Leadership	30 September 2023

The Directors will continue to undergo relevant programmes and seminars to enhance their knowledge further to enable them to discharge their duties and responsibilities effectively.

Since the year 2015, the Board has established a structured orientation and induction programme for newly appointed directors of the Company.

3. REMUNERATION

Remuneration Committee ("RC")

The Board established its RC to assist and advise the Board in matters relating to directors' remuneration so that the Company can attract and retain the right talents to contribute to the long-term success of the Company. The Terms of Reference of the RC is published on the Company's website.

The RC met twice during the financial year to review the remuneration package of the GMD and the remuneration packages of the EDs as advised by the GMD and recommends the remuneration packages to the Board for approval. The Board as a whole determines the remuneration packages of the INEDs who themselves abstained from the discussion of their remuneration during the process. The remuneration packages of the Group's senior management are entrusted to the GMD.

Directors' Remunerations

As guided by the Company's Director Remuneration Policy which is published on the Company's website, the RC aims to remunerate individual directors appropriately by their respective level of competencies, the scope of work and responsibilities undertaken, to attract, develop and retain high performing directors and to encourage value creation for the Company and its stakeholders.

The established remuneration structure for the EDs includes:

- fixed monthly salaries, performance-linked bonuses, statutory contributions and profit-sharing;
- personal benefits comprising the Company's mobile phones, cars, drivers, medical and insurance coverage, etc.

While directors are paid allowances based on the number of attendances at Board and Committees' meetings, all directors are also remunerated with directors' fees according to their participation in the Board and its Committees which are subject to shareholders' approval at the AGM. All directors are also covered under the Directors and Officers Liability Insurance against legal costs or losses in the event of legal actions are brought against them for their alleged wrongful act, not amounted to willful or fraudulent act, in their capacities as the Company's directors.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

3. REMUNERATION (CONTINUED)

The aggregate directors' remuneration paid or payable to all directors of the Company by the Group and categorised into appropriate components for the financial year ended 31 December 2023 were as follows:

No	Name	Directorate	Company (RM'000)			Group (RM'000)						
			Fee	Allowance	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other Emoluments	Total
1	Dr. Lim Pang Kiam	Independent Director	77.8	7.5	85.3	77.8	7.5	-	-	-	-	85.3
2	Tan Sri Dato' Ng Hook	Executive Director	51.6	3.0	54.6	126.6	3.0	2,081.5	615.5	47.1	312.0	3,185.7
3	Puan Sri Datin Yap Seng Kuan	Executive Director	29.4	3.0	32.4	29.4	3.0	871.3	109.8	43.6	130.6	1,187.7
4	Mr. Ng Chooi Guan	Executive Director	29.4	3.0	32.4	54.4	3.0	1,071.3	425.5	44.9	160.6	1,759.7
5	Mr. Ng Yik Soon	Executive Director	29.4	3.0	32.4	39.4	3.0	695.2	87.6	29.0	104.2	958.4
6	Ms. Ng Koi Lin	Executive Director	29.4	3.0	32.4	29.4	3.0	223.2	28.3	-	33.4	317.3
7	Mr. Ho Sin Kheong	Independent Director	60.8	7.5	68.3	60.8	7.5	-	-	-	-	68.3
8	Dato' Leanne Koh Li Ann	Independent Director	67.4	7.5	74.9	67.4	7.5	-	-	-	-	74.9
TOTAL			375.2	37.5	412.7	485.2	37.5	4,942.5	1,266.7	164.6	740.8	7,637.3

Senior Management's Remunerations

In determining the Group's senior management personnel, the Board takes into consideration the determining factors recommended by MCCG, including their remuneration, responsibilities, skills, expertise and contributions to the Group's performance. On the disclosure of the remuneration of the Group's senior management, the Company is of the view that it would not be in its interest to disclose their remunerations on a named basis because of the competitive nature of the human resource market and to support the Group's efforts to attract and retain executive talent by avoiding talent poaching attracted by the transparent disclosure of their remunerations on a named basis.

The details of the aggregate remuneration and band of remuneration of the top five (5) senior management of the Group during the financial year ended 31 December 2023 were as follows:

Category	Company RM'000	Subsidiaries RM'000	Total RM'000
Salaries	-	1,862.4	1,862.4
Bonuses and Profit Sharing	-	379.6	379.6
Benefits-in-kind	-	49.0	49.0
Other Emoluments	-	209.4	209.4
Total		2,500.4	2,500.4

Remuneration Band	No. of Personnel
RM400,001 – RM450,000	1
RM450,001 – RM500,000	1
RM500,001 – RM550,000	2
RM550,001 – RM600,000	1
Total	5

The profiles of the senior management are set out in this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Board recognizes the significance of maintaining a robust system of internal control and an effective risk management system to achieve its objectives of maximizing shareholders' value and sustaining business growth.

1. Audit Committee ("AC")

Composition

The AC assists and advises the Board issues and matters relating to financial reporting, internal controls, risk management and corporate governance. The AC, through the Internal Audit Function ("IAF"), Risk Management Committee ("RMC"), external auditors and senior management, reviews and monitors the status of the Group's financial reporting process, internal control, risk management and corporate governance. The TOR of the AC is published on the Company's website.

The AC consists solely of INEDs and the present AC Chairperson is Dato' Leanne Koh Li Ann. None of the members of the AC were former key audit partners of the Company's external auditor.

All members of the AC are financially literate and have undertaken various training programmes to enable themselves to perform and discharge their duties and responsibilities. Details of their respective skills and experience contributing to the AC's diverse range of skills are disclosed in this Annual Report and their trainings attended during the financial year are disclosed in this Corporate Governance Overview Statement.

The details and activities of the AC are set out in the AC Report.

Assessing Suitability and Independence of the External Auditors

The AC is responsible for the recommendation on the appointment and reappointment of the Company's external auditors and the audit fees. In the absence of a formal policy and procedures to assess the suitability, objectivity and independence of the external auditors, the AC Chairperson and its members have considered the following:

- They were fully informed about the adequacy and quality of resources for the audit engagement and considered the appointment of other auditors, where necessary. The external auditors of the Group comprise the lead auditors, KPMG PLT (the Company and 12 subsidiary companies), and other component auditors such as LH Lee & Co (23 subsidiary companies), Wong Liu & Partners (3 subsidiary companies), and SLGM (2 subsidiary companies). All are registered audit firms and have declared their audit independence via the job engagement letters;
- the lead external auditors have declared their audit independence throughout the conduct of the audit engagement and have policy to rotate the audit engagement partner every seven (7) years;
- they were fully informed of the audit plan and scope, matters requiring attention including the Group's accounting policies, key audit matters and other audit findings, and matters highlighted in other component auditors reporting packages;
- they have added confidence in the quality and reliability of the audited financial statements as the audit is subject to periodic inspection by the Audit Oversight Board ("AOB") established under the Securities Commission Act 1993
- the information presented in the Transparency Report 2022 of the lead auditors KPMG PLT on their governance and measures to uphold audit quality and manage risks;
- the auditors' remuneration for the audit of financial statements for the year ended 31 December 2023 was appropriate to support a quality audit;
- there is coordination between the internal and external auditors; and
- reviewed and approved any non-audit engagement rendered by the external auditors in accordance with the Non-Assurance Services Pre-Approval Policy adopted on 23 February 2023

The AC was satisfied with the suitability and independence of the external auditors based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the financial year ended 31 December 2023 and has recommended their reappointment for the financial year ending 31 December 2024.

During the financial year 2023, the external auditors attended all the five (5) AC meetings held.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT CONTINUED)

1. Audit Committee (“AC”) (continued)

Audit and Non-audit Fees

Audit-related and non-audit fees paid/payable for the financial year ended 31 December 2023 to the external auditors are set out below: -

	Company RM	Subsidiaries RM	Total RM
Audit Fees	99,000	523,900	622,900
Non-audit Fees	16,000	-	16,000
Total	115,000	523,900	638,900

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Risk Management Committee (“RMC”) and AC

The Board, through its AC and assisted by the RMC, has carried out the ongoing process of identifying, evaluating and managing the key commercial and financial risks facing the Group. The RMC comprises EDs and senior management personnel. The evaluation of the risks has led to the development of specific management strategies to address issues involved in the achievement of its business objectives.

Practice 9.3 of the MCCG requires the establishment of an RMC which comprises a majority of independent directors to oversee the Company’s risk management framework and policies. The AC which comprises wholly independent directors oversees the RMC during the financial year.

Significant business units and shared services within the Group are identified into Risk Management Units (“RMUs”). On a half-yearly basis, all RMUs perform their risk management processes comprising risk identification, evaluation, internal control assessment, ratings and report to the RMC. The RMC reviews the reports and reports to the AC on significant risks and actions plans to mitigate them. The RMC deliberates the risks highlighted and their corresponding internal control and advises the Board accordingly.

The Statement on Risk Management and Internal Control is set out in this Annual Report. It provides an overview of the state of internal control within the Group, including the main features of the risk management framework and internal control system.

Internal Audit Function

The AC is supported by a co-sourced IAF, a collaborative effort between its in-house Internal Audit Department (“IAD”) and an external consulting firm, Moore Stephens Associates PLT (“Moore”). The IAD consists of a Group Internal Audit Manager, Mr. Beh Sui Boon, who has more than twenty (20) years of internal audit experience and is a member of the MIA. Mr. Beh Sui Boon is free from any relationships or conflicts of interest that could impair his objectivity and independence. The engagement team from Moore is led by Mr. Dennis Chong, who is a Certified Internal Auditor and a Chartered Member of the Institute of Internal Auditors (“CMIIA”) and has more than ten (10) years of related experience. The firm and the engagement team are also free from any relationship or conflict of interest, which could impair their objectivity and independence. The IAF reports to the AC.

The reviews by the IAF cover processes with respect to corporate governance, risk management and internal control.

The IAD performs its functions as guided by the Internal Audit Charter which was last reviewed and updated by the AC on 24 February 2022. Its practices are also guided by the International Professional Practices Framework (“IPPF”) issued by the Institute of Internal Auditors. Further details of the IAF are available in the AC Report included in this Annual Report.

The responsibilities and activities of the IAF are disclosed in the Statement on Risk Management and Internal Control set out in this Annual Report.

Corporate Governance Overview Statement

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

1. ENGAGEMENT WITH STAKEHOLDERS

Effective, Transparent and Regular Communications

The Company maintains an official website that provides corporate information, financial reports, corporate policies, Board Charter and term of reference of various board committees, which allow the investing public to have a general understanding of the Group.

Information is made available to the shareholders and investors through its Annual Reports, announcements made to Bursa Securities, press and media releases on a timely basis.

The AGMs provide the principal platform for dialogues and interactions with shareholders.

The GMD and his designated senior personnel regularly meet with research analysts, institutional fund managers and shareholders to provide updates on the Group's progress.

The Company also issues its annual Sustainability Report to inform its stakeholders of its sustainability efforts.

2. CONDUCT OF GENERAL MEETINGS

Notice of Annual General Meetings & Directors' Attendance

The Company issued a notice of its AGM on 25 April 2023 for its 22nd AGM which was to be held on 25 May 2023, more than the minimum of 28 days prior notice as recommended by the MCCG. All the directors, relevant senior management personnel, the External Auditors KPMG and the Company Secretaries attended the AGM to engage with the shareholders and to provide meaningful responses to questions addressed to them.

The Company is expected to give its shareholders at least 28 days prior notice for its forthcoming 23rd AGM. All directors and certain senior management personnel are expected to attend the AGM, barring unforeseen circumstances.

Leverage on Technology

The Company's 22nd AGM was held physically on 25 May 2023 without an electronic or virtual platform to facilitate remote Shareholders' participation and electronic voting.

In order to facilitate participation, the Company's 22nd AGM was held at the ballroom of a reputable hotel owned by the Group which is easily accessible. Shareholders who were unable to physically attend the AGM were provided with the option to appoint their respective proxy(ies) to physically attend, participate and vote on their behalf at the AGM, in accordance with the Company's Constitution.

Meaningful Engagement During General Meetings

The Chairman of the AGM allocated a section of the meeting time for a Questions and Answers session during which the attending shareholders/proxies were encouraged to raise questions and seek clarifications from the Board, relevant senior management personnel, the External Auditors and the Company Secretaries, thereby fostering meaningful engagement.

Results and Outcomes of General Meetings

A public announcement on the results and outcomes of the AGM was made to Bursa Securities on the same day after the AGM was held. The minutes of the AGM were published on the Company's website on 5 June 2023, within 30 business days from the AGM held on 25 May 2023.

Corporate Governance Overview Statement

RESPONSIBILITY STATEMENT BY DIRECTORS

The directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards to give a true and fair view of the financial position of the Group and Company at the end of the financial year and the financial performance and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- ensure all applicable accounting standards have been followed.

The directors have the responsibility to ensure that the Company keeps accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act, 2016 and applicable disclosure provisions of the Listing Requirements of the Bursa Securities.

The directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

OTHER INFORMATION

Material Contracts

Neither the Company nor any of its subsidiaries have entered into any material contracts that involved directors' and major shareholders' interests during the financial year.

(The Board has reviewed, deliberated and approved this Corporate Governance Overview Statement via a resolution of the Board dated 19 April 2024)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD OF DIRECTORS (THE “BOARD”) RESPONSIBILITIES

The Board has the overall responsibility to oversee the management of a sound and effective system of risk management and internal control within the Group. This system encompasses activities related to business operations, asset management, financial management, risk management, corporate governance, information database integrity, and other control activities. The adequacy and effectiveness of this system are crucial for the Group to achieve its corporate strategies and objectives.

However, it's important to note that the system of risk management and internal controls implemented is designed to manage, rather than eliminate, all the risks associated with the conduct of the businesses. Therefore, the system only provides reasonable assurance, but not absolute assurance, on the Group's ability to manage its risks in order to achieve its corporate strategies and objectives.

RISK MANAGEMENT

The Board has established a formal risk management framework that outlines the risk management processes of the Group. The Board is assisted by a Risk Management Committee (“RMC”) which has been established under the framework to drive the risk management processes in identifying principal business risks and ensuring the implementation of appropriate action plans to manage these risks. The RMC is headed by the Group Managing Director (“GMD”) and its members consist of executive directors and senior management personnel within the Group.

Risk Management Framework (“Framework”)

Risk Management Units (“RMUs”) have been formed for significant business units and functions within the Group to undertake their respective risk management processes. New RMUs will be formed when new business units become significant in terms of the level of business activities or business assets.

While business risks are dealt with on a day-to-day basis as part of the business and management processes, all the RMUs will perform formal risk reviews and report the results and summary to the RMC on a half-yearly basis. The RMC meets on a half-yearly basis to review and discuss the reports from all the RMUs and reports to the Audit Committee (“AC”). The AC advises the Board for further discussion and final adoption.

Risk Assessment Process

During the half-yearly formal risk review, each RMU assesses the existing risk factors and considers the emergence of other new risk factors, if any. Each RMU also reviews the relevant control considerations to arrive at the residual risk exposures. Based on the results, the head of each RMU declares its assurance of the adequacy and integrity of the system of internal control in managing identified risks.

Risk Management Monitoring Activities

The RMC met twice during the financial year and reviewed the following:

- The risk assessment reports and risk registers of various significant business units and departments that had carried out their respective risk assessment exercises and risk register maintenance in accordance with the processes prescribed in the framework;
- The risk exposure according to its business segments;
- The risk exposure at the entity level;
- The established risk parameters;
- Performance and/or risk indicators identified as a measurement of the performance of the business units and the achievements made by these business units; and
- The adequacy and effectiveness of the internal control features in mitigating the identified significant risks of various significant business units and departments

The RMC reported the results of its reviews to the AC and the Board for adoption.

Statement on Risk Management and Internal Control

INTERNAL CONTROLS

The Board continues to uphold and implement an appropriate control structure and environment with the following key control processes to identify, evaluate and mitigate weaknesses of the Group's internal control system. The system of internal control is maintained to achieve the following objectives: -

- Upholding integrity of information;
- Compliance with the established policies, procedures and regulations; and
- Safeguarding the Group's assets and shareholders' interest.

The key features of the Group's existing system of internal control are described below: -

- The Board reviews key business risks on a half-yearly basis with the assistance of the AC, the RMC and the co-sourced Internal Audit Function ("IAF").
- The Board tasks its AC to review the adequacy and effectiveness of the system of internal control. The AC reviews the reports prepared by the IAF which are based on fieldwork performed according to the outcome of risk assessment and annual audit plan as approved by the AC and the Board.
- Organisation structures are properly drawn up according to functions and responsibilities, and key responsibilities are properly segregated.
- An annual budget is prepared to facilitate monitoring of the Group's financial performance. The actual financial performance is reviewed regularly against the budget.
- Financial results are reviewed quarterly by the AC and the Board.
- Internal control features, policies and procedures are closely monitored and periodically reviewed by the management and the IAF to address any weaknesses detected and adopt any amendments, where it deems necessary.
- The GMD discusses business, operational and key management issues with the heads of operation units regularly and holds respective management meetings with them at least every quarter.
- A reporting system is in place to facilitate the timely generation of financial information for management review.
- The Group has a policy on financial limits on approving authority for its operating and capital expenditure.
- Implementation of a written Whistleblowing Policy that sets out formal channels of communication through which relevant matters may be raised by concerned parties.
- Implementation of a written Anti-Fraud Policy which outlines how actual and potential fraud incidents could be reported and how such situations are to be managed.
- Established a Code of Ethics & Conduct documenting and communicating the ethical principles and expected standard of conduct for and to all the personnel within the Group.
- Implemented a written Anti-Bribery & Anti-Corruption Policy formalising the Group's zero-tolerance on bribery and corruption, governance framework, and procedures for dealing with bribery and corruption incidents.
- Publishing the above policies on the Company's website to facilitate awareness of and accessibility to these policies.

INTERNAL AUDIT FUNCTION

The Board has an IAF to review the adequacy and integrity of its system of internal control. During the financial year 2023, the Group's in-house Group Internal Audit Department continued to collaborate with Moore Stephens Associates PLT, an independent external consulting firm to provide certain internal audit services. This collaborative internal audit arrangement is to enhance the review of the system of internal controls of the Group and provide assurance to the Board in the effectiveness and efficiency of the Group's system of internal controls.

The functions of the IAF include the review of the internal controls and key activities of the respective business entities of the Group based on a risk-based approach and reports to the AC every quarter. The AC reviews the internal audit reports and risk management reports and discusses them with the Board accordingly.

CONCLUSION

The Board, with assurance from the GMD and the Chief Financial Officer, is satisfied that the nature and scope of the system of risk management and internal control of the Group have been generally adequate and effective in mitigating identified risks to achieve its business objectives.

(This statement is made in accordance with the resolution of the Board of Directors dated 19 April 2024)

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

39	Directors' Report
44	Statements of Financial Position
45	Statements of Profit or Loss and Other Comprehensive Income
46	Consolidated Statement of Changes in Equity
47	Statement of Changes in Equity
48	Statements of Cash Flows
51	Notes to the Financial Statements
106	Statement by Directors
106	Statutory Declaration
107	Independent Auditors' Report

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries and associate are as stated in Notes 6 and 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:		
Owners of the Company	10,125	(1,490)
Non-controlling interests	65	-
	10,190	(1,490)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company distributed a final ordinary dividend via share dividend on the basis of one (1) treasury share for every fifty (50) existing ordinary shares held in the Company in respect of the financial year ended 31 December 2022. The total number of treasury shares distributed was 8,654,342 shares or equivalent to RM6,676,331. The dividend was fully credited into depositors' securities accounts of the entitled shareholders on 3 July 2023.

The final single tier ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2023 is 0.75 sen per ordinary share totalling RM3,310,296. These dividends will be recognised in the financial year ending 31 December 2024 upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Dr. Lim Pang Kiam
 Tan Sri Dato' Ng Hook
 Ng Chooi Guan
 Puan Sri Datin Yap Seng Kuan
 Ng Yik Soon
 Ho Sin Kheong
 Dato' Leanne Koh Li Ann
 Ng Koi Lin

Directors' Report

for the financial year ended 31 December 2023

Directors of the subsidiaries

The directors who served in the subsidiaries during the financial year until the date of this report are:

Tan Sri Dato' Ng Hook
 Ng Chooi Guan
 Ng Yik Soon
 Ng Koi Lin
 Cheah Hock Kee
 How Kon Fook
 How Thong Guan
 Lee Geok Ai
 Leong Meng Sam
 Loh Boon Pin
 Loh Eng Hooi
 Loh Lye Sooi
 Ng Ah Leong
 Ng Ah Yok
 Ng Ai Swee
 Ng Chin Man
 Ng Lay Ping
 Ng You Chai
 Wong Ah Choo
 Ng Shin Yee (appointed on 22 February 2023)
 Lew Shoong Kai (appointed on 22 February 2023)
 Chew Win Hoe (appointed on 22 February 2023)

Directors' interests

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				At 31.12.2023
	At 1.1.2023	Share dividend	Bought	(Sold)	
<i>Shareholdings in the Company which Directors have direct interests</i>					
Ng Chooi Guan	19,004,990	380,099	-	-	19,385,089
Ng Yik Soon	8,969,930	179,398	635,460	-	9,784,788
<i>Shareholdings in the Company which Directors have deemed interests</i>					
Tan Sri Dato' Ng Hook ^(a)	130,135,539	2,622,490	2,181,000	-	134,939,029
Puan Sri Datin Yap Seng Kuan ^(b)	130,135,539	2,622,490	2,181,000	-	134,939,029
Ng Chooi Guan ^(c)	70,000	1,400	-	-	71,400
	Number of warrants			At 31.12.2023	
	At 1.1.2023	Bought	Sold		
<i>Warrants in the Company which Directors have direct interests</i>					
Ng Chooi Guan	7,122,800	2,149,600	-	9,272,400	
Ng Yik Soon	4,088,600	641,000	-	4,729,600	
<i>Warrants in the Company which Directors have deemed interests</i>					
Tan Sri Dato' Ng Hook ^(a)	35,357,562	-	-	35,357,562	
Puan Sri Datin Yap Seng Kuan ^(b)	35,357,562	-	-	35,357,562	

Directors' Report

for the financial year ended 31 December 2023

Directors' interests (continued)

Notes:

- (a) Deemed interest pursuant to Section 8 of the Companies Act 2016 ("Act"), by virtue of his shareholding in NKG Resources Sdn. Bhd. and NH Holdings Sdn. Bhd.
- (b) Deemed interest pursuant to Section 8 of the Act, by virtue of her spouse's shareholding.
- (c) Deemed interest pursuant to Section 59(11)(c) of the Act, by virtue of his daughter's shareholding.

By virtue of their interests in the shares of the Company, Tan Sri Dato' Ng Hook, Puan Sri Datin Yap Seng Kuan, Ng Chooi Guan and Ng Yik Soon are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares and warrants of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those 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 paid to or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	375	110
Remuneration	38	6,950
Estimated money value of any other benefits	-	165
	413	7,225

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of warrants.

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Treasury shares

During the financial year, the Company distributed share dividend of 8,654,342 treasury shares on the basis of one (1) treasury shares for every fifty (50) existing ordinary shares held in the Company.

At 31 December 2023, the Company held 1,946,458 (2022: 10,600,800) of its own shares.

Directors' Report

for the financial year ended 31 December 2023

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of warrants described below.

Warrants 2021/2026

The exercise period of the Company's Warrant is for a period of five (5) years up to and including 4 September 2026 at an exercise price of RM0.70 per Warrant. The salient terms of the Warrants are disclosed in Note 13.3 to the financial statements.

As at 31 December 2023, 109,085,775 (2022: 109,085,775) Warrants 2021/2026 remained unexercised.

Indemnifying Directors and Officers

During the financial year, the total amount of indemnity coverage and insurance premium paid for Directors and Officers of the Company and its subsidiaries are RM5,000,000 (2022: RM5,000,000) and RM20,000 (2022: RM18,000) respectively, with no indemnity given to or insurance effected for the auditors of the Company.

Significant events during the financial year

1. Acquisition of properties

- (i) In January 2023, a wholly owned subsidiary acquired eleven (11) plots of leasehold industrial land located at Bandar Sungai Buloh, Selangor through public auction for a cash consideration of RM14,418,000. The transaction was completed during the financial year.
- (ii) In November 2023, a wholly owned subsidiary entered into an agreement with a third party to acquire a freehold residential single storey terrace house located at Bukit Mertajam, Pulau Pinang for a total cash consideration of RM320,000. A deposit amounting to RM32,000 was paid during the financial year. The acquisition was completed subsequent to the financial year end.

2. Acquisition and incorporation of subsidiaries

- (i) In February 2023, the Company acquired 51,000 ordinary shares representing 51% equity interest in Engtex Energy Sdn. Bhd. (formerly known as Leading Wonder Sdn. Bhd.) ("EESB") for a total cash consideration of RM62,292. The intended principal activity of EESB is that of provision of solar energy solution. During the financial year, the Company subscribed for additional 749,000 ordinary shares in EESB for a total cash consideration of RM749,000. Subsequent to the subscription, the Company's equity stake in EESB has increased from 51% to 80%. The acquisition had no material effect on the Group's financial performance and position on the acquisition date.
- (ii) In October 2023, the Company incorporated a wholly owned subsidiary, Engtex Metals Industry Sdn. Bhd. ("EMISB") by way of issuance of 100 ordinary shares, representing 100% equity interest in EMISB for total cash consideration of RM100. The intended principal activities of EMISB are manufacturing and distribution of metals related products.

3. Investment in an associate

In September 2023, the Company subscribed 49 ordinary shares representing 49% equity interest in a newly incorporated company, Engtex Metals (Sarawak) Sdn. Bhd. ("EMSSB") for a total cash consideration of RM49. The intended principal activities of EMSSB are manufacturing and distribution of metals related products.

4. Disposal of a property

In March 2023, a wholly owned subsidiary entered into an agreement with a third party to dispose of a freehold residential serviced apartment located at Township of Johor Bahru, District of Johor Bahru, Johor for a cash consideration of RM650,000. The transaction was completed during the financial year.

Directors' Report

for the financial year ended 31 December 2023

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors' remuneration

Auditors' remuneration of the Group and the Company are RM638,900 and RM115,000 respectively. Details of auditors' remuneration are as disclosed in Note 17 to the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

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

.....
Tan Sri Dato' Ng Hook

Director

.....
Ng Chooi Guan

Director

Sungai Buloh, Selangor Darul Ehsan

Date: 19 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Property, plant and equipment	3	420,522	397,535	-	-
Right-of-use assets	4	43,305	41,270	-	-
Investment properties	5	38,878	39,699	-	-
Investments in subsidiaries	6	-	-	325,826	288,715
Investment in an associate	7	48	-	48	-
Deferred tax assets	8	8,508	4,337	-	-
Total non-current assets		511,261	482,841	325,874	288,715
<hr/>					
Inventories	9	542,436	511,940	-	-
Receivables, deposits and prepayments	10	452,272	403,578	114,588	121,448
Current tax assets		3,102	2,896	23	-
Cash and cash equivalents	11	91,824	130,355	107	20
Assets classified as held for sale	12	-	681	-	-
Total current assets		1,089,634	1,049,450	114,718	121,468
Total assets		1,600,895	1,532,291	440,592	410,183
<hr/>					
Equity					
Share capital	13	269,934	269,934	269,934	269,934
Treasury shares	13	(1,502)	(8,178)	(1,502)	(8,178)
Warrants reserve	13	2,924	2,924	2,924	2,924
Retained earnings		534,632	531,179	23,059	31,225
Total equity attributable to owners of the Company		805,988	795,859	294,415	295,905
Non-controlling interests		20,496	20,466	-	-
Total equity		826,484	816,325	294,415	295,905
<hr/>					
Liabilities					
Loans and borrowings	14	28,732	31,846	-	-
Lease liabilities		2,496	72	-	-
Deferred tax liabilities	8	11,487	10,808	-	-
Total non-current liabilities		42,715	42,726	-	-
<hr/>					
Payables and accruals	15	110,942	112,188	146,177	114,165
Loans and borrowings	14	616,637	555,839	-	-
Lease liabilities		211	135	-	-
Current tax liabilities		3,906	5,078	-	113
Total current liabilities		731,696	673,240	146,177	114,278
Total liabilities		774,411	715,966	146,177	114,278
Total equity and liabilities		1,600,895	1,532,291	440,592	410,183

The notes on pages 51 to 105 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	16	1,469,767	1,443,921	6,560	8,000
Cost of sales		(1,330,207)	(1,277,199)	-	-
Gross profit		139,560	166,722	6,560	8,000
Administrative expenses		(57,265)	(57,044)	(1,129)	(1,095)
Distribution costs		(44,193)	(41,184)	-	-
Net gains/(losses) on impairment of financial instruments		1,489	(6,227)	(1,008)	(7,385)
Other operating expenses		(179)	(209)	(3,800)	-
Other operating income		2,801	3,709	-	1,981
Operating profit		42,213	65,767	623	1,501
Finance costs		(28,570)	(19,772)	(5,805)	(4,167)
Finance income		4,483	1,935	4,393	3,960
Share of loss of an equity-accounted associate, net of tax		(1)	-	(1)	-
Profit/(Loss) before tax	17	18,125	47,930	(790)	1,294
Tax expense	19	(7,935)	(13,606)	(700)	(1,207)
Profit/(Loss) and total comprehensive income/(loss) for the financial year		10,190	34,324	(1,490)	87
Profit/(Loss) and total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		10,125	32,503	(1,490)	87
Non-controlling interests		65	1,821	-	-
Profit/(Loss) and total comprehensive income/(loss) for the financial year		10,190	34,324	(1,490)	87
Basic earnings per ordinary share (sen)	20	2.32	7.48		
Diluted earnings per ordinary share (sen)	20	2.32	7.48		

The notes on pages 51 to 105 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	/-----Attributable to owners of the Company-----/		/-----Non-distributable-----/Distributable		Total equity RM'000		
	Share capital RM'000	Treasury shares RM'000	Warrants reserve RM'000	Retained earnings RM'000		Total RM'000	Non-controlling interests RM'000
At 1 January 2022	269,934	(6,601)	2,924	503,028	769,285	21,527	790,812
Profit and total comprehensive income for the financial year	-	-	-	32,503	32,503	1,821	34,324
Own shares acquired	-	(1,577)	-	-	(1,577)	-	(1,577)
Dividends to owners of the Company	-	-	-	(4,352)	(4,352)	-	(4,352)
Total transactions with owners of the Company	-	(1,577)	-	(4,352)	(5,929)	-	(5,929)
Disposal of a non-wholly owned subsidiary	-	-	-	-	-	(2,622)	(2,622)
Dividends to non-controlling interests	-	-	-	-	-	(260)	(260)
At 31 December 2022/ 1 January 2023	269,934	(8,178)	2,924	531,179	795,859	20,466	816,325
Profit and total comprehensive income for the financial year	-	-	-	10,125	10,125	65	10,190
Acquisition of a non-wholly owned subsidiary	-	-	-	-	-	60	60
Issuance of shares by a subsidiary to non-controlling interests	-	-	-	-	-	151	151
Effects arising from changes in equity interest in a non-wholly owned subsidiary	-	-	-	4	4	(4)	-
Dividends to owners of the Company	-	6,676	-	(6,676)	-	-	-
Total transactions with owners of the Company	-	6,676	-	(6,672)	4	(4)	-
Dividends to non-controlling interests	-	-	-	-	-	(242)	(242)
At 31 December 2023	269,934	(1,502)	2,924	534,632	805,988	20,496	826,484
	Note 13.1	Note 13.2	Note 13.2	Note 13.3			

The notes on pages 51 to 105 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	/-----Attributable to owners of the Company-----/				Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Warrants reserve RM'000	Retained earnings RM'000	
Company						
At 1 January 2022		269,934	(6,601)	2,924	35,490	301,747
Profit and total comprehensive income for the financial year		-	-	-	87	87
Own shares acquired	13.2	-	(1,577)	-	-	(1,577)
Dividends to owners of the Company	21	-	-	-	(4,352)	(4,352)
Total transactions with owners of the Company		-	(1,577)	-	(4,352)	(5,929)
At 31 December 2022/1 January 2023		269,934	(8,178)	2,924	31,225	295,905
Loss and total comprehensive loss for the financial year		-	-	-	(1,490)	(1,490)
Dividends to owners of the Company	21	-	6,676	-	(6,676)	-
Total transactions with owners of the Company		-	6,676	-	(6,676)	-
At 31 December 2023		269,934	(1,502)	2,924	23,059	294,415
		Note 13.1	Note 13.2	Note 13.3		

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		18,125	47,930	(790)	1,294
<i>Adjustments for:</i>					
Allowance for impairment loss on investment in a subsidiary		-	-	3,800	-
Bad debts recovered		(3)	(5)	-	-
Bad debts written off		-*	123	-	-
Depreciation of:					
- investment properties		948	960	-	-
- property, plant and equipment		21,437	20,491	-	-
- right-of-use assets		952	796	-	-
Inventories written down		5,924	4,824	-	-
Net (gains)/losses on impairment of financial instruments		(1,489)	6,227	1,008	7,385
Property, plant and equipment written off		21	30	-	-
(Gain)/Loss on disposal of:					
- a non-wholly owned subsidiary		-	-	-	(1,981)
- assets classified as held for sale		31	(512)	-	-
- property, plant and equipment		(715)	(348)	-	-
Gain on derecognition of right-of-use assets		(3)	(36)	-	-
Finance income		(4,483)	(1,935)	(4,393)	(3,960)
Finance costs		28,570	19,772	5,805	4,167
Dividend income from subsidiaries		-	-	(6,560)	(8,000)
Share of loss of an equity-accounted associate, net of tax		1	-	1	-
Operating profit/(loss) before changes in working capital		69,316	98,317	(1,129)	(1,095)
Changes in:					
Inventories		(35,655)	(32,529)	-	-
Receivables, deposits and prepayments		(47,202)	(35,790)	5,852	(19,335)
Payables and accruals		(1,251)	(4,502)	32,012	12,054
Cash (used in)/generated from operations		(14,792)	25,496	36,735	(8,376)
Interest paid		(1,647)	(966)	-	-
Net tax paid		(12,811)	(22,664)	(836)	(969)
Net cash (used in)/from operating activities		(29,250)	1,866	35,899	(9,345)
Cash flows from investing activities					
Acquisition of:					
- right-of-use assets		(275)	-	-	-
- a subsidiary, net of cash acquired		71	-	-	-
- an investment property		(127)	-	-	-
- investment in an associate		(49)	-	(49)	-
- property, plant and equipment	(i)	(40,936)	(63,265)	-	-
Dividends received		-	-	6,560	8,000
Interest received		4,483	1,935	4,393	3,960
Investment in subsidiaries		-	-	(40,911)	-
Net proceeds from disposal of:					
- a non-wholly owned subsidiary		-	-	-	7,480
- assets classified as held for sale		650	8,038	-	-
- property, plant and equipment		835	450	-	-
Net cash (used in)/from investing activities		(35,348)	(52,842)	(30,007)	19,440

Statement of Cash Flows

for the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from financing activities					
Dividends paid to:					
- non-controlling interests		(242)	(260)	-	-
- owners of the Company		-	(4,352)	-	(4,352)
Interest paid		(28,838)	(20,031)	(5,805)	(4,167)
Issuance of shares to non-controlling interests of a subsidiary		151	-	-	-
Net proceeds from:					
- bankers' acceptances		8,111	72,544	-	-
- revolving credit		52,231	15,282	-	-
Payment of lease liabilities		(209)	(158)	-	-
Proceeds from term loan		7,055	9,516	-	-
Repurchase of treasury shares		-	(1,577)	-	(1,577)
Repayment of:					
- term loans		(16,825)	(16,716)	-	-
- hire purchase liabilities		(3,014)	(1,268)	-	-
Net cash from/(used in) financing activities		18,420	52,980	(5,805)	(10,096)
Net (decrease)/increase in cash and cash equivalents		(46,178)	2,004	87	(1)
Cash and cash equivalents at 1 January		112,546	110,542	20	21
Cash and cash equivalents at 31 December	(ii)	66,368	112,546	107	20

* Denotes amount less than RM500.

Notes to the statements of cash flows

(i) *Acquisition of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM44,565,366 (2022: RM68,099,078) of which RM2,479,190 (2022: RM3,880,126) were acquired by means of hire purchase arrangements. Included in property, plant and equipment acquired by the Group during the financial year is interest capitalised amounting to RM1,149,902 (2022: RM953,900).

(ii) *Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances		52,416	61,501	107	20
Deposits placed with licensed banks		39,404	34,249	-	-
Highly liquid investments with other institutions		4	34,605	-	-
	11	91,824	130,355	107	20
Less:					
Deposits pledged	11.2	(600)	(600)	-	-
Bank overdrafts	14	(24,856)	(17,209)	-	-
		66,368	112,546	107	20

Statement of Cash Flows

for the financial year ended 31 December 2023

Notes to the statements of cash flows (continued)

(iii) Cash outflows for leases as a lessee

	Note	2023 RM'000	2022 RM'000
Group			
Included in net cash (used in)/from operating activities:			
Payment relating to:			
- short-term leases	17	2,252	2,302
- leases of low value assets	17	23	27
Interest paid in relation to lease liabilities	17	124	20
		2,399	2,349
Included in net cash from/(used in) financing activities:			
Payment of lease liabilities		209	158
		2,608	2,507

(iv) Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January RM'000	Net changes from financing cash flows RM'000	Additions of new lease RM'000	Additions of hire purchase liabilities RM'000	De- recognition RM'000	At 31 December RM'000
Group						
2023						
Term loans	47,473	(9,770)	-	-	-	37,703
Hire purchase liabilities	3,490	(3,014)	-	2,479	-	2,955
Lease liabilities	207	(209)	2,792	-	(83)	2,707
Bankers' acceptances	428,930	8,111	-	-	-	437,041
Revolving credit	90,583	52,231	-	-	-	142,814
Total liabilities from financing activities	570,683	47,349	2,792	2,479	(83)	623,220
2022						
Term loans	54,673	(7,200)	-	-	-	47,473
Hire purchase liabilities	878	(1,268)	-	3,880	-	3,490
Lease liabilities	711	(158)	118	-	(464)	207
Bankers' acceptances	356,386	72,544	-	-	-	428,930
Revolving credit	75,301	15,282	-	-	-	90,583
Total liabilities from financing activities	487,949	79,200	118	3,880	(464)	570,683

NOTES TO THE FINANCIAL STATEMENTS

Engtex Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The address of its principal place of business and registered office is as follows:

Principal place of business and registered office

Lot 36, Jalan BRP 9/2B
Putra Industrial Park
Bukit Rahman Putra
47000 Sungai Buloh
Selangor Darul Ehsan, Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2023 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of other Group entities and associate are as stated in Notes 6 and 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 19 April 2024.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned accounting standards, interpretations or amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

Notes to the Financial Statements

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

i) Note 8 – deferred tax assets

The management applies judgements to determine the amount of deferred tax assets that can be recognised, based upon future events that are inherently uncertain. Judgement is also required about application of income tax legislation. Accordingly, the deferred tax assets recognised may be adjusted in subsequent periods as a result of changes in accounting estimates.

ii) Note 9 – valuation of inventories

The management reviews the valuation of inventories for obsolescence and decline in net realisable value to below cost. This review requires judgements and estimates to assess the amount of impairment needed to record the value of the inventories at the lower of cost and net realisable value. Possible changes in these estimates could result in revision to the valuation of inventories.

iii) Note 23.4 – measurement of expected credit loss (“ECL”)

The management applies judgements to determine that financial instruments of the Group and the Company are recognised and measured in accordance with the accounting standard, MFRS 9 as described in Note 2(j). It requires judgements and estimates to assess the recoverability of the trade receivables. Possible changes in these estimates could result in revision to the measurement of ECL.

2. Material accounting policies

The Group and the Company adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments did not result in any changes to the accounting policy information disclosed in the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Notes to the Financial Statements

2. Material accounting policies (continued)

(a) Basis of consolidation

(i) Subsidiaries

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(b) Investment in an associate

Associates are entities, including unincorporated entities, in which the Company has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the Company's financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the associate.

When the Company ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Company's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(c) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

Notes to the Financial Statements

2. Material accounting policies (continued)

(d) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financial component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of the financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all the affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) ***Amortised cost***

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost 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.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit-impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

(b) ***Fair value through profit or loss***

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised as finance income in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(j)(i)).

Notes to the Financial Statements

2. Material accounting policies (continued)

(d) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current financial year.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of the ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

Notes to the Financial Statements

2. Material accounting policies (continued)

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other operating income” or “other operating expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	50 years
• Plant and machinery	2 - 10 years
• Motor vehicles	5 years
• Office equipment, furniture and fittings	3 - 10 years
• Electrical fittings and renovation	5 - 10 years

(f) Leases

(i) Lease and non lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities’ incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Notes to the Financial Statements

2. Material accounting policies (continued)

(f) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently 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. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The amortisation period for the current and comparative periods are as follows:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Land • Buildings | <p>20 - 99 years</p> <p>2 - 3 years</p> |
|---|---|

Notes to the Financial Statements

2. Material accounting policies (continued)

(f) Leases (continued)

(iii) Subsequent measurement (continued)

(a) As a lessee (continued)

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue and other operating income".

(g) Investment property

(i) Recognition and measurement

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are measured at cost less any accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property and any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful life of 50 years for buildings. Investment properties under construction are not depreciated until the assets are ready for their intended use.

(iii) Reclassification to/from investment property

For investment property carried at cost, transfer between investment property, owner-occupied property or inventory does not change the carrying amount of the property transferred to/from, and it does not change the cost of that property for measurement or disclosure purposes.

Notes to the Financial Statements

2. Material accounting policies (continued)

(g) Investment property (continued)

(iv) Determination of fair value

The Group estimates the fair values of certain investment properties with the involvement of independent valuers. The fair values are based on sales price of comparable buildings in close proximity adjusted for difference in location and shapes, accessibility, infrastructure available, improvements made on the site and other value considerations.

In the absence of valuation report, the valuations for those investment properties will be prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Investment property under construction is valued at cost.

(h) Inventories

(i) Properties under development

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

Costs of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(ii) Other inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average cost. For completed properties, cost of inventories includes expenditure incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to develop the properties to completion.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with financial institutions and highly liquid investments with other institutions which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

Notes to the Financial Statements

2. Material accounting policies (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, 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 the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources 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 or the Company's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, current tax assets, deferred tax assets and assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

Notes to the Financial Statements

2. Material accounting policies (continued)

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Repurchase, disposal and reissue of share capital (treasury shares)

Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented in the reserve for own shares.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the distributable reserves.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and surplus or deficit on the transaction is presented in share capital.

(ii) Warrants

The issue of ordinary shares upon exercise of the warrants are treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

(l) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Statutory contributions

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) Contingent liabilities

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

Notes to the Financial Statements

2. Material accounting policies (continued)

(n) Revenue and other income

(i) Wholesale and distribution, manufacturing and hospitality

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

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

(ii) Property development

The Group generates revenue from the sale of properties to customers. The sale of properties can be disaggregated into two main types as follows:

(a) Revenue from sale of completed properties

The sale of completed properties to customers is recognised upon such customers taking legal possession of the properties. This occurs when persuasive evidence exists, usually in the form of an executed sale agreement or evidence of purchase price settlement, or when the customer takes vacant possession of the property.

(b) Sale of properties under construction

The sale of properties under construction is recognised over time. The revenue is recognised over time commencing upon the Group enters into agreements with its customers.

Revenue recognised over time is based on the stage of completion of units sold measured by reference to the proportion of the cost of properties under development incurred for works performed to date bear to the estimated total cost of properties under development.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Notes to the Financial Statements

2. Material accounting policies (continued)

(p) Income tax

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

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary share, which comprise warrants over ordinary shares.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements

3. Property, plant and equipment

	Note	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Electrical fittings and renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Group									
Cost									
At 1 January 2022		58,928	219,623	200,039	27,999	35,528	10,370	40,273	592,760
Additions		38,690	231	7,058	3,702	1,479	348	16,591	68,099
Disposals		-	-	-	(2,080)	-	-	-	(2,080)
Transfer		-	638	4,906	-	-	-	(5,544)	-
Write-off		-	-	(85)	-	(1,859)	-	-	(1,944)
At 31 December 2022/ 1 January 2023		97,618	220,492	211,918	29,621	35,148	10,718	51,320	656,835
Additions		6,893	678	8,891	4,241	717	188	22,957	44,565
Disposals		-	-	(50)	(4,677)	-	-	-	(4,727)
Transfer		-	1,525	1,069	-	-	82	(2,676)	-
Write-off		-	(10)	(1,338)	(21)	(125)	(70)	-	(1,564)
At 31 December 2023		104,511	222,685	220,490	29,164	35,740	10,918	71,601	695,109
Depreciation									
At 1 January 2022		-	38,878	146,839	25,422	25,897	5,665	-	242,701
Depreciation for the financial year	17	-	4,452	10,787	1,372	2,960	920	-	20,491
Disposals		-	-	-	(1,978)	-	-	-	(1,978)
Write-off		-	-	(82)	-	(1,832)	-	-	(1,914)
At 31 December 2022/ 1 January 2023		-	43,330	157,544	24,816	27,025	6,585	-	259,300
Depreciation for the financial year	17	-	4,428	11,650	1,879	2,543	937	-	21,437
Disposals		-	-	(31)	(4,576)	-	-	-	(4,607)
Write-off		-	(1)	(1,332)	(31)	(112)	(67)	-	(1,543)
At 31 December 2023		-	47,757	167,831	22,088	29,456	7,455	-	274,587
Carrying amounts									
At 1 January 2022		58,928	180,745	53,200	2,577	9,631	4,705	40,273	350,059
At 31 December 2022/ 1 January 2023		97,618	177,162	54,374	4,805	8,123	4,133	51,320	397,535
At 31 December 2023		104,511	174,928	52,659	7,076	6,284	3,463	71,601	420,522

3.1 Capital work-in-progress

Included in capital work-in-progress of the Group are factories, warehouses and machineries under construction.

3.2 Security

Certain land, buildings and capital work-in-progress of the Group costing RM204,118,654 (2022: RM204,449,192) and specific debentures over plant and equipment of certain subsidiaries costing RM20,965,916 (2022: RM20,780,599) are charged to banks as securities for credit facilities granted to certain subsidiaries of the Group (see Note 14).

Notes to the Financial Statements

3. Property, plant and equipment (continued)

3.3 Property, plant and equipment acquired under instalment purchase plans

Included in property, plant and equipment of the Group are assets acquired under hire purchase agreements as follows:

	Group	
	2023 RM'000	2022 RM'000
Carrying amounts		
Motor vehicles	4,730	3,835
Plant and machinery	671	954
	5,401	4,789

3.4 Borrowing costs capitalised

Included in additions to property, plant and equipment of the Group during the financial year is interest capitalised amounting to RM1,149,902 (2022: RM953,900).

3.5 Property, plant and equipment subject to operating lease

The following are recognised in profit or loss:

	Group	
	2023 RM'000	2022 RM'000
Lease income on:		
Land and buildings	294	267
Motor vehicles	218	96
Machineries	-	3
	512	366

The operating lease payments to be received after the reporting date are as follows:

	Group	
	2023 RM'000	2022 RM'000
Less than one year	18	46
Total undiscounted lease payments	18	46

Notes to the Financial Statements

4. Right-of-use assets

	Note	Land RM'000	Buildings RM'000	Total RM'000
Group				
Cost				
At 1 January 2022		49,969	342	50,311
Additions		-	118	118
Derecognition		(575)	(18)	(593)
At 31 December 2022/1 January 2023		49,394	442	49,836
Additions		2,810	257	3,067
Derecognition		-	(324)	(324)
At 31 December 2023		52,204	375	52,579
Depreciation				
At 1 January 2022		7,822	113	7,935
Depreciation for the financial year	17	655	141	796
Derecognition		(151)	(14)	(165)
At 31 December 2022/1 January 2023		8,326	240	8,566
Depreciation for the financial year	17	818	134	952
Derecognition		-	(244)	(244)
At 31 December 2023		9,144	130	9,274
Carrying amounts				
At 1 January 2022		42,147	229	42,376
At 31 December 2022/1 January 2023		41,068	202	41,270
At 31 December 2023		43,060	245	43,305

The Group leases a number of land and buildings that run for a period of 2 to 99 years, with an option to renew the lease for an additional period of the same duration after the end of contract term. The derecognition of the right-of-use assets during the financial year are results of entering into a new short-term lease.

4.1 Security

Certain land of the Group costing RM33,649,414 (2022: RM39,375,193) are charged to banks as securities for credit facilities granted to certain subsidiaries of the Group (see Note 14).

4.2 Titles

The titles to certain land of the Group costing RM2,843,225 (2022: RM9,001,581) are either pending issuance by the relevant authorities or pending transfer to the names of certain subsidiaries in the Group which acquired the properties.

4.3 Land

Included in the carrying amounts of land are:

	Group	
	2023 RM'000	2022 RM'000
Land with unexpired lease period of:		
- more than 50 years	25,372	25,429
- less than 50 years	17,688	15,639
	43,060	41,068

Notes to the Financial Statements

5. Investment properties

	Note	Buildings RM'000
Group		
Cost		
At 1 January 2022		46,079
Transfer to assets classified as held for sale	5.6	(706)
At 31 December 2022/1 January 2023		45,373
Additions		127
At 31 December 2023		45,500
Depreciation		
At 1 January 2022		4,739
Depreciation for the financial year	17	960
Transfer to assets classified as held for sale	5.6	(25)
At 31 December 2022/1 January 2023		5,674
Depreciation for the financial year	17	948
At 31 December 2023		6,622
Carrying amounts		
At 1 January 2022		41,340
At 31 December 2022/1 January 2023		39,699
At 31 December 2023		38,878

5.1 Recognised in profit or loss

	Group	
	2023 RM'000	2022 RM'000
Rental income	1,871	1,831
Direct operating expenses:		
- income generating investment properties	972	786
- non-income generating investment properties	28	102

5.2 Security

Certain buildings of the Group costing RM28,040,446 (2022: RM27,913,446) are charged to banks as securities for credit facilities granted to certain subsidiaries of the Group (see Note 14).

5.3 Titles

The strata titles to certain buildings of the Group costing RM3,944,044 (2022: RM6,385,422) are either pending issuance by the relevant authorities or pending transfer to the names of certain subsidiaries in the Group which acquired the properties.

Notes to the Financial Statements

5. Investment properties (continued)

5.4 Operating lease payments

The operating lease payments to be received after the reporting date are as follows:

	Group	
	2023 RM'000	2022 RM'000
Less than one year	1,605	1,498
One to two years	1,375	1,429
Two to three years	1,094	1,157
Three to four years	743	865
Four to five years	507	617
More than five years	478	839
Total undiscounted lease payments	5,802	6,405

5.5 Fair value information

Fair value of investment properties are categorised as follows:

	Level 3	
	2023 RM'000	2022 RM'000
Group		
Buildings	46,741	46,841

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into account expected annual rental to be received from the letting of the property. The expected net cash flows are discounted by applying a range of yields up to 50 years	Rental yields (2023: 1.4% to 15.3%; 2022: 1.4% to 15.3%)	The estimated fair value would increase (decrease) if range of yield higher (lower).

5.6 Transfer to assets classified as held for sale

In 2022, the investment properties of the Group amounting to RM681,137 were transferred to assets classified as held for sale (see Notes 12 and 27.4).

Notes to the Financial Statements

6. Investments in subsidiaries

	Cost of investments RM'000	Capital contribution RM'000	Total RM'000
Company			
Unquoted shares, at cost			
At 1 January 2022	279,807	20,735	300,542
Disposal of a non-wholly owned subsidiary	(5,499)	-	(5,499)
Strike off of a subsidiary	-*	-	-*
At 31 December 2022/1 January 2023	274,308	20,735	295,043
Additions	40,911	-	40,911
At 31 December 2023	315,219	20,735	335,954
Impairment losses			
At 1 January 2022/31 December 2022/1 January 2023	2,306	4,022	6,328
Impairment on investment in subsidiary	3,800	-	3,800
At 31 December 2023	6,106	4,022	10,128
Carrying amounts			
At 1 January 2022	277,501	16,713	294,214
At 31 December 2022/1 January 2023	272,002	16,713	288,715
At 31 December 2023	309,113	16,713	325,826
	Note 6.1	Note 6.2	

* Denotes amount less than RM500.

6.1 Cost of investments

The principal place of business and country of incorporation of the subsidiaries are based in Malaysia, unless otherwise stated in the note of the financial statements. Details of the subsidiaries are as follows:

Name of company	Principal activities	Effective ownership interest and voting interest	
		2023	2022
		%	%
Engtex Ductile Iron Pipe Industry Sdn. Bhd.	Manufacturing and distribution of ductile iron pipes and fittings	100	100
Engtex Ductile Iron Marketing Sdn. Bhd.	Distribution of ductile iron pipes and fittings	100	100
East Coast Metals Sdn. Bhd.	Distribution of steel products	60	60
East Coast Manufacturing Sdn. Bhd.	Manufacturing of steel products	60	60
EngLen Metals Sdn. Bhd. ¹	Investment holding and distribution of steel related products ³	100	100
EngLen Manufacturing Sdn. Bhd. ¹	Manufacturing and distribution of steel related products	100	100
Ivory Progression Sdn. Bhd. ¹	Property development and investment	100	100

Notes to the Financial Statements

6. Investments in subsidiaries (continued)

6.1 Cost of investments (continued)

Name of company	Principal activities	Effective ownership interest and voting interest	
		2023	2022
		%	%
Engtex Properties Sdn. Bhd. ¹ and its subsidiaries	Investment holding and property development	100	100
Engtex Emerald Sdn. Bhd. ¹	Property development and investment	100	100
Alimach Holdings Sdn. Bhd. ¹	Investment holding	100	100
Engtex Manufacturing Sdn. Bhd. ¹	Investment holding	100	100
Engtex Steel Pipe Sdn. Bhd. ¹	Manufacturing of steel pipes	100	100
Engtex Steel Industries Sdn. Bhd.	Manufacturing of steel products	100	100
Engtex Leisure Sdn. Bhd. ¹	Hotelier	100	100
Swiss Mission Sdn. Bhd. ¹	Hotelier	100	100
Majestic Genius Sdn. Bhd. ¹	Dormant	100	100
Blue Legacy Sdn. Bhd. ¹	Property development	84	84
Engtex Platinum Sdn. Bhd. ¹	Property development	100	100
Tiara Mission Sdn. Bhd. ¹	Property development	100	100
LYE Industries Sdn. Bhd. ¹	Dormant	100	100
Engtex Energy Sdn. Bhd. ¹ (formerly known as Leading Wonder Sdn. Bhd.)	Provision of solar energy solution	80	-
Engtex Metals Industry Sdn. Bhd. ²	Dormant	100	-
Engtex Sdn. Berhad and its subsidiaries	Investment holding and wholesale and distribution of pipes, valves, fittings, plumbing materials, steel related products and general hardware products	100	100
Benton Corporation Sdn. Bhd.	Distribution of plumbing materials and general hardware products and property investment	100	100
Mega Alliance Builder Supplies Sdn. Bhd. ¹	Distribution of pipes, valves, fittings and general hardware products	100	100
Engtex Marketing Sdn. Bhd.	Distribution of construction materials and general hardware products	100	100
Engtex Metals Sdn. Bhd. and its subsidiary	Manufacturing of welded wire mesh and hard drawn wire and investment holding	100	100
Engtex Metal Products Sdn. Bhd.	Distribution of metal-based products	100	100
Allpipes Technology Sdn. Bhd. and its subsidiaries	Manufacturing of steel pipes, fittings and related products and investment holding	89	89
Nagasari Bitumen Products Sdn. Bhd. ¹	Trading of bitumen products	89	89
Canova Manufacturing Sdn. Bhd. ¹	Manufacturing of steel pipes and fittings	89	89
Engtex Pipe Industry Sdn. Bhd. ¹	Manufacturing of steel pipes and related products	89	89
Hachita Enterprise Sdn. Bhd.	Manufacturing and distribution of steel products	100	100

Notes to the Financial Statements

6. Investments in subsidiaries (continued)

6.1 Cost of investments (continued)

Name of company	Principal activities	Effective ownership interest and voting interest	
		2023	2022
		%	%
Wiki Pratama Sdn. Bhd. ¹	Distribution of food processing equipment and engineering tools	71	71
Eng Lian Hup Trading Sdn. Bhd. ¹ and its subsidiaries	Wholesale and distribution of pipes, valves, fittings, plumbing materials and general hardware products and investment holding	100	100
Eng Lian Hup Marketing Sdn. Bhd. ¹	Distribution of steel products and provision of factory facilities	100	100
Engtex Metals (Utara) Sdn. Bhd. ¹	Provision of warehousing facilities and manufacturing of welded wire mesh, hard drawn wire and steel products	100	100
EPCM Sdn. Bhd. ¹	Provision of project management services	100	100
Engtex Industries Sdn. Bhd. ¹	Property investment and distribution of steel products	100	100
LYE Manufacturing Sdn. Bhd. ¹	Manufacturing of valves, fittings, manhole covers, hydrants and industrial casting products	100	100
LYE Marketing Sdn. Bhd. ¹	Distribution of valves, fittings, manhole covers, hydrants and industrial casting products	100	100

¹ Not audited by KPMG PLT.

² The financial information was extracted from the unaudited management accounts of the subsidiary from the date of incorporation to 31 December 2023.

³ The distribution of steel related products of the subsidiary was commenced in 2023.

6.2 Capital contribution

Capital contribution represents amounts due from subsidiaries which are non-trade in nature, unsecured, interest free and settlement of the amount are neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investments in the subsidiaries, it is stated at cost less accumulated impairment losses, if any.

Notes to the Financial Statements

6. Investments in subsidiaries (continued)

6.3 Non-controlling interests in subsidiaries (continued)

2022	Allpipes Technology Sdn. Bhd. RM'000	Engtex Pipe Industry Sdn. Bhd. RM'000	East Coast Metals Sdn. Bhd. RM'000	East Coast Manufacturing Sdn. Bhd. RM'000	Wiki Pratama Sdn. Bhd. RM'000	Blue Legacy Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	11.46%	11.46%	40.00%	40.00%	29.00%	16.00%		
Carrying amount of NCI	4,621	4,537	1,038	5,905	2,488	429	1,448	20,466
Profit/(Loss) allocated to NCI	901	909	47	95	(84)	(92)	45	1,821

Summarised financial information before intra-group elimination**As at 31 December**

Non-current assets	60,955	49,797	3,951	18,897	281	-	
Current assets	143,875	47,236	29,421	21,281	8,630	19,522	
Non-current liabilities	(1,044)	(1,164)	-	(6,854)	-	(334)	
Current liabilities	(118,016)	(56,287)	(28,378)	(18,561)	(333)	(16,503)	
Net assets	85,770	39,582	4,994	14,763	8,578	2,685	

Year ended 31 December

Revenue	159,969	78,251	72,386	49,349	8,365	-	
Profit/(Loss) and total comprehensive income/(loss) for the financial year	7,858	7,936	117	237	(289)	(576)	

Cash flows (used in)/from operating activities

Cash flows (used in)/from investing activities	(30,039)	10,412	(4,663)	9,754	1,689	2,060	
Cash flows from/(used in) financing activities	(290)	(19,463)	708	(808)	76	-	
Net increase/(decrease) in cash and cash equivalents	36,092	5,184	2,334	(4,679)	(1,224)	(2,061)	
Dividends paid to NCI	5,763	(3,867)	(1,621)	4,267	541	(1)	
	115	-	-	-	145	-	

Notes to the Financial Statements

6. Investments in subsidiaries (continued)

6.4 Significant restrictions

Other than those disclosed elsewhere in the financial statements, the carrying amounts of assets and liabilities to which significant restrictions apply are as follows:

	Note	Group	
		2023 RM'000	2022 RM'000
Cash and bank balances	(i)	77,287	110,956
Other assets	(ii)	8,210	8,578
		<u>85,497</u>	<u>119,534</u>

The above restrictions arise from the following:

(i) *Restrictions imposed by bank covenants*

The covenants of certain borrowings in the subsidiaries of the Group, restrict the ability of subsidiaries to declare dividends to their shareholders, unless consent is obtained from the banks.

(ii) *Restrictions imposed by shareholders' agreement*

A non-controlling shareholder of a non-wholly owned subsidiary holds protective rights restricting the Group's ability to use the assets and settle the liabilities of the subsidiary, unless approval is obtained from the non-controlling shareholder.

7. Investment in an associate

	2023 RM'000
Group and Company	
Unquoted shares, at cost	
At 1 January	-
Additions	49
Share of post-acquisition reserves	(1)
At 31 December	<u>48</u>

Details of the associate are as follows:

Name of company	Country of incorporation	Principal activity	Effective ownership interest and voting interest 2023 %
Engtex Metals (Sarawak) Sdn. Bhd.	Malaysia	Dormant	49

Notes to the Financial Statements

7. Investment in an associate (continued)

The following table summarises the information of the associate and reconciles the information to the carrying amount of the interest in the associate.

Engtex Metals (Sarawak) Sdn. Bhd.

	2023 ¹ RM'000
Summarised financial information	
As at 31 December	
Current assets	105
Current liabilities	(8)
	97
Year ended 31 December	
Loss and total comprehensive loss	(3)
Reconciliation of net assets to carrying amount as at 31 December	
Share of net assets	48
Carrying amount in the statement of financial position	48
Share of results for the year ended 31 December	
Share of total comprehensive loss	(1)

¹ The financial information was extracted from the unaudited management accounts of the associate from the date of incorporation to 31 December 2023.

8. Deferred tax assets and liabilities

8.1 Recognised deferred tax assets and liabilities

Deferred tax assets and (liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group						
Property, plant and equipment	(544)	(1,922)	(12,628)	(11,497)	(13,172)	(13,419)
Right-of-use assets	207	495	(348)	(47)	(141)	448
Inventories	1,122	1,026	(693)	(510)	429	516
Lease liabilities	295	-	355	49	650	49
Provisions	10	5	5	150	15	155
Unutilised tax losses	5,793	4,413	284	-	6,077	4,413
Unutilised reinvestment allowances	1,625	320	1,538	1,047	3,163	1,367
Net tax assets/(liabilities)	8,508	4,337	(11,487)	(10,808)	(2,979)	(6,471)

Notes to the Financial Statements

8. Deferred tax assets and liabilities (continued)

8.1 Recognised deferred tax assets and liabilities (continued)

Movement in temporary differences during the financial year

	Recognised in profit		Recognised in profit		At 31.12.2023 RM'000
	At 1.1.2022 RM'000	or loss (Note 19) RM'000	At 1.1.2023 RM'000	or loss (Note 19) RM'000	
Group					
Property, plant and equipment	(11,543)	(1,876)	(13,419)	247	(13,172)
Right-of-use assets	339	109	448	(589)	(141)
Inventories	776	(260)	516	(87)	429
Lease liabilities	165	(116)	49	601	650
Provisions	160	(5)	155	(140)	15
Unutilised tax losses	3,271	1,142	4,413	1,664	6,077
Unutilised reinvestment allowances	4	1,363	1,367	1,796	3,163
Net tax assets/(liabilities)	(6,828)	357	(6,471)	3,492	(2,979)

8.2 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2023 RM'000	2022 RM'000
Property, plant and equipment	17,355	16,302
Right-of-use assets	-	2
Lease liabilities	-	(2)
Provisions	(49)	(49)
Unabsorbed capital allowances	(41,106)	(38,322)
Unabsorbed industrial building allowances	(1,443)	-
Unutilised tax losses	(50,949)	(45,109)
Unutilised reinvestment allowances	(2,584)	(2,800)
	(78,776)	(69,978)

Deferred tax assets have not been recognised in respect of the tax benefits because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

Under the tax legislation of Malaysia, the unrecognised tax losses and unutilised reinvestment allowances (stated at gross) will expire as follows:

	Group	
	2023 RM'000	2022 RM'000
Unutilised tax losses expiring in year of assessment ("YA"):		
- 2028	(13,219)	(14,226)
- 2029	(8,143)	(8,386)
- 2030	(7,475)	(7,359)
- 2031	(7,437)	(7,331)
- 2032	(8,772)	(7,807)
- 2033	(5,903)	-
	(50,949)	(45,109)

Notes to the Financial Statements

8. Deferred tax assets and liabilities (continued)

8.2 Unrecognised deferred tax assets (continued)

	Group	
	2023 RM'000	2022 RM'000
Unutilised reinvestment allowances expiring in YA:		
- 2025	(1,753)	(1,969)
- 2026	(831)	(831)
	<u>(2,584)</u>	<u>(2,800)</u>

9. Inventories

	Note	Group	
		2023 RM'000	2022 RM'000
Trading inventories		129,748	113,840
Raw materials		143,698	154,921
Work-in-progress		28,107	24,298
Manufactured inventories		131,012	117,856
Stock of completed properties		26,776	34,136
Properties under development	9.1	83,003	66,752
Hotel room supplies		92	137
		<u>542,436</u>	<u>511,940</u>
<i>Recognised in profit or loss:</i>			
Inventories recognised as cost of sales		1,324,283	1,272,375
Write-down to net realisable value	17	5,924	4,824

9.1 Properties under development

Group	Note	Development		Total RM'000
		Land RM'000	costs RM'000	
At 1 January 2022		56,785	9,549	66,334
Additions	9.1.1	-	418	418
At 31 December 2022/1 January 2023		56,785	9,967	66,752
Additions	9.1.1	15,014	1,237	16,251
At 31 December 2023		<u>71,799</u>	<u>11,204</u>	<u>83,003</u>

9.1.1 Borrowing cost capitalised

Included in the additions to development costs of the Group during the financial year is interest capitalised amounting to RM764,751 (2022: RM271,276).

9.1.2 Security

The properties under development of the Group amounting to RM19,303,505 (2022: RM18,980,339) are charged to banks as security for credit facilities granted to a subsidiary of the Group (see Note 14).

Notes to the Financial Statements

10. Receivables, deposits and prepayments

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade receivables		417,530	372,531	-	-
Less: Allowance for impairment losses		(10,229)	(11,720)	-	-
	10.1	407,301	360,811	-	-
Non-trade					
Other receivables and deposits	10.2	37,953	36,778	-	-
		445,254	397,589	-	-
Prepayments		7,010	5,989	16	13
Amounts due from subsidiaries	10.3	-	-	130,736	136,599
Less: Allowance for impairment losses		-	-	(16,172)	(15,164)
		-	-	114,564	121,435
Amount due from an associate	10.4	8	-	8	-
		452,272	403,578	114,588	121,448

10.1 Included in trade receivables of the Group are amounts totalling RM1,040,617 (2022: RM605,203) due from companies in which certain Directors of the Company, certain directors of certain subsidiaries and a person connected to a director of a subsidiary have interests.

10.2 Included in other receivables and deposits balance of the Group are:

- i) deposits totalling RM2,136,906 (2022: RM2,683,419) for the acquisition of machineries and motor vehicles by certain subsidiaries; and
- ii) deposits totalling RM32,088,109 (2022: RM26,481,701) paid to suppliers for procurement of raw materials and trading goods.

10.3 The non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand, except for advances totalling RM98,720,826 (2022: RM106,072,115) which earn interests at 5.11% (2022: 4.33%) per annum.

10.4 The non-trade amount due from an associate is unsecured, interest free and repayable on demand.

11. Cash and cash equivalents

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	11.1	52,416	61,501	107	20
Deposits placed with licensed banks	11.2	39,404	34,249	-	-
Highly liquid investments with other institutions		4	34,605	-	-
		91,824	130,355	107	20

11.1 Included in the Group's cash and bank balances is RM15,213 (2022: RM632,829) maintained pursuant to the Housing Development (Housing Development Account) Regulation 1991.

11.2 Included in the Group's deposits placed with licensed banks is RM600,000 (2022: RM600,000) pledged to a licensed bank for bank facilities granted to a subsidiary (see Note 14).

Notes to the Financial Statements

12. Assets classified as held for sale

	Note	2022 RM'000
Group		
Investment properties		
Cost	5	706
Accumulated depreciation	5	(25)
	12.1	<u>681</u>

12.1 During the financial year, a wholly owned subsidiary had disposed the residential property as disclosed in Note 27.4.

13. Capital and reserves

13.1 Share capital

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2023 '000	2023 RM'000	2022 '000	2022 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
At 1 January/31 December	443,319	269,934	443,319	269,934

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 and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

13.2 Treasury shares

The shareholders of the Company, by a special resolution passed in the Annual General Meeting held on 25 May 2023, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the said repurchase plan is in the best interests of the Company and its shareholders.

During the financial year, the Company distributed 8,654,342 (2022: Nil) treasury shares to entitled shareholders as share dividend (see Note 21). In 2022, the Company repurchased 2,505,500 of its issued share capital from the open market at an average price of RM0.63 per share including transaction costs. The total consideration paid was RM1,577,039. The repurchase transactions were financed by internally generated funds.

At 31 December 2023, the Company held 1,946,458 (2022: 10,600,800) of its own shares.

Notes to the Financial Statements

13. Capital and reserves (continued)

13.3 Warrants reserve

	Group and Company			
	Number of warrant 2023 '000	Amount 2023 RM'000	Number of warrant 2022 '000	Amount 2022 RM'000
At 1 January/31 December	109,086	2,924	109,086	2,924

On 6 September 2021, the Company issued 109,085,775 new Warrants at an issue price of RM0.03 per Warrant through the Rights Issue of Warrants on the basis one (1) Warrant for every four (4) existing ordinary shares held in the Company. The Warrants were constituted by a Deed Poll dated 28 July 2021 and were listed on the Main Market of Bursa Malaysia Securities Berhad on 8 September 2021.

The salient terms of the Warrants were as follows:

- i) The exercise price is RM0.70 per Warrant in the Company and each warrant will entitle the registered holder to subscribe for 1 new ordinary share in the Company during the Exercise Period;
- ii) The Exercise Period is for a period of five (5) years commencing on and including the date of allotment of these warrants. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid;
- iii) The new shares to be issued arising from the exercise of Warrants shall, upon allotment and issue, rank equally in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution is prior to the date of allotment and issuance of the new shares arising from the exercise of Warrants; and
- iv) The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise the Warrants for new ordinary shares of the Company.

There were no warrants exercised since its issuance. The number of warrants unexercised at the end of the reporting period was 109,085,775 (2022: 109,085,775).

14. Loans and borrowings

	Group	
	2023 RM'000	2022 RM'000
Non-current		
Secured		
Term loans	28,283	30,480
Hire purchase liabilities	449	1,366
	<u>28,732</u>	<u>31,846</u>
Current		
Secured		
Bankers' acceptances	113,850	98,898
Bank overdrafts	7,039	6,277
Term loans	9,420	16,993
Hire purchase liabilities	2,506	2,124
	<u>132,815</u>	<u>124,292</u>
Unsecured		
Bankers' acceptances	323,191	330,032
Bank overdrafts	17,817	10,932
Revolving credit	142,814	90,583
	<u>616,637</u>	<u>555,839</u>
Total loans and borrowings	<u>645,369</u>	<u>587,685</u>

Notes to the Financial Statements

14. Loans and borrowings (continued)

14.1 Security

The borrowings are secured by way of:

- i) legal charges over certain land and buildings, capital work-in-progress, stock of completed properties and properties under development of the Group;
- ii) specific debentures over certain plant and equipment of the Group;
- iii) deposit placed with a licensed bank; and
- iv) corporate guarantees issued by the Company and certain subsidiaries.

14.2 Covenants of banks

Certain subsidiaries of the Group are required to comply with the following covenants:

- (a) maintain the gearing ratios within the range of 1.75 to 4.00 times (2022: 1.75 to 4.00 times).
- (b) maintain a ratio of group earnings before interests, taxes, depreciation and amortisation ("EBITDA") to finance cost of not less than 3.5:1 (2022: 3.5:1).

In respect of covenant (a), the relevant subsidiaries of the Group have complied with this covenant as at 31 December 2023.

In respect of covenant (b), the Group's EBITDA to finance cost was 2.3:1 (2022: 4.5:1) as at 31 December 2023. This was below the ratio requirement imposed by a bank which granted trade-line facilities of RM17,198,000 (2022: RM27,839,000) to a subsidiary company. Subsequent to the year end, the bank has granted an indulgence in respect of the non-compliance of covenant.

15. Payables and accruals

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade payables	15.1	60,062	66,025	-	-
Non-trade					
Amounts due to subsidiaries	15.2	-	-	145,687	113,713
Other payables	15.3	19,951	19,204	-	-
Accrued expenses		30,929	26,959	490	452
		<u>110,942</u>	<u>112,188</u>	<u>146,177</u>	<u>114,165</u>

15.1 Included in trade payables of the Group are amounts totalling RM1,208,673 (2022: RM1,367,854) due to companies in which certain Directors of the Company and certain directors of certain subsidiaries have interests.

15.2 The amounts due to subsidiaries are unsecured, interest free and repayable on demand except for advances from a wholly owned subsidiary totalling RM120,754,519 (2022: RM94,852,474) which bear interest at 5.25% (2022: 4.88%) per annum.

15.3 Included in other payables of the Group are:

- i) amounts totalling RM3,483,106 (2022: RM3,350,582) due to companies in which certain Directors of the Company, certain directors of certain subsidiaries and a person connected to a director of a subsidiary have interests; and
- ii) refundable deposits totalling RM5,296,539 (2022: RM6,565,295) received from customers for future orders.

Notes to the Financial Statements

16. Revenue

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers	1,468,448	1,442,561	-	-
Other revenue				
- Dividend income from subsidiaries	-	-	6,560	8,000
- Rental income from investment properties	1,319	1,360	-	-
	1,469,767	1,443,921	6,560	8,000

16.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

<i>Nature of goods or services</i>	<i>Timing of recognition or method used to recognise revenue</i>	<i>Significant payment terms</i>	<i>Variable element in consideration</i>	<i>Obligation for returns or refunds</i>	<i>Warranty</i>
Wholesale, distribution and manufacturing products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 0-90 days from invoice date	Not applicable	Not applicable	Not applicable
Hospitality	Revenue from room rental is recognised over time during the period of stay for the hotel guests. Food and beverage, laundry service fees and other hospitality services are recognised at a point in time when the services are rendered.	Cash term	Not applicable	Not applicable	Not applicable
Property development	(i) <u>Sale of properties under construction</u> Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed.	Credit period of 0-21 days from invoice date	Discount or rebates given to buyers	Not applicable	Defect liability period of 24 months upon the delivery of vacant possession of development unit
	(ii) <u>Sale of completed properties</u> Revenue is recognised at a point in time when the customer takes legal possession of the property.	Based on progress billing with 10% payable upon signing of contract and remaining 90% payable 3 months from date of contract	Discount or rebates given to buyers	Not applicable	Not applicable

16.2 Disaggregation of revenue contracts with customers

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Major products and services				
- goods sold	1,450,577	1,428,928	-	-
- hospitality	10,390	8,191	-	-
- completed properties	7,481	5,442	-	-
	1,468,448	1,442,561	-	-
Timing and recognition				
At a point in time	1,460,975	1,436,890	-	-
Over time	7,473	5,671	-	-
	1,468,448	1,442,561	-	-

Notes to the Financial Statements

16. Revenue (continued)

16.3 Transaction prices allocated to the remaining performance obligations

Transaction price allocated to performance obligation that are unsatisfied (or partially unsatisfied) at the reporting date of RM5,296,539 (2022: RM6,565,295) is expected to be recognised as revenue in next financial year.

17. Profit/(Loss) before tax

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	447	432	99	97
- Other auditors	176	171	-	-
Assurance service fee:				
- KPMG PLT	12	12	12	12
Non-assurance service fee:				
- Local affiliates of KPMG PLT	4	4	4	4
Expenses/(Income)				
Allowance for impairment loss on investment in a subsidiary	-	-	3,800	-
Bad debts recovered	(3)	(5)	-	-
Bad debts written off	-*	123	-	-
Depreciation of:				
- investment properties	948	960	-	-
- property, plant and equipment	21,437	20,491	-	-
- right-of-use assets	952	796	-	-
Gain on derecognition of right-of-use assets	(3)	(36)	-	-
(Gain)/Loss on disposal of:				
- a non-wholly owned subsidiary	-	-	-	(1,981)
- assets classified as held for sale	31	(512)	-	-
- property, plant and equipment	(715)	(348)	-	-
Interest expenses of financial liabilities:				
- amounts due to subsidiaries	-	-	5,805	4,167
- bank overdrafts	1,430	870	-	-
- hire purchase liabilities	181	80	-	-
- term loans	1,413	1,797	-	-
- other borrowings	25,422	17,005	-	-
Interest expenses on lease liabilities	124	20	-	-
Finance income of financial assets:				
- amounts due from subsidiaries	-	-	(4,393)	(3,959)
- receivables and deposits placed with licensed banks	(2,972)	(1,622)	-	(1)
- highly liquid investments with other institutions	(1,511)	(313)	-	-
Inventories written down	5,924	4,824	-	-
Personnel expenses (including key management personnel):				
- contributions to Employees Provident Fund	5,630	5,287	-	-
- wages, salaries and others	84,505	77,987	413	373
Property, plant and equipment written off	21	30	-	-
Realised gains on foreign exchange, net	(287)	(167)	-	-
Share of loss of an equity-accounted associate, net of tax	1	-	1	-

Notes to the Financial Statements

17. Profit/(Loss) before tax (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting): (continued)				
Expenses/(Income) arising from leases				
Expenses relating to:				
- short-term leases	2,252	2,302	-	-
- leases of low-value assets	23	27	-	-
Rental income on:				
- land and buildings	(1,090)	(880)	-	-
- machineries	-	(3)	-	-
- motor vehicles	(218)	(96)	-	-
Net (gains)/losses on impairment of financial instruments				
Trade receivables	(1,489)	6,227	-	-
Amount due from a subsidiary	-	-	1,008	7,385

* Denotes amount less than RM500.

18. Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors' emoluments:				
Remunerations				
- Company's Directors	6,988	6,530	38	33
- Subsidiaries' directors	3,571	4,445	-	-
Fees				
- Company's Directors	485	450	375	340
- Subsidiaries' directors	50	50	-	-
	11,094	11,475	413	373
Other key management personnel:				
Remunerations	1,427	1,368	-	-
	12,521	12,843	413	373

Other key management personnel comprise persons other than the directors of the Company and subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The estimated monetary value of benefits-in-kind of the Company's Directors are RM164,649 (2022: RM131,840).

Notes to the Financial Statements

19. Tax expense

Recognised in profit or loss

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense					
- current financial year		11,517	13,920	630	593
- (over)/under provision in prior financial year		(90)	(575)	70	(2)
		11,427	13,345	700	591
Real Property Gains Tax					
- current financial year		-	623	-	616
- over provision in prior financial year		-	(5)	-	-
		11,427	13,963	700	1,207
Deferred tax expense					
- origination and reversal of temporary differences	8	(3,492)	(357)	-	-
		7,935	13,606	700	1,207
Reconciliation of tax expense					
Profit/(Loss) before tax		18,125	47,930	(790)	1,294
Income tax using Malaysian tax rate of 24%		4,350	11,503	(190)	311
Non-deductible expenses		3,131	3,937	2,394	2,677
Utilisation of reinvestment allowances		(1,328)	(1,005)	-	-
Income not subjected to tax		(240)	(123)	(1,574)	(2,395)
Effect of deferred tax benefits not recognised		2,449	1,783	-	-
Real Property Gains Tax		-	623	-	616
Utilisation of previously unrecognised deferred tax benefits		(337)	(2,532)	-	-
		8,025	14,186	630	1,209
Over provision in prior financial year		(90)	(580)	70	(2)
Tax expense		7,935	13,606	700	1,207

20. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share was based on the profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023	2022
Profit attributable to owners of the Company (RM'000)	10,125	32,503
<i>Weighted average number of ordinary shares ('000)</i>		
Issued ordinary shares as at 1 January	443,319	443,319
Effect of treasury shares held	(6,285)	(8,537)
Weighted average number of ordinary shares as at 31 December	437,034	434,782
<i>Basic and diluted earnings per ordinary share (sen)</i>	2.32	7.48

Notes to the Financial Statements

20. Earnings per ordinary share (continued)

Basic and diluted earnings per ordinary share (continued)

The diluted earnings per share is presented the same as basic earnings per share given that the Group does not have any dilutive potential ordinary share other than warrants in issue.

The warrants in issue do not have a dilutive effect as the average fair value of the ordinary shares during the reporting period was below the exercise price of the warrants.

21. Dividends

Dividends recognised by the Company:

	Total amount RM'000	Date of payment
2023		
Final 2022 ordinary dividend of one (1) treasury share for every fifty (50) existing ordinary shares held	<u>6,676</u>	3 July 2023
2022		
Final 2021 ordinary (single tier) dividend of 1.0 sen per ordinary share	<u>4,352</u>	1 July 2022

Subsequent to the reporting period, the following dividends were proposed by the Directors for the financial year ended 31 December 2023. These dividends will be recognised in the subsequent financial year upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

	Total amount RM'000
Final 2023 ordinary (single tier) dividend of 0.75 sen per ordinary share	<u>3,310</u>

22. Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different business segments, and are managed based on the Group's management and internal reporting structure. For each of the strategic business units, the Group Managing Director (the chief operating decision maker) and the Board of Directors review internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Wholesale and distribution	Includes wholesale and distribution of pipes, valves, fittings, plumbing materials, steel related products, general hardware products and construction materials.
Manufacturing	Includes manufacturing and sale of steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard-drawn wire, bitumen products and other related products.
Property development	Includes property development and investment activities.
Hospitality	Includes provision of rooms, food and beverage, laundry service fees and other hospitality services.

Other non-reportable segments comprise operations related to the corporate assets and expenses.

Notes to the Financial Statements

22. Operating segments (continued)

Performance is measured based on segment profit before tax, interest and depreciation as included in the internal management reports that are reviewed by the Group Managing Director and the Board of Directors. Segment profit is used to measure performance as management believes that such information is relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director and the Board of Directors. Segment total assets is used to measure the return on assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group Managing Director and the Board of Directors. Segment total liabilities is used to measure the gearing of each segment.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and right-of-use assets.

	Wholesale and distribution RM'000	Manu- facturing RM'000	Property development RM'000	Hospitality RM'000	Total RM'000
Group 2023					
Segment profit/(loss)	36,391	33,219	(392)	(910)	68,308
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	696,969	753,608	8,800	10,390	1,469,767
Inter-segment revenue	110,133	231,571	319	87	342,110
Write-down of inventories	(5,153)	(214)	(557)	-	(5,924)
<i>Not included in the measure of segment profit are:</i>					
Depreciation	(2,828)	(15,670)	(693)	(4,172)	(23,363)
Finance costs	(12,461)	(21,993)	(3,666)	(623)	(38,743)
Finance income	13,498	1,642	1	-	15,141
Segment assets	900,148	1,035,134	148,426	77,928	2,161,636
<i>Included in the measure of segment assets are:</i>					
Additions to non-current assets, other than financial instruments and deferred tax assets	6,459	40,151	-	628	47,238
Segment liabilities	(435,181)	(659,826)	(132,207)	(15,872)	(1,243,086)

Notes to the Financial Statements

22. Operating segments (continued)

	Wholesale and distribution RM'000	Manu- facturing RM'000	Property development RM'000	Hospitality RM'000	Total RM'000
Group 2022					
Segment profit/(loss)	40,220	51,358	111	(1,692)	89,997
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	671,078	757,850	6,802	8,191	1,443,921
Inter-segment revenue	100,685	219,957	199	8	320,849
Write-down of inventories	(4,207)	(478)	(139)	-	(4,824)
<i>Not included in the measure of segment profit are:</i>					
Depreciation	(2,931)	(14,336)	(690)	(4,377)	(22,334)
Finance costs	(8,105)	(14,121)	(3,262)	(1,836)	(27,324)
Finance income/(waived)	8,026	1,080	(5)	-	9,101
Segment assets	808,147	1,001,433	141,404	81,477	2,032,461
<i>Included in the measure of segment assets are:</i>					
Additions to non-current assets, other than financial instruments and deferred tax assets	11,725	55,636	129	359	67,849
Segment liabilities	(365,984)	(623,706)	(120,436)	(53,815)	(1,163,941)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items

	Group	
	2023 RM'000	2022 RM'000
Profit or loss		
Total profit or loss for reportable segments	68,308	89,997
Other non-reportable segments	(1,430)	(1,076)
Elimination of inter-segment profits	(1,328)	(907)
Depreciation	(23,337)	(22,247)
Finance costs	(28,570)	(19,772)
Finance income	4,483	1,935
Share of loss of an equity-accounted associate, net of tax	(1)	-
Consolidated profit before tax	18,125	47,930

Notes to the Financial Statements

22. Operating segments (continued)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items (continued)

	External revenue RM'000	De- preciation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Investment in associate RM'000	Additions to non- current assets RM'000	Segment liabilities RM'000
Group								
2023								
Total reportable segments	1,469,767	(23,363)	(38,743)	15,141	2,161,636	-	47,238	(1,243,086)
Other non-reportable segments	-	(165)	(5,987)	4,267	29,034	49	335	(13,783)
Elimination of inter-segment transactions or balances	-	191	16,160	(14,925)	(589,775)	-	186	482,458
Consolidated total	1,469,767	(23,337)	(28,570)	4,483	1,600,895	49	47,759	(774,411)
2022								
Total reportable segments	1,443,921	(22,334)	(27,324)	9,101	2,032,461	-	67,849	(1,163,941)
Other non-reportable segments	-	(164)	(4,294)	3,940	32,425	-	197	(12,625)
Elimination of inter-segment transactions or balances	-	251	11,846	(11,106)	(532,595)	-	171	460,600
Consolidated total	1,443,921	(22,247)	(19,772)	1,935	1,532,291	-	68,217	(715,966)

Geographical segments

The Group operates primarily in Malaysia and as such, no geographical segment disclosures are made.

Major customers

There are no customers with revenue equal or more than 10% of the Group's total revenue.

Notes to the Financial Statements

23. Financial instruments

23.1 Categories of financial instruments

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

- (a) Fair value through profit or loss (“FVTPL”) and
 (b) Amortised cost (“AC”)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2023			
Financial assets			
Group			
Receivables and deposits	443,125	443,125	-
Cash and cash equivalents	91,824	91,820	4
	534,949	534,945	4
Company			
Receivables and deposits	114,572	114,572	-
Cash and cash equivalents	107	107	-
	114,679	114,679	-
Financial liabilities			
Group			
Loans and borrowings	(645,369)	(645,369)	-
Payables and accruals	(110,942)	(110,942)	-
	(756,311)	(756,311)	-
Company			
Payables and accruals	(146,177)	(146,177)	-
2022			
Financial assets			
Group			
Receivables and deposits	394,906	394,906	-
Cash and cash equivalents	130,355	95,750	34,605
	525,261	490,656	34,605
Company			
Receivables and deposits	121,435	121,435	-
Cash and cash equivalents	20	20	-
	121,455	121,455	-
Financial liabilities			
Group			
Loans and borrowings	(587,685)	(587,685)	-
Payables and accruals	(112,188)	(112,188)	-
	(699,873)	(699,873)	-
Company			
Payables and accruals	(114,165)	(114,165)	-

Notes to the Financial Statements

23. Financial instruments (continued)

23.2 Net losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gains/(losses) arising on:				
Financial assets at amortised cost	4,751	(4,556)	3,385	(3,425)
Financial assets at fair value through profit or loss	1,511	313	-	-
Financial liabilities at amortised cost	(28,446)	(19,752)	(5,805)	(4,167)
	(22,184)	(23,995)	(2,420)	(7,592)

23.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks and suppliers for banking and credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

For the wholesale and distribution, and manufacturing segments, credit evaluations are required to be performed on major customers requiring credit over a certain amount and the credit acceptance procedures are monitored by a Credit Control Committee of the Group. Normally financial guarantees of banks, shareholders or directors of the customers are obtained.

For the property development segment, the services and products are predominantly rendered and sold to a large number of property purchasers with end-financing facilities from reputable financial institutions. The credit risks with respect to trade receivables are limited as the ownership and rights to the properties reside with the Group in the event of default.

For the hospitality segment, credit evaluations are approved by the hotel general manager for all customers requiring credit facilities. The credit evaluation includes reviewing financial statements and information regarding the directors and bankers of these customers. For existing corporate customers with the Group, past records with the customers will be considered and if necessary, reference checks will be made. New customers requiring credit facilities are required to place adequate interest-free deposits with the Group, or provide a letter of undertaking. The Group also requires every reservation made by a corporate customer to be supported with a letter of authorisation signed by an authorised signatory of the corporate customer.

At each reporting date, the Group assesses whether any of the trade receivables are credit-impaired.

The gross carrying amounts of credit-impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

There are no significant changes as compared to previous year.

Notes to the Financial Statements

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group does not have any significant exposure to any individual customers or counterparty, nor does it have any major concentration of credit risk related to any financial instruments. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers and the Group uses ageing analysis to monitor the credit quality of the receivables whilst significant portion of trade receivables for property development segment are purchasers that are backed by financiers. Any past due receivables, which are deemed to have higher credit risk, are monitored individually.

The Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks. Trade receivables amounting to RM285,322,145 (2022: RM258,134,485) of the Group are supported by financial guarantees given by banks, shareholders or directors of the customers.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2023	2022
	RM'000	RM'000
Domestic	405,340	359,628
Singapore	1,961	1,183
	407,301	360,811

Recognition and measurement of impairment loss

In managing the credit risk of trade receivables, the Group manages its receivables and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will be repaid within 90 days. The Group's Credit Control Committee monitors past due debts at least on a bi-weekly basis. The Group will start to initiate a structured debt recovery process should there be indicators where the debts owing by a customer may not be fully recoverable. Should a structured debt recovery process is not possible, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Invoices which are past due more than 365 days will be considered as credit-impaired. Nevertheless, the Group has not recognised any loss allowance on receivables that are supported by financial guarantees given by banks, shareholders or directors of customers, which are deemed to have low risk of default, other than specifically provided for.

In respect of trade receivables arising from the sale of completed properties, the Group retains the legal title to all properties sold until the full contracted sales value is settled. As such, under normal circumstances, the amounts due from property purchasers are not impaired.

Loss rate is based on actual credit loss experience over the past three years and is calculated using a flow rate method based on the probability of a receivable progressing through successive stages of delinquency to more than 365 days past due.

Notes to the Financial Statements

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period:

	Gross carrying amount RM'000	Loss allowance RM'000	Net RM'000
Group			
2023			
Current (not past due)	300,470	(15)	300,455
1 - 90 days past due	66,061	(14)	66,047
91 - 180 days past due	10,813	(21)	10,792
181 - 270 days past due	6,541	(10)	6,531
271 - 365 days past due	2,493	(3)	2,490
	<hr/> 386,378	<hr/> (63)	<hr/> 386,315
Credit-impaired			
More than 365 days past due	21,052	(86)	20,966
Individually impaired	10,100	(10,080)	20
	<hr/> 417,530	<hr/> (10,229)	<hr/> 407,301
2022			
Current (not past due)	274,958	(296)	274,662
1 - 90 days past due	57,982	(154)	57,828
91 - 180 days past due	2,215	(39)	2,176
181 - 270 days past due	6,876	(144)	6,732
271 - 365 days past due	6,203	(6)	6,197
	<hr/> 348,234	<hr/> (639)	<hr/> 347,595
Credit-impaired			
More than 365 days past due	13,204	(14)	13,190
Individually impaired	11,093	(11,067)	26
	<hr/> 372,531	<hr/> (11,720)	<hr/> 360,811

Trade receivables which are credit-impaired amounting to RM21,052,109 (2022: RM13,203,836) are partially supported by financial guarantees given by banks, shareholders or directors of customers.

Notes to the Financial Statements

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment loss (continued)

The movements in the allowance for impairment in respect of trade receivables during the financial year were shown below.

	Lifetime ECL RM'000	Individual impaired RM'000	Total RM'000
Group			
At 1 January 2022	712	6,412	7,124
Net remeasurement of loss allowance	(59)	6,286	6,227
Amount written off	-	(1,631)	(1,631)
At 31 December 2022/1 January 2023	653	11,067	11,720
Net remeasurement of loss allowance	(504)	(985)	(1,489)
Amount written off	-	(2)	(2)
At 31 December 2023	149	10,080	10,229

Cash and cash equivalents

The cash and cash equivalents are held with financial and other institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These financial and other institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and to suppliers for credit facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The financial guarantees issued are initially measured at fair value. The Company is of the view that the fair value is not material and hence, it is not provided for.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk as represented by the outstanding banking and credit facilities of the subsidiaries are as follows:

	Company	
	2023 RM'000	2022 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	643,739	585,579
- suppliers for credit facilities granted to its subsidiaries	3,830	8,466
	<u>647,569</u>	<u>594,045</u>

Notes to the Financial Statements

23. Financial instruments (continued)

23.4 Credit risk (continued)

Financial guarantees (continued)

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit-impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed amounts individually using internal information available. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The Company is of the view that the loss allowance is not material and hence, it is not provided for.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit-impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

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

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at the end of the reporting period:

	Gross carrying amount RM'000	Loss allowance RM'000	Net RM'000
Company			
2023			
Low credit risk	73,581	-	73,581
Credit-impaired	57,155	(16,172)	40,983
	<u>130,736</u>	<u>(16,172)</u>	<u>114,564</u>

Notes to the Financial Statements

23. Financial instruments (continued)

23.4 Credit risk (continued)

Inter-company balances (continued)

Recognition and measurement of impairment loss (continued)

	Gross carrying amount RM'000	Loss allowance RM'000	Net RM'000
Company			
2022			
Low credit risk	90,860	-	90,860
Credit-impaired	45,739	(15,164)	30,575
	136,599	(15,164)	121,435

The movements in the allowance for impairment in respect of subsidiaries advances during the financial year are shown below.

	Company	
	2023 RM'000	2022 RM'000
At 1 January	15,164	7,779
Net remeasurement of loss allowance	1,008	7,385
At 31 December	16,172	15,164

Other receivables and deposits

Credit risks on other receivables and deposits are mainly arising from other receivables and deposits paid for the procurement of trading goods, office buildings and fixture rented.

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

As at the end of the reporting period, the Group and the Company are of the view that the loss allowance is not material due to the low probability of default and hence, it is not provided for.

23.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, lease liabilities, loans and borrowings.

The Group and the Company maintain a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate/ Coupon/ Discount rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2023							
<i>Non-derivative financial liabilities</i>							
Secured							
Term loans	37,703	4.52% - 6.46%	42,240	10,896	8,043	17,669	5,632
Hire purchase liabilities	2,955	2.24% - 3.39%	3,050	2,589	385	76	-
Bankers' acceptances	113,850	4.25% - 6.05%	113,850	113,850	-	-	-
Bank overdrafts	7,039	6.72% - 8.39%	7,039	7,039	-	-	-
Unsecured							
Bankers' acceptances	323,191	4.28% - 6.46%	323,191	323,191	-	-	-
Bank overdrafts	17,817	7.65% - 8.30%	17,817	17,817	-	-	-
Revolving credit Payables and accruals	142,814	4.55% - 5.79%	142,814	142,814	-	-	-
	110,942	-	110,942	110,942	-	-	-
	756,311		760,943	729,138	8,428	17,745	5,632
Lease liabilities	2,707	3.43% - 4.47%	3,910	327	304	591	2,688
	759,018		764,853	729,465	8,732	18,336	8,320
2022							
<i>Non-derivative financial liabilities</i>							
Secured							
Term loans	47,473	4.27% - 5.38%	52,545	18,737	9,814	17,154	6,840
Hire purchase liabilities	3,490	2.30% - 4.43%	3,641	2,246	1,395	-	-
Bankers' acceptances	98,898	3.86% - 6.09%	98,898	98,898	-	-	-
Bank overdrafts	6,277	6.47% - 8.14%	6,277	6,277	-	-	-
Unsecured							
Bankers' acceptances	330,032	3.29% - 5.76%	330,032	330,032	-	-	-
Bank overdrafts	10,932	7.40% - 8.05%	10,932	10,932	-	-	-
Revolving credit Payables and accruals	90,583	3.96% - 5.38%	90,583	90,583	-	-	-
	112,188	-	112,188	112,188	-	-	-
	699,873		705,096	669,893	11,209	17,154	6,840
Lease liabilities	207	3.43% - 5.24%	213	140	52	21	-
	700,080		705,309	670,033	11,261	17,175	6,840

Notes to the Financial Statements

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000
Company				
2023				
<i>Non-derivative financial liabilities</i>				
Unsecured				
Amount due to a subsidiary	120,755	5.25%	120,755	120,755
Payables and accruals	25,422	-	25,422	25,422
Corporate guarantees	-	-	647,569	647,569
	<u>146,177</u>		<u>793,746</u>	<u>793,746</u>
2022				
<i>Non-derivative financial liabilities</i>				
Unsecured				
Amounts due to subsidiaries	94,852	4.88%	94,852	94,852
Payables and accruals	19,313	-	19,313	19,313
Corporate guarantees	-	-	594,045	594,045
	<u>114,165</u>		<u>708,210</u>	<u>708,210</u>

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

23.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, borrowings and cash and bank balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD") and Euro ("EUR").

Risk management objectives, policies and processes for managing the risk

The Group's exposure to foreign currency risk is monitored on an ongoing basis and will use forward exchange contracts to hedge its foreign currency risk when necessary. Forward exchange contracts, if any, would have maturities of less than one year. Where necessary, the forward exchange contracts are rolled over at maturity.

Notes to the Financial Statements

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM'000	SGD RM'000	EUR RM'000
2023			
Cash and bank balances	15	316	-
Receivables	-	91	-
Payables	(2,596)	-	(1,205)
Exposure in the statements of financial position	(2,581)	407	(1,205)
2022			
Cash and bank balances	37	1,040	-
Receivables	-	122	-
Payables	(954)	-	-
Exposure in the statements of financial position	(917)	1,162	-

A 10% (2022: 10%) strengthening of the RM against foreign currencies at the end of the reporting period would have increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group	
	2023	2022
	RM'000	RM'000
USD	196	70
SGD	(31)	(88)
EUR	92	-

A 10% (2022: 10%) weakening of the RM against foreign currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remained constant.

23.6.2 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate instruments are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group adopts a practice to continuously seek for alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirements.

Notes to the Financial Statements

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.2 Interest rate risk (continued)

Exposure to interest rate risk

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
Financial assets	39,404	34,249	-	-
Financial liabilities	(582,810)	(523,003)	-	-
Lease liabilities	(2,707)	(207)	-	-
Floating rate instruments				
Financial assets	-	-	98,721	106,072
Financial liabilities	(62,559)	(64,682)	(120,755)	(94,852)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

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

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 25 basis points ("bp") (2022: 50 bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	2023		2022	
	Profit or loss 25 bp increase RM'000	Profit or loss 25 bp decrease RM'000	Profit or loss 50 bp increase RM'000	Profit or loss 50 bp decrease RM'000
Group				
Floating rate instruments	(119)	119	(246)	246
Cash flow sensitivity (net of tax)	(119)	119	(246)	246
Company				
Floating rate instruments	(42)	42	43	(43)
Cash flow sensitivity (net of tax)	(42)	42	43	(43)

Notes to the Financial Statements

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.3 Other price risk

Price risk arises from the Group's investments in highly liquid investments that are held with other institutions.

Risk management objectives, policies and processes for managing the risk

The Group's highly liquid investments are money market funds that are not exposed to significant risk of changes in fair value. Consequently, the Group and the Company are of the view that the highly liquid investments are not exposed to significant price risk.

23.7 Fair value information

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

The Company provides financial guarantees to banks and suppliers for credit facilities extended to certain subsidiaries. The Directors are of the opinion that the fair values of such financial guarantees are not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote as described in Note 23.4.

The table below analyses the financial instruments carried at fair value and those not carried at fair value for which fair values are disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments		Total fair value	Carrying amount
	carried at fair value Level 2 RM'000	not carried at fair value Level 3 RM'000		
Group				
2023				
Financial assets				
Highly liquid investments with other institutions	4	-	4	4
Financial liabilities				
Hire purchase liabilities	-	(2,919)	(2,919)	(2,955)
Term loans	-	(37,703)	(37,703)	(37,703)
	-	(40,622)	(40,622)	(40,658)
2022				
Financial assets				
Highly liquid investments with other institutions	34,605	-	34,605	34,605
Financial liabilities				
Hire purchase liabilities	-	(3,392)	(3,392)	(3,490)
Term loans	-	(47,473)	(47,473)	(47,473)
	-	(50,865)	(50,865)	(50,963)

Notes to the Financial Statements

23. Financial instruments (continued)

23.7 Fair value information (continued)

Level 2 fair value

Fair value of highly liquid investments with other institutions is calculated based on the net assets value of the highly liquid investments as advised by the said institutions.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Non-derivative financial asset and liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the interest rate determined at the end of the reporting period.

For hire purchase liabilities, the market rate of interest is determined by reference to similar agreements. For term loans, the carrying amounts approximate the fair value as they bear variable rates of interest determined based on a margin over the lender bank's base lending rate.

Interest rates used to determine fair value

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

	2023	2022
Group		
Hire purchase liabilities	4.33% - 5.35%	4.54% - 5.46%

Transfers between Level 2 and Level 3 fair values

There has been no transfer between Level 2 and Level 3 fair values during the financial year (2022: no transfer in either direction).

24. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The net debt-to-equity ratios at 31 December were as follows:

	Note	Group	
		2023	2022
		RM'000	RM'000
Total loans and borrowings	14	645,369	587,685
Less: Cash and cash equivalents	11	(91,824)	(130,355)
Net debts		553,545	457,330
Total equity		826,484	816,325
Net debt-to-equity ratio		0.67	0.56

There was no change in the Group's approach to capital management during the financial year.

Notes to the Financial Statements

24. Capital management (continued)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain a maximum debt-to-equity ratio of 1.5 times (2022: 1.5 times) to comply with a bank covenant, failing which, the bank may call an event of default. The Group has complied with this covenant at the end of the reporting period.

25. Commitments

	Group	
	2023 RM'000	2022 RM'000
Property, plant and equipment		
Authorised but not contracted for	8,815	6,862
Contracted but not provided for	3,679	8,965
	12,494	15,827

26. Related parties

26.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

26.2 Significant related party transactions

The significant related party transactions of the Group and the Company, other than key management personnel compensation which is disclosed in Note 18 are shown below. The balances related to the below transactions are shown in Notes 10 and 15.

	Note	Amounts transacted for the financial year ended 31 December	
		2023 RM'000	2022 RM'000
Group			
<i>Companies in which certain Directors of the Company have interests</i>			
Sales	a	(2,240)	(2,535)
Disposal of plant and equipment	b	(60)	(23)
Rental income from properties	c	(72)	(72)
Rental income from motor vehicles	c	(218)	(96)
Expenses relating to short-term leases for properties	c	1,517	1,589
Acquisition of plant and equipment	b	28	15
Purchases	a	15,751	18,975

Notes to the Financial Statements

26. Related parties (continued)

26.2 Significant related party transactions (continued)

	Note	Amounts transacted for the financial year ended 31 December	
		2023 RM'000	2022 RM'000
Group			
<i>Companies in which certain directors of certain subsidiaries have interests</i>			
Sales	a	(941)	(2,761)
Purchases	a	592	161
<i>Directors of the Company</i>			
Expenses relating to short-term lease for a property	c	24	24
<i>A person connected to certain Directors of the Company</i>			
Expenses relating to short-term lease for a property	c	24	24
<i>Certain directors of certain subsidiaries</i>			
Expenses relating to short-term lease for a hostel	c	17	10
Consultancy fees expenses	d	473	461
<i>A person connected to a director of a subsidiary</i>			
Sales	a	(1)	(1)
Consultancy fees expenses	d	60	60
<i>Key management personnel</i>			
Disposal of plant and equipment	b	(77)	-
Company			
<i>A company in which certain Directors of the Company have interests</i>			
Purchases	a	31	25
<i>Subsidiaries</i>			
Dividend income (gross)		(6,560)	(8,000)
Interest income		(4,393)	(3,959)
Interest expenses		5,805	4,167
Management fees expenses		264	264

Note a

From time to time, the Group and the Company may sell and purchase goods and services with companies in which certain Directors of the Company, certain directors of certain subsidiaries have interests and a person connected to a director of a subsidiary. These sales or purchases are based on negotiated terms and are domestic in nature.

Note b

During the financial year, the Group acquired and disposed of plant and equipment with companies in which certain Directors of the Company have interests and certain key management personnel. The transactions were carried out under normal commercial terms and conditions not more favourable than those generally available to other eligible employees of the Group.

Notes to the Financial Statements

26. Related parties (continued)

26.2 Significant related party transactions (continued)

Note c

The Group entered into rental agreements with companies in which certain Directors of the Company have interests, a Director of the Company, a person connected to certain Directors of the Company and a director of a subsidiary, for the letting of industrial properties and hostels, and motor vehicles. The rental terms are based on negotiated terms and amounts are receivable or payable on monthly basis for the duration of the agreements.

Note d

The Group entered into agreements with a director of certain subsidiaries and a person connected to a director of a subsidiary, for provision of consultancy services. The contract terms are based on negotiated terms and conditions.

27. Significant events during the financial year

27.1 Acquisition of properties

- (i) In January 2023, a wholly owned subsidiary acquired eleven (11) plots of leasehold industrial land located at Bandar Sungai Buloh, Selangor through public auction for a cash consideration of RM14,418,000. The transaction was completed during the financial year.
- (ii) In November 2023, a wholly owned subsidiary entered into an agreement with a third party to acquire a freehold residential single storey terrace house located at Bukit Mertajam, Pulau Pinang for a total cash consideration of RM320,000. A deposit amounting to RM32,000 was paid during the financial year. The acquisition was completed subsequent to the financial year end.

27.2 Acquisition and incorporation of subsidiaries

- (i) In February 2023, the Company acquired 51,000 ordinary shares representing 51% equity interest in Engtex Energy Sdn. Bhd. (formerly known as Leading Wonder Sdn. Bhd.) ("EESB") for a total cash consideration of RM62,292. The intended principal activity of EESB is that of provision of solar energy solution. During the financial year, the Company subscribed for additional 749,000 ordinary shares in EESB for a total cash consideration of RM749,000. Subsequent to the subscription, the Company's equity stake in EESB has increased from 51% to 80%. The acquisition had no material effect on the Group's financial performance and position on the acquisition date.
- (ii) In October 2023, the Company incorporated a wholly owned subsidiary, Engtex Metals Industry Sdn. Bhd. ("EMISB") by way of issuance of 100 ordinary shares, representing 100% equity interest in EMISB for total cash consideration of RM100. The intended principal activities of EMISB are manufacturing and distribution of metals related products.

27.3 Investment in an associate

In September 2023, the Company subscribed 49 ordinary shares representing 49% equity interest in a newly incorporated company, Engtex Metals (Sarawak) Sdn. Bhd. ("EMSSB") for a total cash consideration of RM49. The intended principal activities of EMSSB are manufacturing and distribution of metals related products.

27.4 Disposal of a property

In March 2023, a wholly owned subsidiary entered into an agreement with a third party to dispose of a freehold residential serviced apartment located at Township of Johor Bahru, District of Johor Bahru, Johor for a cash consideration of RM650,000. The transaction was completed during the financial year.

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

In the opinion of the Directors, the financial statements set out on pages 44 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Boards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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

Tan Sri Dato' Ng Hook
Director

Ng Chooi Guan
Director

Sungai Buloh, Selangor Darul Ehsan
Date: 19 April 2024

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

I, **Khoo Chong Keong**, the officer primarily responsible for the financial management of Engtex Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 105 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Khoo Chong Keong, NRIC: 690107-10-5007, MIA CA11413 at Kuala Lumpur in the state of Wilayah Persekutuan on 19 April 2024.

Khoo Chong Keong

Before me:

Balwant Singh A/L Shaginder Singh
Commissioner of Oaths
No.W857

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ENGTEx GROUP BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EngtEx Group Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policies information, as set out on pages 44 to 105.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Valuation of trade receivables Refer to Note 2 - Material accounting policy: Impairment, Note 10 - Receivables, deposits and prepayments and Note 23.4 - Credit risk	
The key audit matter	How the matter was addressed in our audit
<p>The Group has significant trade receivables, comprising many customers, and certain customers with a portion of long outstanding debts, leading to the increase in credit risk exposure to the financial statements. These factors, together with the customers' credit risks could result in a risk over the recoverability of the Group's trade receivables.</p> <p>The adoption of the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit loss, could increase the risk if not appropriately applied.</p> <p>We identified the valuation of trade receivables as a key audit matter because it required management to exercise judgement and estimation in assessing the recoverability of the Group's trade receivables</p>	<p>Our audit procedures performed over this area included, among others:</p> <ul style="list-style-type: none"> Assessed the Group's credit evaluation, control and monitoring processes by evaluating the design and implementation of control over the allowance for impairment loss on trade receivables and monitoring of credit limit; Tested on a sample basis, the invoices of their respective age bracket to ascertain the accuracy of trade receivables ageing; Assessed on a sample basis, the recoverability of trade receivables by testing the receipts of cash after year end and considering the historical trend of payments and bad debts record for debts deemed doubtful as well as financial guarantees; and Challenged the key assumptions applied in determining the allowance for impairment loss on trade receivables by taking into account the historical trend of recoverability of the trade receivables within the Group.

Independent Auditors' Report
To the Members of Engtex Group Berhad

Key Audit Matters (continued)

Valuation of trade receivables (continued)	
The key audit matter	How the matter was addressed in our audit
	<p>For expected credit loss of trade receivables:</p> <ul style="list-style-type: none"> • Evaluated Group's judgements made, including selection and application of the method, assumptions and data in making the estimate; • Assessed the adequacy of the expected credit loss on trade receivables by comparing our expectations against the loss allowance made by Group; and • Assessed the adequacy of Group's disclosure on expected credit loss and relevant credit risks of trade receivables.
Valuation of inventories	
Refer to Note 2 - Material accounting policy: Inventories and Note 9 - Inventories	
<p>We identified valuation of inventories as one of the key audit matters due to the significance of the balance and the level of judgement required to assess the amount of impairment needed to record the value of the following inventories at the lower of cost and net realisable value and inventories that were slow moving:</p> <ul style="list-style-type: none"> • Trading inventories • Manufactured inventories 	<p>Our audit procedures performed over this area included, among others:</p> <ul style="list-style-type: none"> • Assessed the Group's key controls and processes in place to track, monitor and record inventories movements; • Inspected on a sample basis, costs of trading inventories by checking to supplier invoices and performing computation check over the inventories costing; • Assessed on a sample basis, the allocation of costs of manufactured inventories which included raw materials, labour and overhead costs allocation based on production output; • Compared on a sample basis, the selling prices of sales invoices subsequent to year end to the carrying values of these inventories as at year end; and • Assessed the adequacy of the impairment on inventories by comparing our expectations against the impairment loss made by the Group.

We have determined that there is no key audit matter in the audit of the financial statements of the Company to be communicated in our Auditors' Report.

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 Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report 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 the Annual Report, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To the Members of Engtex Group Berhad

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, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

- i) 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.
- ii) 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 internal control of the Group and of the Company.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv) 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 ability of the Group or of the Company 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.
- v) 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 gives a true and fair view.
- vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditors' Report To the Members of Engtex Group Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Ow Peng Li
Approval Number: 02666/09/2025 J
Chartered Accountant

Petaling Jaya

Date: 19 April 2024

LIST OF PROPERTIES

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
Engtex Sdn Berhad						
H.S.(D) 31889 & H.S.(D) 31890 Lot No. P.T. 13177 & 13178 Mukim of Rawang, District of Gombak, Selangor D.E. Lot 36, Jalan BRP 9/2B, Putra Industrial Park, Bukit Rahman Putra, 47000 Sg. Buloh, Selangor D.E.	4 Storey Office Building annexed with a Single Storey Warehouse Building / Office cum Warehouse	Freehold	20-Oct-97	117,610 sq ft (122,705 sq ft)	23	14,821
H.S.(D) 31897 & H.S.(D) 31898 Lot No. P.T. 13185 & 13186 Mukim of Rawang, District of Gombak, Selangor D.E. Lot 37, Jalan BRP 9/2B, Putra Industrial Park, Bukit Rahman Putra, 47000 Sg. Buloh, Selangor D.E.	1 1/2 Storey Office Building annexed with a Double Storey Warehouse Building / Office cum Warehouse	Freehold	10-Sep-96	116,752 sq ft (99,207 sq ft)	23	7,052
Geran 62270, Lot No. 52407 Unit No: M1/1/1 & M1/N1/2 Daerah Gombak, Bandar Selayang, Selangor D.E. No.140 & 140M, Jalan SBC 3, Taman Sri Batu Caves, 68100 Batu Caves, Selangor D.E.	Shop Office Ground & Mezzanine / Tenanted	Freehold	19-Jan-05	N/A (2,081 sq ft)	25	343
Master Title No.H.S.(D) 320446, PTD 163045 Mukim of Plentong, District of Johor Bahru, State of Johor, Johor. No.11-02, Blok A, Taman Bayu Puteri 3, Jalan Bayu Puteri 2, 80150 Johor Baru, Johor.	Apartment / Vacant	Leasehold 99 years Expiry: 2097	6-Feb-07	N/A (1,002 sq ft)	18	119

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
Engtex Marketing Sdn Bhd						
GM 4436, Lot 3198 Tempat Kuang, Mukim Rawang, Daerah Gombak, Selangor D.E.	Single Storey Warehouse / Tenanted	Freehold	14-Sep-09	114,345 sq ft (36,000 sq ft)	12	- *
Geran 348543, Lot 112268 Mukim of Tebrau, District of Johor Bahru, State of Johor, Johor. No.34, Jalan Setia Tropika 1/14, Taman Setia Tropika, 81200 Johor Bahru, Johor.	Double Storey Shop / Office	Freehold	31-Dec-14	1,680 sq ft (3,360 sq ft)	9	939
Geran 59401, Lot 52397 Unit No: M1/1/1 Daerah Gombak, Bandar Selayang, Selangor D.E. No.17, Jalan SBC 1, Taman Sri Batu Caves, 68100 Batu Caves, Selangor D.E.	Shop Office Ground Floor / Tenanted	Freehold	17-Aug-18	N/A (1,328 sq ft)	25	992
Geran 571248, Lot 49507 Township of Johor Bahru, District of Johor Bahru, State of Johor, Johor. #23-01, Block A3A-2, Mercu 1, Jalan Tanjung Puteri 1, R&F Tanjung Puteri, 80300 Johor Bahru, Johor.	Serviced Apartment / Vacant	Freehold	12-Mar-21	N/A (1,129 sq ft)	3	948
Hachita Enterprise Sdn Bhd						
H.S.(D) 31967 & H.S. (D) 31968 Lot No. P.T. 34449 & 34450 Mukim of Batu, Daerah Gombak, Selangor D.E. Lot 34449 & Lot 34450, Jalan BRP 9/2, Putra Industrial Park, Bukit Rahman Putra, 47000 Sg. Buloh, Selangor D.E.	2 parcels of Adjoining Vacant Commercial Land / Stockyard	Freehold	28-Jul-04	34,785 sq ft & 34,787 sq ft (N/A)	-	2,608

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
<i>Hachita Enterprise Sdn Bhd (continued)</i>						
H.S.(D) 119421 Lot 200461 Mukim Setapak, Dearah Kuala Lumpur. Lot E9, The Parc Factory Outlets, Jalan Rejang 11, Taman Sri Rampai, 53300 Setapak, Kuala Lumpur.	A Light Factory Outlet / Tenanted	Leasehold 60 Years Expiry: 2070	6-Sep-11	1,625 sq ft (3,003 sq ft)	10	943
<i>Allpipes Technology Sdn Bhd</i>						
H.S.(M) 151 & PM 1688 P.T. 70 & Lot 29003 Respectively Mukim of Ulu Yam, District of Hulu Selangor, Selangor D.E. Lot 3757, Batu 29, Jalan KL-Ipoh, 48200 Serendah, Selangor D.E.	A Single Storey Office Building with 5 Units of Single Storey Factory Buildings / Office cum Factory	Leasehold 99 Years Expiry: 2076 & 2082 Respectively	2-Jan-96	165,528 sq ft (136,640 sq ft)	24 to 26	4,236
Geran 37846, Lot 2470 Mukim of Ulu Yam, Daerah Hulu Selangor, Selangor D.E. Lot 2470, Batu 29, Jalan KL-Ipoh, 48200 Serendah, Selangor D.E.	A Single Storey Factory / Factory	Freehold	28-Apr-04	98,825 sq ft (51,840 sq ft)	18	1,493
PM 52, Lot 3763 Mukim of Ulu Yam, District of Hulu Selangor, Selangor D.E. Lot 3763, Batu 29, Jalan KL-Ipoh, Hulu Selangor, 48200 Serendah, Selangor D.E.	A parcel of Vacant Industrial Land / Stockyard	Leasehold 99 Years Expiry: 2079	4-Dec-18	130,680 sq ft (N/A)	-	1,343
PM 167 & PM 168 Lot 4073 & Lot 4074 Mukim of Ulu Yam, District of Hulu Selangor, Selangor D.E. Lot 4073 & Lot 4074 Jalan Besar KL-Ipoh Hulu Yam Lama, 44300 Batang Kali, Selangor D.E.	2 parcels of Adjoining Industrial Land / Stockyard	Leasehold 99 Years Expiry: 2086	24-Jul-19	261,360 sq ft (N/A)	-	1,742

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
<i>Engtex Industries Sdn Bhd</i>						
H.S.(D) 54561, P.T.D. 103032 Mukim Kulai, District of Kulaijaya, State of Johor, Johor. PLO 24 , Jalan Teknologi 5, Taman Teknologi 4, 81400 Senai, Johor.	2 Storey Office annexed with a Single Storey Factory / Office cum Factory	Leasehold 60 Years Expiry: 2070	2-Jun-08	78,626 sq ft (33,388 sq ft)	13	3,368
H.S.(D) 57979, P.T.D. 87650 Mukim Kulai, District of Kulaijaya, State of Johor, Johor. PLO 34, Jalan Teknologi 4, Taman Teknologi 4, 81400 Senai, Johor.	A Single Storey Factory / Factory	Leasehold 60 Years Expiry: 2071	24-Jan-11	91,476 sq ft (46,500 sq ft)	10	4,259
<i>Engtex Metals Sdn Bhd</i>						
Geran Mukim, No. G.M. 125 Lot 443, Mukim Ijok, District of Kuala Selangor, Selangor D.E. Lot 443, Batu 7, Jalan Kepong Ijok, 45600 Bestari Jaya, Selangor D.E.	A Single Storey Factory and Warehouse / Factory cum Warehouse	Freehold	13-Mar-01	220,522 sq ft (141,078 sq ft)	20	8,162
H.S.(M) 4591 P.T. 28607, Mukim Ijok, District of Kuala Selangor, Selangor D.E. Lot 442, Batu 7, Jalan Kepong Ijok, 45600 Bestari Jaya, Selangor D.E.	A Single Storey Factory and Warehouse / Factory cum Warehouse	Freehold	24-Aug-01	220,500 sq ft (134,120 sq ft)	12	9,811
H.S.(M) 4451, P.T. 26000 Tempat Kepong Road, Mukim Ijok, Selangor D.E. Lot 427, Batu 8, Jalan Kepong Ijok, 45600 Bestari Jaya, Selangor D.E.	A Single Storey Factory and Warehouse / Factory cum Warehouse	Freehold	12-Mar-04	216,436 sq ft (95,029 sq ft)	10	9,429

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
Engtex Metals Sdn Bhd (continued)						
GRN No. 443, Lot 441 Mukim Ijok, Daerah Kuala Selangor, Selangor D.E. Lot 441, Batu 7, Jalan Kuala Selangor, 45600 Ijok, Selangor D.E	A parcel of Industrial Land / Under Construction	Freehold	14-Jul-20	220,520 (N/A)	-	23,395
GM 1234, Lot 444 Pekan Simpang Tiga Ijok, Daerah Kuala Selangor, Selangor D.E. Lot 444, Batu 7, Jalan Kepong Ijok, Batu 7 Ijok, 45600 Bestari Jaya, Selangor D.E.	A parcel of Agricultural Land / Under Construction	Freehold	7-Apr-22	217,797 sq ft (N/A)	-	1,440
Master Title GRN 334612, Lot 47703 Mukim Dengkil, Daerah Sepang, Selangor D.E. Unit J2110, Block J, Mutiara Ville, Persiaran Sepang, Cyber 11, 63000 Cyberjaya, Selangor D.E.	Condominium / Vacant	Freehold	24-May-19	N/A (935 sq ft)	5	416
LYE Industries Sdn Bhd						
H.S.(D) 53647, P.T. 543 Bandar Rasa, Daerah Hulu Selangor, Selangor D.E. No.5, 7 & 9, Persiaran Zurah 1, Perindustrian Zurah Rasa, 44200 Rasa, Selangor D.E.	3 parcels of Adjoining Industrial Land / Vacant	Leasehold 99 Years Expiry: 2115	30-Oct-02	130,548 sq ft (N/A)	-	764
Engtex Metals (Utara) Sdn Bhd						
H.S.(D) 10829, Lot 20165 Mukim 13, Seberang Perai Tengah, Penang No. 910, Jalan Perindustrian, Bukit Minyak, Mukim 13, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.	A Double Storey Office cum a Single Storey Warehouse / Office cum Factory	Leasehold 99 Years Expiry: 2111	26-May-03	130,344 sq ft (65,970 sq ft)	19	4,036

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
Engtex Ductile Iron Pipe Industry Sdn Bhd						
H.S.(D) 15633, P.T. 46479 Mukim Sungai Karang, Daerah Kuantan, Pahang D.M. Lot 68, Jalan Gebeng 1/6, Gebeng Industrial Estate, 26080 Kuantan. Pahang D.M.	A Single Storey Office Building and Factory Building / Office cum Factory	Leasehold 66 Years Expiry: 2062	9-Aug-02	762,300 sq ft (91,937 sq ft)	25	13,081
H.S.(D) 53650, P.T. 546 H.S.(D) 53651, P.T. 547 H.S.(D) 53652, P.T. 548 H.S.(D) 53653, P.T. 549 All in Bandar Rasa Daerah Hulu Selangor, Selangor D.E. Lot 20, 22, 24 & 26, Jalan Zurah 5A, Pusat Perindustrian Zurah, 44200 Rasa, Selangor D.E.	4 parcels of Adjoining Industrial Land / Vacant	Leasehold 99 Years Expiry: 2115	22-Jan-14	87,101 sq ft 87,134 sq ft 152,718 sq ft 101,202 sq ft <hr/> 428,155 sq ft (N/A)	-	3,338
Benton Corporation Sdn Bhd						
H.S.(D) 1169, P.T. 9613 Mukim Batu, Tempat Batu 11, Jalan Kuala Selangor, Daerah Gombak , Selangor D.E. Lot 9613, Persiaran KIP Utama, Kepong, 52200 Kuala Lumpur.	3 Storey Office with a Single Storey Factory / Tenanted	Leasehold 99 Years Expiry: 2069	24-May-04	149,454 sq ft (46,505 sq ft)	13	10,523
Geran No.47032 Lot 6512, Mukim Kapar, Daerah Klang, Selangor D.E.	A parcel of Industrial Land/ Under Construction	Freehold	21-Jun-12	434,783 Sq ft (N/A)	-	53,104
East Coast Manufacturing Sdn Bhd						
PN 7034, Lot 8937 Mukim Sungai Karang, Daerah Kuantan, Pahang D.M. Lot 107, Jalan Gebeng 1/6, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang D.M.	2 Storey Office annexed with a Single Storey Factory / Office cum Factory	Leasehold 66 Years Expiry: 2064	25-Jul-12	127,613 sq ft (36,000 sq ft)	8	5,026

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
<i>East Coast Manufacturing Sdn Bhd (continued)</i>						
H.S.(D) 21408, P.T. No. 9129 Mukim Sungai Karang, Daerah Kuantan, Pahang D.M. Lot 10769, Jalan Gebeng 1/2, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang D.M.	2 Storey Office with annexed 3 Single Storey Factory / Office cum Factory	Leasehold 99 Years Expiry: 2102	27-May-19	222,275 sq ft (85,448 sq ft)	9 to 18	12,017
<i>Engtex Leisure Sdn Bhd</i>						
H.S.(D) 72699 P.T.No.21537 Mukim Sungai Buloh, Daerah Petaling, Selangor D.E. <i>Ibis Styles Sri Damansara,</i> No. 5, Jalan Cempaka SD 12/5, Bandar Sri Damansara, PJU 9, 52200, Kuala Lumpur	14 Storey, 144 Rooms / Hotel	Freehold	28-Sep-11	17,913 sq ft (100,269 sq ft)	8	27,773
<i>Mercure Selayang</i> No. B-G-12, Dataran Emerald, Jalan PS 11, Prima Selayang, 68100 Batu Caves, Selangor D.E.	7 Storey, 120 Rooms / Hotel	Freehold	23-Jan-14	N/A (85,498 sq ft)	7	21,964
<i>Engtex Emerald Sdn Bhd</i>						
Unit 33, 34, 35, A-G-1, A-1-1, A-2-1 A-3-1, C-G-03A, C-1-3A, C-2-3A, C-2-1, C-2-6, D1, D2 and D3 Dataran Emerald, Jalan PS 11, Prima Selayang, 68100 Batu Caves, Selangor D.E.	The Mall, Retail Units and Car Park / Partly Tenanted	Freehold	28-Mar-08	N/A (71,569 sq ft)	9	27,517
<i>Eng Lian Hup Marketing Sdn Bhd</i>						
H.S.(D) 11288, Lot 20011 Mukim 13, Seberang Perai Tengah, Penang. Pmt 1171, Lorong Perindustrian Bukit Minyak 11, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.	A Double Storey Office annexed with a Single Storey Factory / Office cum Factory	Leasehold 60 years Expiry: 2071	27-Apr-10	132,379 sq ft (72,014 sq ft)	9	7,157

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
<i>Engtex Platinum Sdn Bhd</i>						
Geran 44859, Lot 1885 Geran 44860, Lot 1886 Geran 45235, Lot 1888 All in Mukim Rawang, Daerah Gombak, Selangor D.E.	3 parcels of Vacant Housing Land / Held for Development	Freehold	17-Feb-11	226,786 sq ft 1,400,740 sq ft 733,448 sq ft <hr/> 2,360,974 sq ft (N/A)	-	29,128
<i>Engtex Pipe Industry Sdn Bhd</i>						
H.S.(M) 18215, P.T. 24669 H.S.(M) 61267, P.T. 25078 Mukim Sungai Karang, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang D.M. Lot 2A & Lot 2B Kawasan Perindustrian Harbour Park, Tg Gelang, 26080 Kuantan, Pahang D.M.	A Single Storey Office Building and Factory / Office cum Factory	Leasehold 99 Years Expiry: 2118	25-Feb-11	853,776 sq ft (165,060 sq ft)	8	21,827
<i>Engtex Pipe Industry Sdn Bhd & Canova Manufacturing Sdn Bhd</i>						
Geran 227726, Lot 10073 Mukim Batang Kali, Daerah Ulu Selangor, Selangor	A parcel of Industrial Land/Vacant	Freehold	22-Dec-22	2,073,127 sq ft (N/A)	-	43,170
<i>Swiss Mission Sdn Bhd</i>						
Geran 23516, Lot 50 Seksyen 31 Bandar & Daerah Kuala Lumpur. No.13, Leboh Pasar Besar, 50050 Kuala Lumpur.	7 Storey, 72 Rooms / Hotel	Freehold	18-Aug-11	3,089 sq ft (25,970 sq ft)	8	15,688
<i>East Coast Metals Sdn Bhd</i>						
H.S.(D) 28495 & H.S.(D) 28496 P.T. 92077 & P.T. 92078 Bandar Kuantan, Dearah Kuantan, Pahang D.M. No.46 & 48, Jalan Putra Square 7, Construction Town, Putra Square, 25000 Kuantan, Pahang D.M.	2 Units of 3 Storey Shop House / Tenanted	Leasehold 99 Years Expiry: 2106	20-Jul-12	2,800 sq ft (8,000 sq ft)	12	1,554

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
<i>East Coast Metals Sdn Bhd (continued)</i>						
H.S.(D) 20913 P.T. 65459 Mukim Kuala Kuantan, Dearah Kuantan, Pahang D.M. No. 5A, Jalan Industri Semambu 2, Kawasan Perindustrian Semambu, 25350 Kuantan, Pahang D.M.	A Double Storey Office Building and Factory / Tenanted	Leasehold 66 Years Expiry: 2041	12-Dec-17	9,988 sq ft (4,640 sq ft)	25	1,199
<i>EngLen Manufacturing Sdn Bhd</i>						
Lot 5, Industrial Zone 7 (IZ 7), Kota Kinabalu Industrial Park (KKIP), Kota Kinabalu, Sabah. Lot 5, Industrial Zone 7-PH 1, Jalan Norowot, Kota Kinabalu Industrial Park (KKIP), 88460 Kota Kinabalu, Sabah.	A Single Storey Warehouse with 2 Storey Office / Office cum Factory cum Warehouse	Leasehold 99 years Expiry: 2093	31-Dec-09	113,256 sq ft (45,000 sq ft)	10	6,902
<i>Engtex Manufacturing Sdn Bhd</i>						
PN 6986, Lot 8930 Mukim Sungai Karang, Daerah Kuantan, Pahang D.M. Lot 67A, Jalan Gebeng 1/6, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang D.M.	A Single Storey Office Building and Factory / Tenanted	Leasehold 66 years Expiry: 2064	15-Jan-13	228,302 sq ft (62,040 sq ft)	23	7,596
<i>Majestic Genius Sdn Bhd</i>						
H.S. (D) 123376 , P.T. 50001 Seksyen 49, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	A parcel of Commercial Land / Tenanted	Freehold	21-Feb-13	11,227 sq ft (N/A)	-	14,386
<i>Ivory Progression Sdn Bhd</i>						
B-G-1 Block Baris @ Amanja Jalan Desa 2/2, Desa Aman Puri, Kepong, 52100, Kuala Lumpur.	Retail Unit / Tenanted	Freehold	8-Nov-12	N/A (5,360 sq ft)	5	797

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
<i>Ivory Progression Sdn Bhd (continued)</i>						
H.S.(M) 24818, PT No.2090	11 Plots of	Leasehold	05-Jan-23	18,056 sq ft	-	15,591
H.S.(M) 24819, PT No.2091	Vacant	99 Years		11,410 sq ft		
H.S.(M) 24820, PT No.2092	Industrial	Expiry:		13,140 sq ft		
H.S.(M) 24821, PT No.2093	Land /	2113		10,569 sq ft		
H.S.(M) 24822, PT No.2094	Held for			9,250 sq ft		
H.S.(M) 24823, PT No.2095	Development			10,845 sq ft		
H.S.(M) 24824, PT No.2096				7,187 sq ft		
H.S.(M) 24825, PT No.2097				6,350 sq ft		
H.S.(M) 24826, PT No.2098				7,597 sq ft		
H.S.(M) 24827, PT No.2099				7,998 sq ft		
H.S.(M) 24828, PT No.2100				12,189 sq ft		
				<u>114,459 sq ft</u>		
				(N/A)		
All in Mukim Bandar Sungai Buloh, Batu 11, Jalan Kuala Selangor, Daerah Gombak, Selangor D.E.						
<i>Blue Legacy Sdn Bhd</i>						
Geran Mukim 3572 Lot No.7523 Mukim of Sungai Karang, District of Kuantan, Pahang D.M.	A parcel of Commercial Land / Held for Development	Freehold	14-Feb-13	43,389 sq ft (N/A)	-	8,836
H.S. (M) 10854, P.T. 15328 Mukim of Sungai Karang, District of Kuantan, Pahang D.M.	A parcel of Commercial Land / Held for Development	Freehold	27-Feb-13	58,071 sq ft (N/A)	-	2,774
GM 2054, Lot 1259 Mukim of Sungai Karang, Place of Chengai Lempong, District of Kuantan, Pahang D.M.	A parcel of Commercial Land / Held for Development	Freehold	23-Sep-13	112,440 sq ft (N/A)	-	7,694

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
<i>LYE Marketing Sdn Bhd</i>						
H.S.(M) 12882, Lot 32B Tempat Subang, New Village, Mukim Sungai Buloh, Daerah Petaling, Selangor D.E. Lot 32B (Lot 3793), Jalan 3D, Kampung Baru Subang, Seksyen U6. 40150 Shah Alam, Selangor D.E.	A parcel of Industrial Land / Vacant	Leasehold 99 Years Expiry: 2065	25-Jan-14	87,123 sq ft (N/A)	-	3,388
<i>Tiara Mission Sdn Bhd</i>						
GM 243, Lot 599 Mukim Ceras, Daerah Hulu Langat, Selangor D.E.	A parcel of Housing Land / Held for Development	Freehold	18-Jun-14	109,716 sq ft (N/A)	-	18,980
<i>Mega Alliance Builder Supplies Sdn Bhd</i>						
Parcel No.3, Block A Storey No: Ground Floor Storey No: 1 st Floor Storey No: 2 nd Floor Storey No: 3 rd Floor A-G-03 A-1-03 A-2-03 A-3-03 Dataran Emerald, Jalan PS11, Prima Selayang, 68100 Batu Caves, Selangor D.E.	4 Storey of Shop House / Partly Tenanted	Freehold	10-Jan-15	N/A (971 sq ft) (1,440 sq ft) (1,440 sq ft) (1,440 sq ft) <hr/> (5,291 sq ft)	9	1,895
Parcel No.2, Block A Storey No: Ground Floor Storey No: 1 st Floor Storey No: 2 nd Floor Storey No: 3 rd Floor A-G-02 A-1-02 A-2-02 A-3-02 Dataran Emerald, Jalan PS11, Prima Selayang, 68100 Batu Caves, Selangor D.E.	4 Storey of Shop House / Partly Tenanted	Freehold	10-Jun-15	N/A (1,066 sq ft) (1,561 sq ft) (1,561 sq ft) (1,561 sq ft) <hr/> (5,749 sq ft)	9	2,155

List of Properties

Location/ Address	Description / Existing Use	Tenure	Date of Acquisition	Approximate Land Area (Build Up)	Approximate Age of Building (Years)	Net Book Value as at 31.12.23 RM'000
Engtex Steel Industries Sdn Bhd						
PM 476, Lot No 3250	10 pieces of Industrial lands together with 3 units of Single Storey detached Offices, 2 units of Single Storey detached Factories, 3 units of Single Storey detached Stores and other Ancillary Buildings / Office cum Factory	Leasehold 99 years Expiry: 2082 2082 2082 2082 2082 2082 2082 2082 2076	20-Oct-15	59,598 sq ft	38	12,934
PM 478, Lot No 3254				74,797 sq ft		
PM 480, Lot No.3257				76,756 sq ft		
PM 481, Lot No.3252				78,833 sq ft		
PM 482, Lot No.3256				77,423 sq ft		
PM 483, Lot No.3258				78,338 sq ft		
PM 484, Lot No.3259				77,294 sq ft		
PM 485, Lot No.3260				61,363 sq ft		
PM 486, Lot No.3261				59,545 sq ft		
HSM 4, P.T. No. 672				249,997 sq ft		
All in Mukim Sempang, District of Jasin, Melaka,				893,944 sq ft		
Lot 1A, Kawasan Perindustrian Merlimau, 77300 Merlimau, Melaka.				(124,410 sq ft)		
Total						500,653

* Denotes amount less than RM500.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

Total number of issued shares	:	443,319,301
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

SHAREHOLDINGS DISTRIBUTION

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
Less than 100	401	11.76	16,721	0.00
100 to 1,000	346	10.15	124,136	0.03
1,001 to 10,000	1,399	41.04	6,475,880	1.46
10,001 to 100,000	1,076	31.56	27,954,296	6.31
100,001 to less than 5% of issued shares	185	5.43	273,809,239	61.76
5% and above of issued shares	2	0.06	134,939,029	30.44
Total	3,409	100.00	443,319,301	100.00

Notes:

The number of 443,319,301 ordinary shares is inclusive of treasury shares retained by the Company.

SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Ng Hook	-	-	134,939,029 [#]	30.57
Puan Sri Datin Yap Seng Kuan	-	-	134,939,029 [^]	30.57
NH Holdings Sdn. Bhd.	109,478,373	24.80	-	-
NKG Resources Sdn. Bhd.	25,460,656	5.77	-	-

Notes:

^{*} Excluding a total of 1,946,458 shares bought-back by the Company and retained as treasury shares.

[#] Deemed interest via shareholding in NKG Resources Sdn. Bhd. and NH Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("Act").

[^] Deemed interest via spouse, Tan Sri Dato' Ng Hook's indirect shareholding in the Company.

DIRECTORS' INTEREST

	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Ng Hook	-	-	134,939,029 [#]	30.57
Ng Chooi Guan	19,485,089	4.41	71,400 [@]	0.02
Ng Yik Soon	9,784,788	2.22	-	-
Puan Sri Datin Yap Seng Kuan	-	-	134,939,029 [^]	30.57
Ng Koi Lin	-	-	-	-
Dr. Lim Pang Kiam	-	-	-	-
Ho Sin Kheong	-	-	-	-
Dato' Leanne Koh Li Ann	-	-	-	-

Notes:

^{*} Excluding a total of 1,946,458 shares bought-back by the Company and retained as treasury shares.

[#] Deemed interest via shareholding in NKG Resources Sdn. Bhd. and NH Holdings Sdn. Bhd. pursuant to Section 8 of the Act.

[@] Deemed interest pursuant to Section 59(11)(c) of the Act.

[^] Deemed interest via spouse, Tan Sri Dato' Ng Hook's indirect shareholding in the Company.

Analysis of Shareholdings

AS AT 29 MARCH 2024

TOP 30 SHAREHOLDERS/ DEPOSITORS

No.	Name of Shareholder	No. of Shares Held	*% of Issued Capital
1.	NH Holdings Sdn. Bhd.	109,478,373	24.80
2.	NKG Resources Sdn. Bhd.	25,460,656	5.77
3.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Lim Seng Chee & Sons Sdn Berhad</i>	15,340,650	3.48
4.	Ng You Chai	15,194,797	3.44
5.	Ng Chin Man	11,678,476	2.65
6.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Beng Hoo</i>	10,594,789	2.40
7.	Ng Chooi Guan	10,095,105	2.29
8.	Pertubuhan Keselamatan Sosial	9,554,700	2.16
9.	Crystal Image Sdn Bhd	9,442,110	2.13
10.	Ng Yik Soon	9,118,728	2.07
11.	Amanahraya Trustees Berhad <i>PMB Shariah Growth Fund</i>	8,500,000	1.93
12.	Citigroup Nominees (Asing) Sdn Bhd	8,286,242	1.88
13.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Crystal Image Sdn Bhd</i>	8,000,000	1.81
14.	Ng Ah Leong	7,410,932	1.68
15.	Ng Ai Swee	7,352,278	1.67
16.	Radical View Sdn Bhd	7,051,624	1.60
17.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Toh Su See</i>	5,415,224	1.23
18.	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB for Prulink Equity Income Fund</i>	5,339,400	1.21
19.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chiau Haw Choon</i>	5,202,000	1.18
20.	Lim Choo Hong	5,000,000	1.13
21.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Su Ming Ming</i>	4,392,630	1.00
22.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chiau Beng Teik</i>	4,298,586	0.97
23.	Maybank Nominees (Tempatan) Sdn Bhd <i>National Trust Fund</i>	4,240,400	0.96
24.	Yayasan Guru Tun Hussein Onn	4,080,000	0.92
25.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad</i>	3,723,800	0.84
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Chooi Guan</i>	3,709,984	0.84
27.	UOBM Nominees (Tempatan) Sdn Bhd <i>UOB Islamic Asset Management Sdn Bhd for Lembaga Tabung Haji</i>	3,698,700	0.84
28.	DB (Malaysia) Nominee (Tempatan) Sdn Bhd <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsecurities Income Fund</i>	3,650,000	0.83
29.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Kiam Lam</i>	3,511,672	0.80
30.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad</i>	3,226,900	0.73

Note:

* Excluding a total of 1,946,458 shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF WARRANTHOLDINGS

AS AT 29 MARCH 2024

Number of Warrants in issue	:	109,085,775
Exercise price of the Warrants	:	RM0.70
Expiry date of the Warrants	:	4 September 2026

WARRANTHOLDINGS DISTRIBUTION

Size of Holdings	No. of	% of	No. of	% of
	Warrantholders/ Depositors	Warrantholders/ Depositors		
Less than 100	63	9.31	2,830	0.00
100 to 1,000	78	11.52	42,010	0.04
1,001 to 10,000	275	40.62	1,155,709	1.06
10,001 to 100,000	188	27.77	6,662,406	6.11
100,001 to less than 5% of issued shares	69	10.19	48,734,058	44.67
5% and above of issued shares	4	0.59	52,488,762	48.12
Total	677	100.00	109,085,775	100.00

SUBSTANTIAL WARRANTHOLDERS

	No. of Warrants Held			
	Direct	%	Indirect	%
Tan Sri Dato' Ng Hook	-	-	35,357,562 [#]	32.41
Puan Sri Datin Yap Seng Kuan	-	-	35,357,562 [^]	32.41
NKG Resources Sdn Bhd	8,702,200	7.98	-	-
NH Holdings Sdn Bhd	26,655,362	24.43	-	-
Ng Beng Hoo	8,888,100	8.15	-	-
Toh Su See	14,754,200	13.53	-	-

Notes:

[#] Deemed interest via warrantholding in NKG Resources Sdn. Bhd. and NH Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("Act").

[^] Deemed interest via spouse, Tan Sri Dato' Ng Hook's indirect warrantholding in the Company.

DIRECTORS' INTEREST

	No. of Warrants Held			
	Direct	%	Indirect	%
Tan Sri Dato' Ng Hook	-	-	35,357,562 [#]	32.41
Ng Chooi Guan	5,269,000	4.83	-	-
Ng Yik Soon	2,927,100	2.683	-	-
Puan Sri Datin Yap Seng Kuan	-	-	35,357,562 [^]	32.41
Ng Koi Lin	-	-	-	-
Dr. Lim Pang Kiam	-	-	-	-
Ho Sin Kheong	-	-	-	-
Dato' Leanne Koh Li Ann	-	-	-	-

Notes:

[#] Deemed interest via warrantholding in NKG Resources Sdn. Bhd. and NH Holdings Sdn. Bhd. pursuant to Section 8 of the Act.

[^] Deemed interest via spouse, Tan Sri Dato' Ng Hook's indirect warrantholding in the Company.

Analysis of Warrantholdings

AS AT 29 MARCH 2024

TOP 30 WARRANTHOLDERS/DEPOSITORS

No.	Name of Warrantholder	No. of Warrants Held	% of Issued Warrants
1.	NH Holdings Sdn. Bhd.	26,655,362	24.44
2.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Beng Hoo</i>	8,788,100	8.06
3.	NKG Resources Sdn. Bhd.	8,702,200	7.98
4.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Toh Su See</i>	8,343,100	7.65
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Aun Chuan</i>	4,146,200	3.80
6.	Ng Chooi Guan	3,992,900	3.66
7.	Ng You Chai	3,724,800	3.41
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Toh Su See</i>	3,215,200	2.95
9.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Toh Su See</i>	3,195,900	2.93
10.	Ng Han Joe	2,681,100	2.46
11.	Radical View Sdn Bhd	2,037,824	1.87
12.	Ng Yik Soon	1,936,100	1.77
13.	Ng Ah Leong	1,616,405	1.48
14.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Yew Kuan</i>	1,425,600	1.31
15.	CIMSEC International Nominees (Tempatan) Sdn Bhd <i>CIMB for Lim Seng Chee & Sons Sdn Bhd</i>	1,422,100	1.30
16.	Lim Boon Ngee	1,400,000	1.28
17.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Yoke Moey</i>	1,170,000	1.07
18.	Yayasan Guru Tun Hussein Onn	1,000,000	0.92
19.	Ng Yik Soon	991,000	0.91
20.	Ng Ai Swee	983,029	0.90
21.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Cheak Joo</i>	770,000	0.71
22.	GGG International Nominees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Eng Cua</i>	740,100	0.68
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Chooi Guan</i>	700,000	0.64
24.	CGS International Nominees Malaysia (Tempatan) <i>Pledged Securities Account for Wan Wui Kiang</i>	616,900	0.57
25.	Susy Ding	570,400	0.52
26.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Wong Yong Heng</i>	547,000	0.50
27.	Maybank Nominees (Tempatan) Sdn Bhd <i>Ng Cheo Well</i>	500,000	0.46
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Soh Chee Yong</i>	475,100	0.44
29.	Ambank (M) Berhad <i>Pledged Securities Account for Tan Kong Han</i>	442,700	0.41
30.	Ng Boon Ching	380,800	0.35

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **Twenty-Third (“23rd”) Annual General Meeting (“AGM”)** of the Company will be held at **The Ballroom, 2nd Floor, Mercure Selangor Selayang, B-G-12 Dataran Emerald, Jalan PS 11, Prima Selayang, 68100 Batu Caves, Selangor Darul Ehsan on Thursday, 23 May 2024 at 11.30 a.m.** for the following purposes: -

AGENDA

As Ordinary Business

- 1) To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.
- 2) To approve a final single tier dividend of 0.75 sen per ordinary share for the financial year ended 31 December 2023.
(Ordinary Resolution 1)
- 3) To approve the payment of Directors’ fees and benefits up to RM429,500.00 from 23rd AGM until the next AGM of the Company.
(Ordinary Resolution 2)
- 4) To re-elect the following Directors retiring pursuant to the Company’s Constitution and being eligible, offer themselves for re-election: -
 - 4.1) Ng Yik Soon (Article 86) **(Ordinary Resolution 3)**
 - 4.2) Ng Chooi Guan (Article 86) **(Ordinary Resolution 4)**
 - 4.3) Ho Sin Kheong (Article 86) **(Ordinary Resolution 5)**
- 5) To re-appoint Messrs KPMG PLT as Auditors of the Company to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.
(Ordinary Resolution 6)

As Special Business

To consider and if thought fit, to pass the following Resolutions: -

6) Authority to Issue Shares

“THAT pursuant to Section 75 and 76 of the Companies Act 2016 (“Act”), and subject to the approvals from the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority AND THAT the Directors be and are also hereby empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.

AND THAT pursuant to Section 85 of the Act to be read together with Article 3 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new Company shares ranking equally to the existing issued Company shares arising from any issuance of the new Company shares pursuant to Section 75 and 76 of the Act.”

(Ordinary Resolution 7)

7) Proposed Renewal of Shareholders’ Mandate and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)

“THAT, the mandate granted by the shareholders of the Company at the 22nd AGM held on 25 May 2023 pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company and its subsidiary (“Engtex Group”) to enter into recurrent transactions of a revenue or trading nature as set out in Section 2.3(i) of the Circular to Shareholders dated 24 April 2024 with the related parties mentioned therein which are necessary for Engtex Group’s day-to-day operations, be and is hereby renewed.

THAT approval be and is hereby given for Engtex Group to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(ii) of the Circular to Shareholders which are necessary for Engtex Group’s day-to-day operations.

Notice of Annual General Meeting

THAT Engtex Group be and is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that: -

- a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year based on the type of Recurrent Related Party Transactions made, the names of the related parties involved in each type of Recurrent Related Party Transactions and their relationships with the Company.

THAT authority conferred shall continue to be in force until: -

- i) the conclusion of the next AGM of the Company following the forthcoming 23rd AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
- ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

(Ordinary Resolution 8)

8) **Proposed Renewal of Share Buy-Back Authority**

"THAT subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained earnings of the Company as at 31 December 2023 of RM23,059,311 to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them;

THAT the authority conferred by this Resolution will be effective immediately upon the passing this Resolution and will expire at:

- i) the conclusion of the next AGM of the Company following the forthcoming 23rd AGM at which the Proposed Renewal of Share Buy-Back Authority was passed, at which time it will lapse unless by a resolution passed at the AGM, the authority is renewed;
- ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

Notice of Annual General Meeting

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

(Ordinary Resolution 9)

9) **Proposed Amendments to the Constitution of the Company**

“THAT the proposed amendments to the existing Constitution of the Company as set out in Appendix A be and is hereby approved and adopted with immediate effect AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts things and take all such steps as may be considered necessary to give full effect to the foregoing.”

(Special Resolution)

- 10) To transact any other business which may properly be transacted at an AGM for which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 23rd AGM, a final single tier dividend of 0.75 sen per ordinary share for the financial year ended 31 December 2023 will be credited on 3 July 2024 to depositors whose names appear in the Record of Depositors on 14 June 2024.

A Depositor shall qualify for entitlement to the Dividend only in respect of: -

- a) Shares transferred to the Depositor's securities account before 4.30 p.m. on 14 June 2024 in respect of transfers.
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

KHOO CHONG KEONG (MIA CA11413)
LIM SECK WAH (MAICSA NO. 0799845)
TANG CHI HOE (KEVIN) (MAICSA NO. 7045754)

Secretaries

Selangor Darul Ehsan
 Date: 24 April 2024

Notes: -

General Meeting Record of Depositors

For the purpose of determining a member who shall be entitled to attend the 23rd AGM, the Company shall request the Record of Depositors as at 16 May 2024. Only a depositor whose name appears on the Record of Depositors as at 16 May 2024 shall be entitled to attend, speak and vote at this meeting or appoint proxy/proxies to attend, speak and vote in his stead.

Notice of Annual General Meeting

Appointment of Proxy

1. A member may appoint up to two (2) proxies who need not be members of the Company to attend, speak and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
2. Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**omnibus account**"), the Exempt Authorised Nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor is a corporation, under either its common seal or the hand of its officer or attorney duly authorized. The instrument duly completed shall be deposited at the Company's registered office not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting. The completed instrument appointing a proxy once deposited will not preclude the member from attending and voting in person at the general meeting should the member subsequently wish to do so.
5. By submitting the duly executed proxy form, a member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.

Explanatory Notes to Special Business

1. **Ordinary Resolution 7** - Authority to issue shares

The proposed Resolution 7, if passed, will empower the Directors to issue shares up to 10% of the total number of issued shares of the Company at any one time during the validity of the authority granted for such purposes as they may consider being in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The general mandate sought to grant authority to Directors to issue shares is a renewal of the mandate that was approved by the shareholders at the 22nd AGM held on 25 May 2023. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

The waiver of pre-emptive rights pursuant to Section 85 of the Act will allow the Directors of the Company to issue new shares of the Company which rank equally with the existing issued shares of the Company, to any person without having to offer new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the mandate.

The previous mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

2. **Ordinary Resolution 8** - Proposed Shareholders' Mandate

The explanatory note on Ordinary Resolution 8 is set out in the Circular to Shareholders dated 24 April 2024.

3. **Ordinary Resolution 9** – Proposed Renewal of Share Buy-Back Authority

The explanatory note on Ordinary Resolution 9 is set out in the Circular to Shareholders dated 24 April 2024.

As at the date of notice, the Company has an accumulative of 1,946,458 treasury shares.

4. **Special Resolution** – Proposed Amendments to the Constitution of the Company

The proposed amendments to the existing Constitution of the Company are made mainly to provide clarity and consistency with the Companies Act 2016.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF ENGTEX GROUP BERHAD

Article No.	Existing Articles	Amended Articles*	Rationale
5 Repayment of Preference capital.	Notwithstanding Article 7 hereof the repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholder rights shall only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting	Notwithstanding Article 7 hereof the repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholder rights shall only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths (3/4) seventy-five per centum (75%) of the preference shares concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.	The replacement of the term “three-fourths (3/4)” with “seventy-five per centum (75%)” is to be consistent with the Companies Act, 2016 (“CA 2016”)
7 Modification of class rights.	Whenever the capital of the Company is divided into different classes of shares or groups the special rights attached to any class or group may subject to the provisions of the Constitution (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of three-quarters (3/4) of the issued shares of the class or group, or with the sanction of any special resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of this Constitution relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth (1/10) in nominal amount of the issued shares of the class or group (but so that if an adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one vote in respect of every share of the class or group held by them respectively.	Whenever the capital of the Company is divided into different classes of shares or groups the special rights attached to any class or group may subject to the provisions of the Constitution (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of three-quarters (3/4) seventy-five per centum (75%) of the issued shares of the class or group, or with the sanction of any special resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of this Constitution relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth (1/10) in nominal amount of the issued shares of the class or group (but so that if an adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one vote in respect of every share of the class or group held by them respectively.	The replacement of the term “three-fourths (3/4)” with “seventy-five per centum (75%)” is to be consistent with Section 91 of the CA 2016

*Additions as bold and deletions as struck through

Appendix A

Proposed Amendments To The Constitution Of Engtex Group Berhad

Article No.	Existing Articles	Amended Articles*	Rationale
19 Directors may make calls.	The Directors may, subject to the provision of the Constitution, from time to time make such calls upon the Members in respect of any money unpaid on their shares as they think fit (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall be payable at less than one (1) month from the date fixed for the payment of the last preceding call, and each Member shall (subject to receiving at least fourteen (14) days notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.	The Directors may, subject to the provision of the Constitution, from time to time make such calls upon the Members in respect of any money unpaid on their shares as they think fit (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall be payable at less than one (1) month from the date fixed for the payment of the last preceding call, and each Member shall (subject to receiving at least fourteen (14) days notice specifying the date , time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.	The amendment is made in line with the abolishment of the concepts of par value and premium for shares under Section 74 of the CA 2016. This amendment is consistent with Section 82(3) of the CA 2016, which states that the notice shall specify the date, time and place of payment.
21 Interest on unpaid calls	If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent (10%) per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of the interest wholly or in part.	If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest or compensation on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten eight per cent (10 8 %) per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of the interest or compensation wholly or in part.	The inclusion of the word “compensation” is to reflect the wording used in Section 82(6) of the CA 2016. The reduction in the interest rate that the Company may impose from 10% to 8% per annum is in line with the maximum interest rate chargeable under Section 82(7) of the CA 2016.
22 Sum payable on allotment	Any sum which by the terms of issue of a share is payable on allotment on a fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue of the same become payable, and in case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses forfeiture and the like, and all the relevant provisions of this Constitution shall apply as if the sum had become payable by virtue of a call duly made and notified.	Any sum which by the terms of issue of a share is payable on allotment on a fixed date, whether on account of the nominal value of the share or by way of premium , shall for the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue of the same become payable, and in case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses forfeiture and the like, and all the relevant provisions of this Constitution shall apply as if the sum had become payable by virtue of a call duly made and notified.	The amendment is made in line with the abolishment of the concepts of par value and premium for shares under Section 74 of the CA 2016.

*Additions as bold and deletions as struck through

Appendix A

Proposed Amendments To The Constitution Of Engtex Group Berhad

Article No.	Existing Articles	Amended Articles*	Rationale
56 Power to reduce capital	The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner subject to any conditions and any consent required by law. The Company shall give notice to the Registrar in accordance with the Act of such alteration in capital.	The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner subject to any conditions and any consent required by law. permitted or authorised under and in compliance with the Applicable Laws. The Company shall give notice to the Registrar in accordance with the Act of such alteration in capital.	<p>The deletion of the terms “capital redemption reserve fund” and “share premium account” in line with the abolishment of the concepts of par value and premium for shares under Section 74 of the CA 2016.</p> <p>Under the CA 2016, the Company may reduce its share capital either by special resolution and confirmation by the Court in accordance with Section 116 or by special resolution supported by a solvency statement in accordance with Section 117. The extension of capital reduction to such manner as may be permitted under any Applicable Law is to enable the Company to carry out such reduction of share capital so long as it is permitted under the Applicable Laws.</p>
58 Annual general meeting	The ordinary business of an annual general meeting shall mean and consist of the receiving of the Company’s audited financial statements and the reports of the Directors and the Auditors thereon, the approval of Directors’ fees and benefits payable to Directors, the re-election of the Directors who retire by rotation or otherwise, the declaration of dividend (if any) and the appointment of the Auditors and the determination of their remuneration. Any other business to be transacted at an annual general meeting shall be deemed to be special.	The ordinary business of an annual general meeting shall mean and consist of the receiving of the Company’s audited financial statements and the reports of the Directors and the Auditors thereon, the approval of Directors’ fees and benefits payable to Directors, the re-election of the Directors who retire by rotation or otherwise, the declaration of dividend (if any) and the appointment of the Auditors and the determination of their remuneration. Any other business to be transacted at an annual general meeting shall be deemed to be special.	The phrase “the declaration of dividend (if any)” is deleted as the declaration of dividend no longer requires the approval of shareholders in the annual general meeting under Section 132 of the CA 2016.

*Additions as bold and deletions as struck through

Appendix A

Proposed Amendments To The Constitution Of Engtex Group Berhad

Article No.	Existing Articles	Amended Articles*	Rationale
141 To whom copies of profit and loss account etc may be sent	The Directors shall from time to time in accordance with the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the Act. The interval between the close of a financial year of the Company and the issue of audited financial statements relating to it together with the reports of the Directors and the Auditors thereon shall not exceed four (4) months. The interval between the close of a financial year of the Company and the issue of annual report relating to it shall not exceed six (6) months. A copy of each such documents shall be served not be less than twenty one (21) days before the date of the meeting (or such shorter period as may be agreed in any year for the receipt of notice of the meeting pursuant to Article 62 be sent to every Member of, and to every holder of debenture of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or the Constitution).	The Directors shall from time to time in accordance with the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the Act. The interval between the close of a financial year of the Company and the issue of audited financial statements relating to it together with the reports of the Directors and the Auditors thereon shall not exceed four (4) months. The interval between the close of a financial year of the Company and the issue of annual report relating to it shall not exceed six (6) four (4) months. A copy of each such documents shall be served not be less than twenty one (21) days before the date of the meeting (or such shorter period as may be agreed in any year for the receipt of notice of the meeting pursuant to Article 62 be sent to every Member of, and to every holder of debenture of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or the Constitution).	The amendment is in line with paragraph 9.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

*Additions as bold and deletions as struck through

ENGTEX GROUP BERHAD

Registration No. 200101000937 (536693-X)
(Incorporated in Malaysia)

CDS Account No.	
No. of ordinary shares held	

I/We _____ (Full name in block letters)

I.C. No./Co.No.: _____ of _____

_____ (Full address) being a member/members of

ENGTEX GROUP BERHAD hereby appoint the following person(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings
		%
Address		
Email Address		
Mobile Phone No.		

and / or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings
		%
Address		
Email Address		
Mobile Phone No.		

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting (“AGM”) of the Company to be held at **The Ballroom, 2nd Floor, Mercure Selangor Selayang, B-G-12 Dataran Emerald, Jalan PS 11, Prima Selayang, 68100 Batu Caves, Selangor Darul Ehsan on Thursday, 23 May 2024 at 11.30 a.m.** and at any adjournment thereof. My/our proxy is to vote as indicated below:-

No.	Resolution	First Proxy		Second Proxy	
		For	Against	For	Against
Ordinary Resolution 1	Approval of a final single tier dividend of 0.75 sen per ordinary share for the financial year ended 31 December 2023.				
Ordinary Resolution 2	Approval of Director’s fees and benefits up to RM429,500.00 from 23 rd AGM until next AGM.				
Ordinary Resolution 3	Re-election of Ng Yik Soon as Director.				
Ordinary Resolution 4	Re-election of Ng Chooi Guan as Director.				
Ordinary Resolution 5	Re-election of Ho Sin Kheong as Director.				
Ordinary Resolution 6	Re-appointment of Messrs KPMG PLT as Auditors of the Company.				
Ordinary Resolution 7	Authority to Issue Shares.				
Ordinary Resolution 8	Proposed Shareholders’ Mandate.				
Ordinary Resolution 9	Proposed Renewal of Share Buy-Back Authority.				
Special Resolution	Proposed Amendments to the Constitution of the Company				

(Please indicate with a “√” or “X” in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion. All votings will be conducted by way of poll.)

Dated this _____ day of _____ 2024

Notes :-

Signature/Common Seal

General Meeting Record of Depositors

- A. For the purpose of determining a member who shall be entitled to attend the 23rd AGM, the Company shall request the Record of Depositors as at 16 May 2024. Only a depositor whose name appears on the Record of Depositors as at 16 May 2024 shall be entitled to attend, speak and vote at this meeting or appoint proxy/proxies to attend, speak and vote in his stead.

Appointment of Proxy

- A member may appoint up to two (2) proxies who need not be members of the Company to attend, speak and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“omnibus account”), the Exempt Authorised Nominee may appoint any number of proxy (no limit) in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor is a corporation, under either its common seal or the hand of its officer or attorney duly authorized. The instrument duly completed shall be deposited at the Company’s registered office not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting. The completed instrument appointing a proxy once deposited will not preclude the member from attending and voting in person at the general meeting should the member subsequently wish to do so.
- By submitting the duly executed proxy form, a member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.



Fold this flap for sealing

Fold Here

Affix
stamp

The Company Secretary
ENGTEX GROUP BERHAD
(Registration No. 200101000937 (536693-X))

Lot 36, Jalan BRP 9/2B,
Putra Industrial Park, Bukit Rahman Putra,
47000 Sungai Buloh, Selangor Darul Ehsan.

Fold Here

ENGTEX GROUP BERHAD

Company No. : 200101000937(536693-X)

Lot 36, Jalan BRP 9/2B, Putra Industrial Park,
Bukit Rahman Putra, 47000 Sungai Buloh,
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