



HARRISONS HOLDINGS (MALAYSIA) BERHAD
REGISTRATION NO. 199001003108 (194675-H)

Established in Malaysia since 1918

2023

ANNUAL REPORT



HIGHLIGHTS OF THE GROUP'S FINANCIAL INFORMATION FOR THE PAST 5 FINANCIAL YEARS

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Turnover	1,763,737	1,810,952	1,931,481	2,174,115	2,257,077
Gross Profit	188,912	198,069	216,781	254,151	263,527
Gross Profit margin (%)	10.71%	10.94%	11.22%	11.69%	11.68%
Profit Before Taxation	34,707	44,870	58,633	89,877	89,517
Taxation	7,432	12,433	14,157	21,896	20,719
Profit After Taxation	27,275	32,437	44,476	67,981	68,798

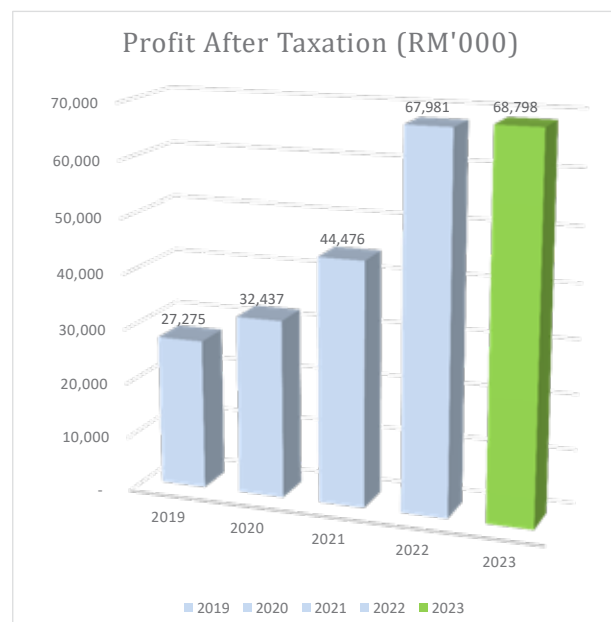
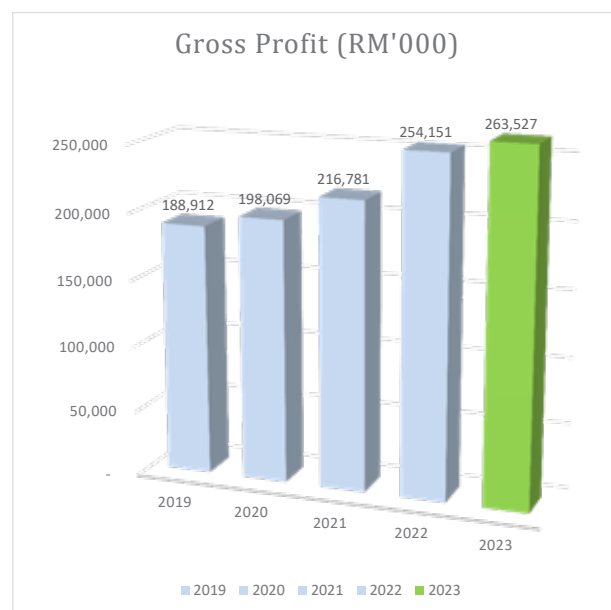
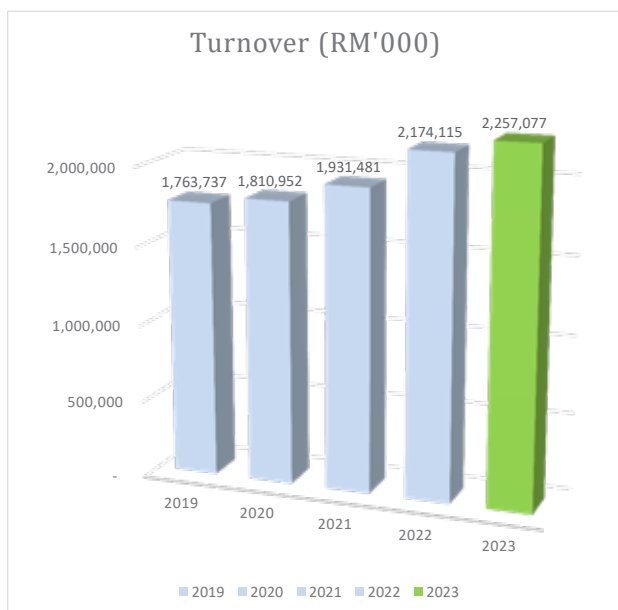


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CORPORATE INFORMATION

BOARD OF DIRECTORS

Pandjijono Adijanto
(Non-Independent Non-Executive Chairman)

Chang Kon Sang
(Executive Director cum Chief Executive Officer (CEO))

Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto)
(Non-Independent Non-Executive Director)

Wong Yoke Kong
(Non-Independent Non-Executive Director)
[Re-designated as Non-Independent Non-Executive Director on 31 May 2023]

Felix Leong
(Senior Independent Non-Executive Director)

Datuk Lim Tong Lee
(Independent Non-Executive Director)
[Appointed on 11 April 2023]

AUDIT COMMITTEE

Felix Leong - Chairman
Wong Yoke Kong
Datuk Lim Tong Lee

RISK MANAGEMENT & SUSTAINABILITY COMMITTEE

Datuk Lim Tong Lee- Chairman
Wong Yoke Kong
Felix Leong

NOMINATION COMMITTEE

Felix Leong – Chairman
Pandjijono Adijanto
Datuk Lim Tong Lee

REMUNERATION COMMITTEE

Pandjijono Adijanto - Chairman
Felix Leong
Datuk Lim Tong Lee

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 5008
Sector : Consumer Products & Services

SECRETARIES

Low Kong Choon (MAICSA 0818548)
(SSM PC No. 202308000611)
Tan Bee Hwa (MAICSA 7058049)
(SSM PC No. 202008001174)

SHARE REGISTRARS

Sectrars Management Sdn. Bhd.

Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad
Brickfields
50470 Kuala Lumpur
Tel: +603-2276 6138/ 6139/ 6130
Fax: +603-2276 6131

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF1146)
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Tel: +603-2173 1188
Fax: +603-2173 1288

SOLICITORS

Messrs Nazri Aziz & Wong
Messrs Cheah Teh & Su

PRINCIPAL BANKERS

RHB Bank Berhad
Hong Leong Bank Berhad
Affin Bank Berhad
United Overseas Bank Berhad

REGISTERED OFFICE

Level 13, Menara Sentrum
201 Jalan Tun Sambanthan
Brickfields, 50470 Kuala Lumpur
Tel: +603-2382 4288
Fax: +603-2382 4170

CORPORATE OFFICE

Unit 9A, 9th Floor, Wisma Bumi Raya
10, Jalan Raja Laut
50350 Kuala Lumpur
Tel: +603-2698 3733
Fax: +603-2698 8733
Email : general@harrisons.com.my
Website: www.harrisons.com.my



DIRECTORS' PROFILE

MR PANDJIJONO ADIJANTO

(Non-Independent Non-Executive Chairman)

Mr Pandjijono Adijanto, Male, 70 years of age, an Indonesian, was appointed as a Non-Independent Non-Executive Director of the Company on 21 March 1990 and subsequently appointed as the Non-Independent Non-Executive Chairman on 16 July 1999. He obtained an honours in Bachelor of Science Degree in Metallurgy from the University of Newcastle, United Kingdom in year 1977. After graduation, he started his career for Bumi Raya Group in Singapore in year 1978. Currently, he is the President of Bumi Raya Group, which has diversified interests in trading, mining, manufacturing, plantations and property investments. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee.

MR CHANG KON SANG

(Executive Director cum Chief Executive Officer ["CEO"])

Mr Chang Kon Sang, Male, 73 years of age, a Malaysian, was appointed as Executive Director cum Acting CEO of the Company on 5 August 2019 and later confirmed as Executive Director cum CEO on 5 February 2020. He was the Managing Director of Harrisons Sabah Sdn. Bhd. from 1997 to 2019. Before that, he was appointed as Associate Director (Finance) on 1 October 1987 and later as the Finance Director on 1 October 1989. Mr Chang is a Fellow of the Institute of Chartered Accountant of England and Wales and a Registered Chartered Accountant of the Malaysian Institute of Accountants. He has served Harrisons Sabah Sdn. Bhd. since May 1980. Before his appointment as the Associate Director, he had held the positions of Senior Accountant and Chief Accountant/Company Secretary.

MS TAN PHWE LENG (TAN PHE LIN @ MARIANA ADIJANTO)

(Non-Independent Non-Executive Director)

Ms Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto), Female, 65 years of age, a Singaporean, was appointed as a Non-Independent Non-Executive Director of the Company on 2 September 1993. She holds a Bachelor of Science (Honours) Degree from the University of Aston in Birmingham, United Kingdom, majoring in Pharmacy. Upon graduation in year 1981, she worked in various British hospitals and later worked in Cold Storage Pte. Ltd. from years 1982 to 1984. She joined Bumi Raya Group in Singapore in year 1984 and later in Hong Kong in year 1986. She has substantial management experience in the distribution and retail sector, which was accumulated throughout her years with Cold Storage Pte. Ltd. and Bumi Raya Group.

MR WONG YOKE KONG

(Non-Independent Non-Executive Director)

Mr Wong Yoke Kong, Male, 69 years of age, a Malaysian, was appointed as a Non-Independent Non-Executive Director of the Company on 15 February 1994. He was re-designated as an Independent Non-Executive Director on 12 May 2008 and as a Non-Independent Non-Executive Director of the Company on 31 May 2023. He graduated with Bachelor of Arts (Law) Degree from Manchester Polytechnic, United Kingdom in year 1977 and was admitted as a barrister by Honourable Society of Gray's Inn, London in year 1978. He began his career in year 1979 as a legal assistant with Messrs. Sidek Sulaiman Sya. Since year 1982, he has been practicing as a founder partner of Messrs. Nazri Aziz & Wong, a Kuala Lumpur-based law firm. He is a member of the Audit Committee and the Risk Management & Sustainability Committee.



DIRECTORS' PROFILE (CONT'D)

DATUK LIM TONG LEE

(Independent Non-Executive Director)

Datuk Lim Tong Lee, Male, 57 years of age, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 11 April 2023. He is a Fellow Member of the Association of Chartered Certified Accountants, the United Kingdom, a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He began his career in 1990 as an Auditor with Ernst & Young. He left Ernst & Young in 1995 and joined AmInvestment Bank Bhd as an Executive in its Corporate Finance division. In 1997, he joined a property development company as General Manager of Corporate Finance. He rejoined AmInvestment Bank Bhd in 1999 as Manager of Corporate Finance. In 2007, he was posted by AmInvestment Bank Bhd to AmFraser Securities Pte Ltd in Singapore as the Director/Head of Corporate Finance. In 2013, he left AmFraser Securities Pte Ltd and joined AmWater Investments Management Pte. Ltd. Singapore, as the Chief Investment Officer and was responsible for private equity investments in water projects in North Asia. He left Amwater Investments Management Pte Ltd in 2014 and joined Venstar Capital Management Pte Ltd in Singapore as a Senior Vice President being involved in private equity investments. He left the company and joined KGI Securities Pte Ltd in 2015 as Head of Corporate Finance until 2017.

He is an Independent Non-Executive Director of Nam Cheong Limited and JB Foods Limited, both listed on the Mainboard of Singapore Stock Exchange ("SGX"), and an Independent Non-Executive Director of Sunrise Shares Holdings Limited, listed on the Catalist Board of the SGX. He is the Chairman of the Risk Management & Sustainability Committee, and also a member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

MR FELIX LEONG

(Senior Independent Non-Executive Director)

Mr Felix Leong, Male, 62 years of age, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 22 June 2022 and was identified as Senior Independent Non-Executive Director on 26 August 2022. He graduated with a Bachelor of Arts degree in Economics and Administrative Studies from The University of Winnipeg, Manitoba, Canada in year 1985. He began his career as an accounts officer in an industrial insulation company in year 1986, and later worked in several companies before joining the AmBank Group in year 1995 where he worked for more than 25 years in the Labuan banking industry. He had held the position of Head/Principal Officer of AmBank (M) Bhd, Labuan Offshore Branch, since year 2014 until his retirement in early 2022. He currently manages several offshore trading companies in Labuan. He is the Chairman of the Audit Committee and the Nomination Committee, and a member of the Remuneration Committee and the Risk Management & Sustainability Committee.

Notes to the Directors' Profile:

Family Relationship with any Director and/or major shareholder

Save for Mr Pandjijono Adijanto and Ms Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto) who are siblings, none of the Directors have any family relationship with any other Director and/or Major Shareholder of the Company.

List of Conviction for offences within the past 5 years

None of the Directors have been convicted for any offences (other than traffic offences) within the past 5 years. There were no public sanction or penalty imposed by the regulatory bodies during the financial year.

Conflict of Interest with the Company

None of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company and/or its subsidiaries (other than as disclosed in the item 29(c) of Notes to the Financial Statements)



DIRECTORS' PROFILE (CONT'D)

Attendance at Board Meetings

The details of attendance of the Directors at the Board Meetings during the financial year are set out on page 39 of this Annual Report.

Directors' Shareholdings

The details of Directors' shareholdings are set out in the Analysis of Shareholdings on page 135 of this Annual Report.

Directorship in other public companies

None of the Directors hold any other directorships in any public companies and listed issuers in Malaysia.

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KEY SENIOR MANAGEMENT'S PROFILE

MR CHANG KON SANG (CEO)

The profile of Mr Chang Kon Sang is disclosed in page 3 of the Annual Report.

MR LIM HONG CHIN

(Chief Operating Officer and Managing Director of Harrisons Sarawak Sdn. Bhd.)

Mr Lim Hong Chin, Male, 69 years of age, a Malaysian was appointed as the Managing Director of Harrisons Sarawak Sdn. Bhd. since 1 Oct 1990. Mr Lim graduated from University of Warwick, UK with a BA (Honours) in Economics in 1979. Before his appointment as the Managing Director, Mr Lim held various positions in companies within the Harrisons Group, including Branch Manager of Sibul and Miri, Area Sales Manager Sarawak (based in Kuching), and Marketing Manager of Sabah, Sarawak and Brunei Darussalam (based in Kota Kinabalu).

MR LOW KONG CHOON

(Chief Financial Officer/Group Company Secretary)

Mr Low Kong Choon, Male, 66 years of age, a Malaysian was appointed as the Chief Financial Officer/ Group Company Secretary on 5 February 1991. Mr Low is a Fellow of the Australia Society of Certified Practising Accountant, a Chartered Accountant registered under the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators. Mr Low worked as a financial controller for Bain Securities Ltd, Hong Kong and Bain & Co, Sydney from year 1987 to 1989. Mr Low has been overseeing Harrison's Group's financial, tax and secretarial matters for over 30 years.

MR ANG LIAN WAL

(Managing Director of Harrisons Sabah Sdn. Bhd.)

Mr Ang Lian Wal, Male, 61 years of age, a Malaysian was appointed as the Managing Director of Harrisons Sabah Sdn. Bhd. since 1 October 2019. Before that, he was appointed as the Associate Director on 1 July 2016 and later as the Director on 1 January 2011. Mr Ang graduated from Universiti Utara Malaysia, Kedah, Malaysia with Bachelor Degree in Public Administration (Hons) in 1989. He has served in Harrisons Sabah Sdn. Bhd. since January 1993. Before his appointment as the Managing Director, Mr Ang held various positions in the Company, including Branch Shipping Executive and Shipping Manager of Tawau, East Coast Shipping Manager (based in Tawau), Branch Manager of Tawau, General Sales Manager for Nestle business (based in Head Office, Kota Kinabalu) and General Manager who took charge of overall business for Nestle, shipping, chemical & fertilisers, technical products and travel.

MR TEE CHEE CHIANG

(Managing Director of Harrisons Peninsular Sdn. Bhd.)

Mr Tee Chee Chiang, Male, 58 years of age, a Malaysian was appointed as the Managing Director of Harrisons Peninsular Sdn. Bhd. ("HP") on 1 July 2013. Mr Tee graduated from University Sains Malaysia, majoring in Economics and has been in the building materials supply industry for over 23 years. He joined HP as a Marketing Manager in 1995 and was promoted to the General Manager before his latest appointment. Mr Tee currently oversees the overall business operation of HP's diversified business in the distribution of building materials; agro/industrial chemicals; importers of fine wines and whiskies and also agent of air/sea freight forwarding.



KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

Notes to Key Senior Management's Profile

- None of the key senior management holds any other directorship in other public companies and listed issuers nor have any family relationship with any Directors and/or major shareholder of the Company.
- None of the Key Senior Management has any conflict of interest or potential conflict of interest, including interest in any competing business with the Company and/ or its subsidiaries (other than as disclosed in the item 29(c) of Notes to the Financial Statements).
- None of the Key Senior Management has conviction for any offences within the past five (5) years. There was no public sanction or penalty imposed by the relevant regulatory bodies against the Key Senior Management during the financial year.

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Harrisons Holdings (Malaysia) Berhad ("Harrisons") and its Group of Companies ("Group") for the financial year ended 31 December 2023.

FINANCIAL PERFORMANCE

We are pleased to report that the Group has delivered another record revenue and profits for financial year 2023. Revenue for financial year 2023 increased by RM83 million (3.82%) and Profits After Tax increased by RM817,000 (1.2%) compared to financial year 2022. Full details of the Group Financial Performance are disclosed in the Management Discussion and Analysis.

DIVIDENDS

The Board has not adopted any dividend policy but has been able to consistently deliver reasonably good dividends over the years. Dividend payments are subject to Group's profitability, long-term plans and cash flow position. Basic earnings per share was 98.41 cents for the financial year 2023 as compared to 97.47 sen in the previous financial year. The Company proposes to declare a final single-tier dividend of 50 sen per ordinary share in respect of the financial year ended 31 December 2023 (2022: 50 sen).

MOVING FORWARD

The country's GDP growth is expected to moderate to 4% to 5% in 2024. We anticipate to see moderate growth in our core business of trading and distribution as our business moves in tandem with the growth of the country's national GDP.

We see increasing competition in our Fast-Moving Consumer Goods distribution business in East Malaysia. We are also faced with challenges of increasing operational costs. We will continue to focus and leverage on the strength of our comprehensive network of 27 branches to grow our business. Our 1900 experienced workforce will continue to be upskilled and motivated to meet the challenges and the demands of the industry.

Our backroom will continue to be prudent in managing our costs and cashflows whilst improving operating efficiencies for our voluminous transactions through technology upgrades.

MANAGING SUSTAINABILITY

Harrisons acknowledges the need to balance economic performance while being mindful of our environment and society. The Group aims to practice good corporate governance as part of its corporate strategies and goals. We remain committed to strengthen and integrate sustainability agendas to manage risks and sustainability to ensure long term value creation for our stakeholders.

ACKNOWLEDGEMENTS

At this juncture, I would like to express my appreciation to the Management team and all our employees who have worked hard to drive the Group's growth forward. A word of thanks also to our valued customers, shareholders, merchants and business associates for their continuous support. Together, we look forward to a brighter year for Harrisons in 2024.

Thank you.

Pandjijono Adijanto
Non-Independent Non-Executive Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Business Activities

Harrisons' income is mainly derived from the marketing, sales, warehousing and distribution of consumer, building materials and engineering products, fine wines, agricultural and industrial chemicals, and the operation of shipping/logistics, travel agencies and retailing. These businesses are conducted as follows:

- In East Malaysia, Harrisons Sabah Sdn. Bhd. and Harrisons Sarawak Sdn. Bhd. are involved in the marketing, sales, warehousing and distribution of fast-moving consumer goods, building materials, engineering products and agricultural chemicals as well as the operation of shipping and travel agencies; and
- In Peninsular Malaysia, Harrisons Peninsular Sdn. Bhd. and Harrisons Marketing & Services Sdn. Bhd. are involved in the marketing, sales, warehousing and distribution of building materials, industrial and agricultural chemicals, and import and distribution of fine wines as well as the freight forwarding and shipping.

Presently, Harrisons has over 400 principals, and distributes approximately 13,000 product items to over 15,000 accounts spread all over Malaysia. The Group operates a total network of 27 branches and 47 warehouses strategically located throughout Malaysia (13 in Peninsular, 9 in Sabah and 5 in Sarawak) and is supported by over 1,900 employees.

- In Singapore, our subsidiaries The Famous Amos Chocolate Chip Cookie Singapore Pte. Ltd. wholesale and retails the Famous Amos Cookies and Watts Harrisons Sdn. Bhd. wholesale the Komonoya brand products with uniform prices.

Objectives and Strategies

Harrisons' objective is to focus on its core strength of marketing and distribution, and to maintain its position as one of the leading distributors in Malaysia. The Group will continue to expand the sales of the Fast-Moving Consumer Goods and Building Materials by securing new agencies of good quality products and to grow its customer base in East and West Malaysia.

Financial Performance Review

Revenue

	2023 RM'000	2022 RM'000	Changes RM'000	Growth %
Fast-Moving Consumer Goods	1,744,827	1,750,798	(5,971)	-0.34
Building Materials and Engineering Products	407,411	312,724	94,687	30.28
Industrial and Agricultural Chemical Products	49,863	55,514	(5,651)	-10.18
Retailing	40,595	37,445	3,150	8.41
Shipping and Others	14,381	17,634	(3,253)	-18.45
	2,257,077	2,174,115	82,962	3.82

Revenue increased from RM2.17 billion in FY2022 to RM2.26 billion in FY2023. The increase is mainly due to increase in cement sales in the Building Materials and Engineering Products Division. Cement sales was driven by tight supplies, rising demands and price increases in Peninsular during FY2023.

Sales of our Fast-Moving Consumer Goods declined slightly by 0.34% due to decrease in sales of certain agencies and rationalisation of certain products range/agencies of our Fast Moving-Consumer Goods products. Sales of our Industrial and Agriculture Chemical products decreased by 10.18% as overall demand and selling price soften in FY2023.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Sales in the Retailing Segment increased by 8.41% as selling price of the Famous Amos Cookies in Singapore increased following increase in ingredient costs.

Revenue for the Shipping and Others Segment decreased by 18.45% due to lower commissions earned as container handling and freight commissions declined following overall decline in shipping activities in Sabah.

Gross Profit

Gross Profit increased from RM254.15 million in FY2022 to RM263.52 million in FY2023. Gross Profit Margin in FY2023 was flat at 11.68% compared to FY2022. Our sales of FMCG was down by 0.3% but our Building Materials sales grew by 30%. The Gross Profit Margin of our cement is lower than that of our FMCG.

Profit Before Taxation

The Group Profit Before Taxation for FY2023 of RM89.52 million as compared to RM89.88 million. Administrative expenses increased by RM9.22 million for FY2023 as compared to FY2022 as there was a reversal of allowance for loss of trade receivables of RM5.4 million in FY2022. Interest expense increased by RM1.77 million as Overnight Policy Rate (OPR) increased 0.25% for the year.

Profit After Taxation

Profit After Taxation increased slightly from RM67.98 million in FY2022 to RM68.80 million in FY2023, reflecting an increase of 1.20%.

Segmental information FY2023

There are 3 main Segments within Harrisons Group:

1. The Trade and Distribution Segment
2. Retail Segment
3. Shipping and Others Segment

	Trade and Distribution RM'000	Retail RM'000	Shipping and Others RM'000	Group RM'000	%
<u>Geographical market</u>					
Sabah	1,169,323	-	12,590	1,181,913	52.37
Sarawak	595,803	-	713	596,516	26.43
Peninsular Malaysia	436,975	2,848	1,078	440,901	19.53
Singapore	-	37,747	-	37,747	1.67
Total Revenue	2,202,101	40,595	14,381	2,257,077	100.00
Profit Before Interest and Tax	84,351	6,210	3,502	94,063	
Interest income	2,479	308	53	2,840	
Finance costs	(7,017)	(361)	(8)	(7,386)	
Profit before taxation	79,813	6,157	3,547	89,517	



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The Trade and Distribution Segment comprise mainly of the Fast-Moving Consumer Products businesses in Sabah and Sarawak and Building Materials and Engineering Products in Peninsular. This segment continued to perform well in FY2023, exceeding last year's Profit Before Tax by RM2.1 million (2.71%). The sales of Building Materials and Engineering Products which contributed 19.36% of total revenue recorded a growth of 26.31% in FY2023. The significant increase is mainly due to strong demand for cement which pushed up selling prices during the year.

The Profit Before Tax for the small Retail Segment increased from last year of RM5.48 million to RM6.16 million this year by RM682,000. Sales of the Famous Amos cookies grew by RM3.9 million or 11.55% for FY2023.

The Shipping and Others Segment Profit Before Tax is RM3.55 million for FY2023 as compared to RM6.69 million in FY2022. Shipping Division results decreased by RM3.5 million in FY2023 due to lower shipping commissions earned from Freight Commission-Ocean Liner, Container Storage, Commission-Demurrage Collection and Container cleaning/local handling charges in Sabah.

Group Cash Flow

The Group Cash Flow showed cash generated from operating activities of RM48.6 million for FY2023. Lesser cash was tied up in inventories over FY2023 as compared to FY2022. Collection of Trade receivables was closely monitored.

Group Financial Position

Trade and Other Debtors increased by RM39.8 million as at 31 December 2023 due to higher sales generated during FY2023. Despite of the increase, collections of receivables improved during FY2023. Inventories increased by RM18.3 million at the end of the year. Bank borrowings were lower in FY2023 due to lower utilisation of bankers acceptances facilities during year 2023. Net current assets continue to improve by RM29.5 million indicating that the Group is a strong liquidity position to pay off our short-term obligations.

Strategies and Future Profit Growth

The distribution business of our Fast-Moving Consumer Goods becomes more challenging in days ahead as more distribution players emerge to compete in the East Malaysia market. We will continue to focus on serving our customers better by improving staff competencies to ensure high service standards are offered to our customers and principals. We will also focus and strategise to secure new agencies and brands to complement our diversified agencies portfolio.

We have completed our Enterprise Resource Planning (ERP) to manage and integrate important parts of our business for Sabah successfully in FY2022. We have commenced implementing our ERP systems in Sarawak in FY2023 and expects to roll out in FY2024. This technology upgrades will enhance efficiencies in our operations to serve our customers and principals effectively.

Prospects

We expect slow global growth, price of goods to increase and local affordability to impact the domestic economy in 2024. We also appreciate that the Fast-Moving Consumer Products is more resilient and less impacted by moderate price increase. As such, we remain confident that our medium to long term outlook of our trading and distribution business remains positive and is well positioned to grow.



SUSTAINABILITY REPORT

1) Introduction

Sustainability is becoming a key component for companies to promote value creation, and demand for increased transparency on listed companies' environmental, social and governance ("ESG") practices have been growing among investors.

At Harrisons, sustainability has always been a part of the Group's culture as we strive to achieve continuous financial performance and uninterrupted growth. Recognising the relevance of sustainability in our business values, our report on sustainability aims to illustrate our approach to address sustainability challenges in contributing towards the betterment of the business, environment and society.

We are pleased to present our Sustainability Report ("Report") for the financial year ended 31 December 2023. This Sustainability Report covers our Group's business operations and has been prepared in accordance with the guidelines set out in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to the Sustainability Statement in Annual Report of Listed Issuers ("Guidelines") issued by Bursa Securities. The scope of this Report covers the sustainability performance and practices across our Group from 1 January 2023 to 31 December 2023, unless otherwise stated. The Group did not seek external assurance for this report but may consider doing so in future. We have relied on internal data and mechanism to ensure the accuracy of information disclosed in this Report.

2) Assurance

Data contained within this Report has been sourced internally and has been verified by the respective business units or information owners. Selected data within this Report has been internally assured by the Group's internal audit function. The data that are internally assured are:

- (a) Total energy consumption; and
- (b) Total volume of water used

Where applicable, the selected indicators validated are indicated across the sections in this Report.

3) Corporate Profile

Harrisons was incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016 on 9 March 1990 as a private limited company under the name of Jantoco Trading Sdn. Bhd. and assumed its present name on 3 September 1991. It was converted to a public company on 28 April 1992.

Companies within the Group were purchased from Harrisons and Crosfield PLC (a public company listed on the London Stock Exchange), and well known previously in Malaysia particularly for the plantations it operates under Harrisons Malaysia Plantations Berhad. The oldest company in the Group, Harrisons Sabah Sdn. Bhd. (formerly known as Harrisons Trading (Sabah) Sdn. Bhd.) (renamed from Harrisons and Crosfield (Sabah) Sdn. Bhd. subsequent to its purchase from Harrisons and Crosfield PLC), came into being on 1 May 1918, bearing the name Harrisons and Crosfield (Borneo) Ltd.

Harrisons was listed on the Main Market of Bursa Malaysia in October 1999.



SUSTAINABILITY REPORT (CONT'D)

Harrisons' income is mainly derived from the marketing, sales, warehousing and distribution of consumer, building materials and engineering products, fine wines, agricultural and industrial chemicals, retail and wholesale of baked cookies and household products, and the operation of shipping/logistics and travel agencies. These businesses are conducted as follows:

- (a) In East Malaysia, Harrisons Sabah Sdn. Bhd. and Harrisons Sarawak Sdn. Bhd. are involved in the marketing, sales, warehousing and distribution of fast-moving consumer goods, building materials, engineering products and agricultural chemicals as well as the operation of shipping and travel agencies; and
- (b) In Peninsular Malaysia, Harrisons Peninsular Sdn. Bhd. and Harrisons Marketing & Services Sdn. Bhd. are involved in the marketing, sales, warehousing and distribution of building materials, Fast- Moving Consumer Goods (in Muar and Batu Pahat only), industrial and agricultural chemicals, and import and distribution of fine wines as well as the freight forwarding and shipping; and
- (c) In Singapore, our two (2) subsidiaries The Famous Amos Chocolate Chip Cookie Singapore Pte. Ltd. retails and wholesale the Famous Amos Cookies and Watts Harrisons Sdn. Bhd. wholesale the Komonoya brand products in Singapore.

4) Governance

Harrisons is governed by the Board of Directors which oversees the overall sustainability initiatives and sets policies to drive sustainability practices in the Group. This includes ensuring that the business strategy undertaken considers sustainability in determining the Group's strategic direction. The Board, via the Risk Management & Sustainability Committee is supported by the Management in overseeing the implementation of sustainability strategy and considers input of all business divisions/department/functions in sustainability processes.

Board of Directors	Oversight of the Group's business sustainability strategy, performance and to ensure adequate resources, systems and process are in place for managing sustainability matters.
Risk Management & Sustainability Committee	Assist the Board in discharging its duties which includes considering sustainability matters when developing and implementing company strategies, business plans, major plan of actions, risk management and adequate resources, systems and process are in place for managing sustainability matters.
Group Chief Risk Management & Sustainability Officer	Oversees the implementation of the Company's key strategic sustainability initiatives with support from respective subsidiary's Chief Risk & Sustainability Officer, the Group Chief Risk & Sustainability Coordinator, Group Risk & Sustainability Officer and assistance by the Group Company Secretary.



SUSTAINABILITY REPORT (CONT'D)

5) Stakeholders Engagement

The Group recognises the importance of effective communication to ensure that our stakeholders understand our business, governance, financial performance and prospects. An important starting point in our sustainability journey is to identify our stakeholders and the material aspects relevant to our business.

Our stakeholders profile has been determined based on ongoing stakeholder dialogue and a review of issues that are critical to Harrisons. We define our stakeholders as those impacted by our business activities, who have direct and indirect involvement and whose interest may have positive or negative consequences due to our business activities. The interests and requirements of key stakeholders are also considered when formulating corporate strategies. These key stakeholders include, but are not limited to, principals, financiers, employees, customers, government/regulators and investors.

The Group is committed to engaging all our stakeholders as part of our continued sustainability endeavors. We view stakeholder engagement as a continual process and not a one-off event. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following table represents the stakeholder engagement methods which the Group adopts in its sustainability practices to meet the ESG requirements.

Stakeholder Group	Principals	Financiers	Employees	Customers	Government / Regulators	Investors
Engagement Method	<ul style="list-style-type: none"> -Meetings -Emails -Company Website -Marketing Activities -Surveys 	<ul style="list-style-type: none"> -Update of Business Development -Update of Group Financials -Visiting Key Personnel of Banks 	<ul style="list-style-type: none"> -Annual Performance Review -Staff Annual Dinner -Employee Events -Knowledge Sharing Sessions -Management Meetings 	<ul style="list-style-type: none"> -Satisfaction Survey -Conventions -Roadshows -Marketing Materials -Store Openings 	<ul style="list-style-type: none"> -Events and Seminars -Meetings -Briefings and Trainings -Attend Dialogues/Seminars Organised by Bursa Securities 	<ul style="list-style-type: none"> -Annual General Meeting -Company Website -Annual Report -Quarterly Reports -Company Announcements

6) Materiality Assessment

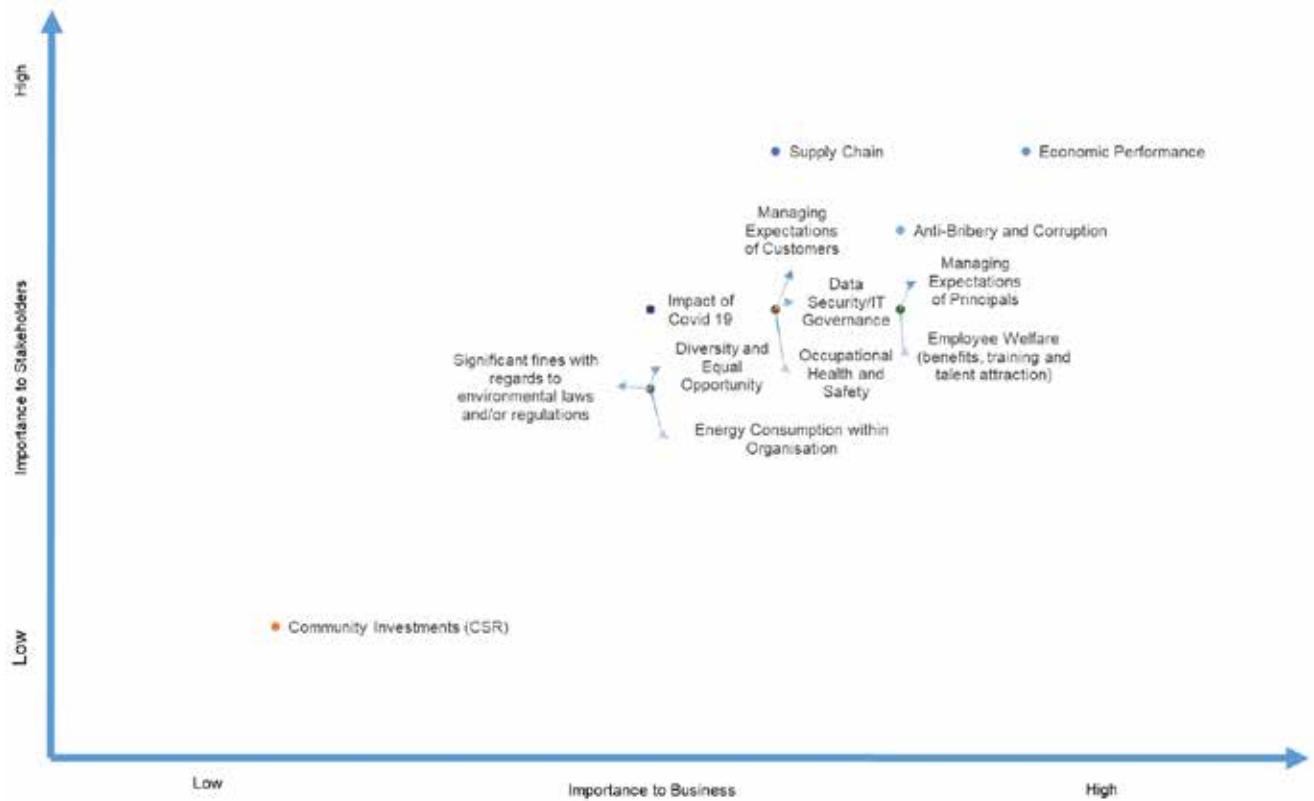
Our sustainability process begins with the identification of material topics. To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and its influence on the stakeholders.

We have identified these material topics for reporting based on the significance of our ESG and economic impacts and the degree of influence where we see the most potential for creating maximum value for our shareholders and stakeholders. The identified topics are then prioritised. A comprehensive list of material topics are plotted against the matrix as described below, which shows the importance of each topic to the business and to our stakeholders.

The materiality assessment was guided by inputs and perspectives from our Management. Our materiality review are conducted every year, incorporating inputs gathered from stakeholders' engagements. The matrix below represents the results of our materiality study.



SUSTAINABILITY REPORT (CONT'D)



Our materiality assessment was guided by Bursa Securities's Sustainability Reporting Guide (3rd Edition), Bursa Securities Toolkit and reference made to our risk management framework to ensure that our economic, environmental, social and governance matters assessed remains relevant.

There has been no significant changes in the Group's operations during the current year. For FY2023, we have retained the existing material sustainability matters from the assessment conducted in the prior year as these topics continue to be relevant to our stakeholders and to our Group's business operations in order for the Group to address and communicate in this report.

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SUSTAINABILITY REPORT (CONT'D)

7) Managing Sustainability

ECONOMIC

Financial Performance

We are committed to achieving economic sustainability growth for our shareholders. We conduct our business in compliance with applicable laws and regulations and in accordance with high ethical business practices and good corporate governance.

As part of Harrisons' journey to incorporate a sustainable business practices in the long term, the Group is committed to a holistic approach to business management. Harrisons believes that focusing on financial sustainability is critical.

The Group's financial review and outlook are elaborated in the Management Discussion and Analysis section of this Annual Report.

Managing Expectations of Principals

Managing expectations of principals was identified as one of the most important material issues across the Group. Presently, Harrisons has over 400 principals, and distributes approximately 13,000 product items to over 15,000 accounts spread across Malaysia.

Harrisons' objective is to focus on its distribution business and aims to maintain its position as a leading distributor. As such, knowing exactly what principals expect from us improves our bottom line and strengthens our reputation in the long term. Engaging with our principals regularly enable us to understand their needs and expectations, identify gaps and enable us to make informed assessments and formulate strategies for execution to bridge such gaps.

We have completed our Enterprise Resource Planning ("ERP") system for Sabah in 2022 and are in the course of implementing it for Sarawak which is estimated to be completed in 2024. This new ERP system is expected to enhance the efficiencies of our business processes and assist us in managing our businesses more efficiently. It will also allow us to meet the speedy information demands by our principals and customers.

As for our suppliers, active engagement is done on a regular basis to align our requirements and expectations with them, thereby ensuring sufficient resources being obtained and seamless execution of our operations.

Managing Our Customers

We aim to provide products/services which meet customers satisfaction and exceed their expectations. We encourage our customers to provide their feedback. The feedback obtained is reviewed and relevant follow-up actions are performed to improve customer satisfaction.

While meeting our customers' satisfaction and requirements, the Group is also mindful that an equilibrium needs to be achieved with the appropriate strategies in sustaining our business. In managing our customers, the Group has implemented policies to ensure that credit sales of products and services are made to customers with an appropriate credit standing or with an appropriate credit history.



SUSTAINABILITY REPORT (CONT'D)

Managing COVID-19 Endemic

The group takes seriously the impact of COVID19 endemic on its business operations and safety and health of all its employees.

While the nation has entered the endemic phase of the COVID-19 and the infection rates are now under control, the Group continues to implement stringent health and safety standard operating procedures in compliance with regulations of Kementerian Kesihatan Malaysia to prevent any future outbreak of disease. Provision of self-test kits and self-quarantine are among the practices that are on-going and the Company will implement additional measures when necessary to prevent the spread of COVID19 endemic.

BUSINESS COMPLIANCE

Directors' and Employees Code of Ethics

The Group has a Directors' and Employees Code of Conduct and Ethics that sets out the standards and ethical conduct expected of all Directors and Employees of the Group.

The Directors' and Employees Code of Conduct and Ethics provides commitment to ethical values through key requirements relating to conflict of interest, confidential information, insider information, protection of the Group's assets and compliance with law and regulations.

Corporate Governance

Harrisons is guided by the Malaysian Code on Corporate Governance 2021. We are proactive in promoting good corporate governance and ensures that the principles and best practices of good governance are applied throughout the Group. The details of our corporate governance practices of the Group are elaborated in the Corporate Governance Overview Statement of this Annual Report.

We have established standard operating policies and procedures, defined levels of authority and guidelines in our business operations to ensure compliance with internal controls, laws and regulations. These policies, procedures and guidelines are subjected to regular reviews and improvements.

Anti-Bribery and Corruption

Harrisons has put in place an Anti-Bribery and Anti-Corruption ("ABC") Policy to comply with the Malaysian Anti-Corruption Act 2009. The ABC Policy prohibits any forms of bribery or corruption applicable to Directors, employees and third parties dealing with the Company.

Our Gift, Hospitality and Entertainment Policy provides details on guidance and limits to employees on what is permissible and non-permissible when offering or accepting gifts, hospitality or entertainment.

There are established channels of reporting for breaches under the ABC Policy, Whistle Blowing Policy and Code of Conduct and Ethics for Directors and Employees.

We have notified our suppliers, customers and third-party intermediaries (like transporters and consultants) and employees to sign and declare that they agree to the ABC Policy if they transact with us.

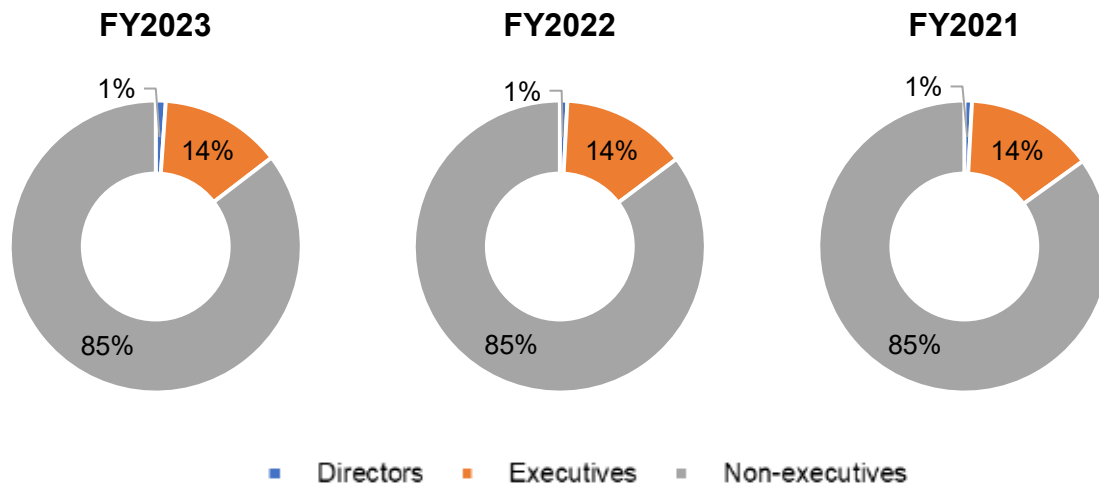
This Anti-Bribery and Anti-Corruption Policy is also a feature in our Risk Management practices.



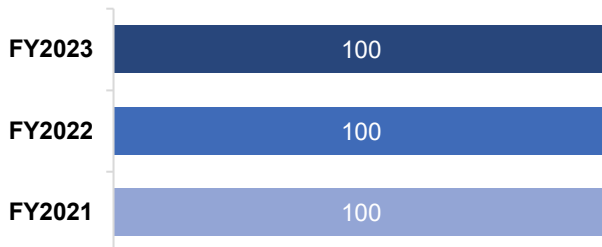
SUSTAINABILITY REPORT (CONT'D)

In 2023, we are pleased to report that there were no confirmed incidents of corruption. All of our employees received anti-bribery training in FY2023. The Group will continue to target zero incidents of corruption in the Group for the next financial year and beyond.

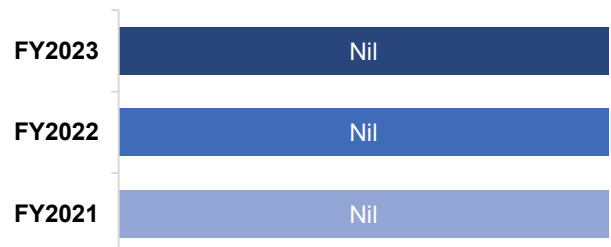
Percentage of Employees Who Have Received Training On Anti-Corruption by Employee Category (%)



Percentage of Operations Assessed for Corruption-Related Risks (%)



Confirmed Incidents of Corruption and Action Taken



Risk Management

The Group has an ongoing risk management process for identifying, evaluating and managing key risks in the context of its business objectives. When identifying material ESG matters for our Group, we also consider its potential sustainability risks and opportunities aspect. Wherever applicable, material ESG matters identified will be mapped to our existing risk registers via our ongoing quarterly review of the Group's risk profile. To a certain extent, the management of these material ESG matters has been addressed via our existing risk management process, while other material matters may not fall under as key risks in our corporate risk profile but are addressed accordingly throughout this report. These processes are embedded within the Group's overall business operations and are guided by operational manuals, policies and procedures and are regularly reviewed by the Board.

Our material ESG matters and the link to our corporate risk profile are indicated in **Table 1** below.

SUSTAINABILITY REPORT (CONTINUED)

Table 1

Material Issues	Description	Potential Opportunities For the Group If Issue Is Addressed	Potential Risk For The Group If Issue Is Not Addressed	Link to Our Corporate Risks
<ul style="list-style-type: none"> Economic Performance Managing Expectations of Customers Managing Expectations of Principals Supply Chain 	Meeting expectations of our stakeholders, principals, customer and resilient supply chain are key to our business sustainability	Sustainable financial performance creates long-term value for all stakeholders.	May lead to loss of business, decreased revenue, and ultimately impact our long-term sustainability.	Financial: <ul style="list-style-type: none"> Increase in Bad Debt Provision and Write-Off Non-Competitive Sales & Distribution Expense Risk High Market Return and Trade Spend Operational: <ul style="list-style-type: none"> Poor Management of Inventory and Stocks Loss of Principals/Agencies
Anti-Bribery and Corruption	The Group is committed to conduct its businesses and operations with high ethical standards and integrity	Fostering a culture of ethical business conduct, integrity and compliance helps to mitigate potential reputational, legal, and financial risks	May lead to legal liabilities, financial penalties and reputational damage	Compliance: <ul style="list-style-type: none"> ABC Policy Staff Susceptible to Bribery and Corruption
Data Security/IT Governance	With the increasing reliance on technology and the collection of vast amounts of data, ensuring the security and integrity of it has become a top priority	Managing data security and IT governance mitigates the risk of data breaches and cyber-attacks. It also demonstrate commitment to safeguarding sensitive information and upholding regulatory compliance.	Data breaches and cyber-attacks are not only detrimental to the Group's reputation but also pose significant financial and legal risks.	Cybersecurity/IT: <ul style="list-style-type: none"> System Downtime Company IT Infrastructure Vulnerable to Breakdowns
Employee Welfare (Benefits, Training and Talent Attraction)	Employee welfare, including benefits, training, and talent attraction, is a critical aspect of the Group's operation, as a stable and productive workforce will contribute to the Group's long-term success and sustainability	Prioritising employee welfare helps to create a positive and supportive work environment that not only attracts top talent but also retains and motivates existing employees	High staff attrition can lead to increased recruitment and training costs, decreased productivity and potential negative impact on employee morale	Operational: <ul style="list-style-type: none"> Sales Staff Attrition High Staff Turnover and Increased Labour Costs



SUSTAINABILITY REPORT (CONT'D)

ENVIRONMENT

Environmental Laws and Regulations

In 2023, there was no incidence of material non-compliance with laws and regulations resulting in significant fines or sanctions, and we endeavor to maintain this track record for the next financial year and beyond.

Environmental Compliance	FY2021	FY2022	FY2023
Incidents of non-compliance with environmental laws and regulations	Nil	Nil	Nil

Energy Management

Harrisons is fully aware of its responsibility for nurturing the environment and lessening negative environmental consequences at our workplace and the environment where we operate. We aim to optimize our energy sources to minimize operating expenses, enhance energy efficiency, and support the global effort to combat climate change. Through fostering a mindset of conservation and sustainability, we aim to minimise our ecological footprint while also enhancing our operational effectiveness.

We are committed to preserving the environment by implementing environmental-friendly practices in our operations. At our workplace, we encourage energy saving measures such as controlling the air conditioning temperature at reasonable level and turning off electrical appliances when no one is using. We practice recycling at our offices and reuse recycled papers whenever possible, to reduce paper usage.

The following data represent our energy consumption within the Group for past three financial years:

Total Energy Consumption-Purchased Electricity (MWh)



¹Data for FY2023 is assured by the Group's internal auditors. The scope of assurance covers 3 most active entities in Malaysia.

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SUSTAINABILITY REPORT (CONT'D)

Emissions Management

The Group is aware of the global concern regarding climate change, which arises from the increase in energy consumption and its greenhouse gas ("GHG") emissions. Consumption of fossil fuels results in the release of carbon emissions, which is a major contributor to climate change and global warming. The Group acknowledges that the management of the emission of greenhouse gases is a core component of addressing climate change. In 2023, we started tracking and monitoring carbon emissions generated by our business operations. We currently track Scope 2 emissions which is purchased electricity, and it represents the main source of energy for the Group.

Recognizing the importance of comprehensive environmental stewardship, we are committed to initiating and undertaking the monitoring of Scope 1 and 3 emissions in the near future.

Moving forward, we will consider conducting assessments in our operations to identify opportunities to enhance energy efficiency and reduce energy consumption. Where possible, we will also consider methods to lessen the reliance on fossil-based energy sources, subject to evaluation of its potential costs and benefits.

Emissions-Scope 2 Emissions (tonnes) of CO ₂ e	FY2022	FY2023
Indirect GHG Emission (Scope 2) (tCO ₂ e)	1,363.58	1,492.37

Note: Scope 2 emissions are indirect GHG emissions arising from purchased electricity of the Group. Emission conversion factor for Scope 2 is derived from the CDM Electricity Baseline for 2017 by Malaysian Green Technology Corporation.

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SUSTAINABILITY REPORT (CONT'D)

Water Management

Water is a vital resource in our daily operations, ensuring the functionality of all properties and compliance with health and safety regulations. The Group uses water mostly for general purposes. Although we do not operate in water stressed areas, we acknowledge that freshwater is a finite resource that should be preserved as much as possible.

Total Water Consumption (Megalitres)



¹Data for FY2023 is assured by the Group's internal auditors. Data verified is limited to actual water bills presented. The scope of assurance covers 3 most active entities in Malaysia.

²Data for water consumption for some months in FY2023 are not available due to the practice of local authorities in issuing actual water bill to the Group. For example, local authorities in certain parts of Sabah only issues water bill between 6 to 12 months post-consumption. As such, actual data recorded may not represent full-year data for FY2023 due to the timing difference of receiving the actual water bill to correspond with the actual consumption. Moving forward, the Group is expected to implement a new system in FY2024 to track water consumption data more reliably and hence to restate prior year figures where necessary.

Waste Management

It is essential for us to contribute to climate action by reducing waste generation and optimizing the use of resources. We strive to minimize our environmental footprint while simultaneously creating value from waste generated.

Our packaging materials and waste are properly segregated to be recycled or turn into handcraft, flower pots and pavement. Our staff participate in projects with our partners to clean and sustain the environment.

Total Waste Diverted From Disposal (tonnes)





SUSTAINABILITY REPORT (CONT'D)

SOCIAL

Engaging with Our Employees

Two-way communication in the workplace is vital for alignment between employees and our Group's overall business strategy. Continuous open dialogue is the main platform used to engage our employees. Open dialogues are conducted informally to encourage employees to raise any issues to management. We believe that this provides a more interactive and direct channel for any form of feedback.

Employee Welfare and Benefits

Our work environment is aimed at providing a fair performance-based work culture that is diverse, inclusive and collaborative. We also encourage our people to reach their fullest potential and provide them with a fulfilling and meaningful career. We have structured attractive remuneration packages to ensure employees are justly rewarded and to ensure that we remain competitive to attract strong talent.

An employee handbook is in place covering the policies, benefits, procedures and code of conducts that have to be abided by the employees under the Group. As for employees' benefits, apart from complying with the statutory requirements in Malaysia, benefits such as staff uniform, company transport, meal allowance and Group hospitalisation insurance are also provided to all employees.

Employee wellbeing has important implications for productivity and work relationships. To promote a healthier and active lifestyle among employees, the Group supports in-house Sport Clubs which organises various sports and recreational activities on a regular basis.

Supply Chain

We aim to optimise our procurement practices and ultimately contribute to the overall success of our organisation. We place emphasis in assessing our principals and suppliers' quality and performance, ensuring that we engage those who consistently deliver high-quality products and services.

We support our local principals and vendors where possible, as we believe this will translate into better revenue and supply chain efficiency for the local businesses while simultaneously stimulating the economic growth in Malaysia.

Proportion of Spending on Local Suppliers (%)



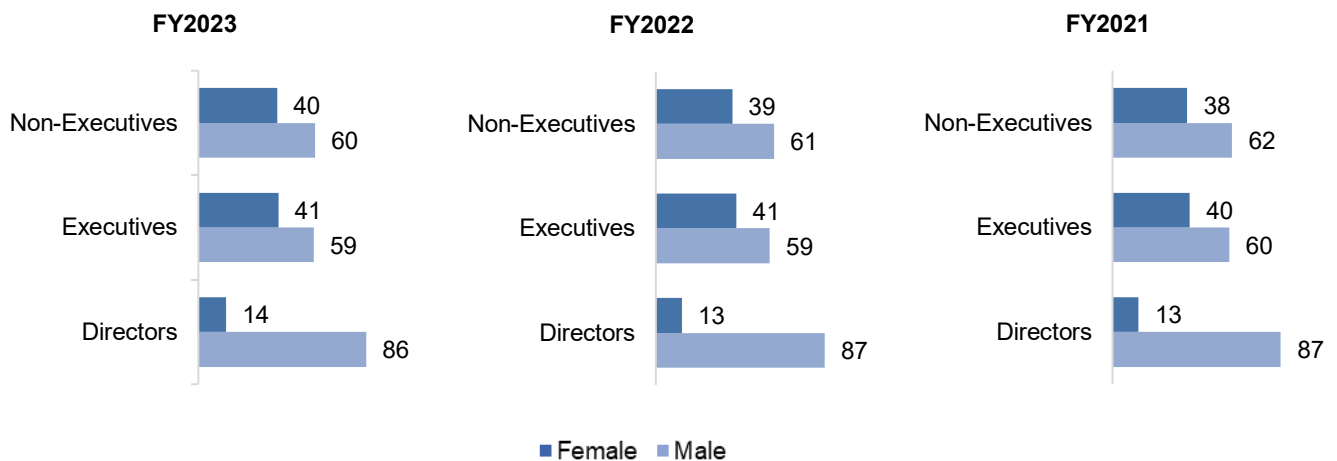


SUSTAINABILITY REPORT (CONT'D)

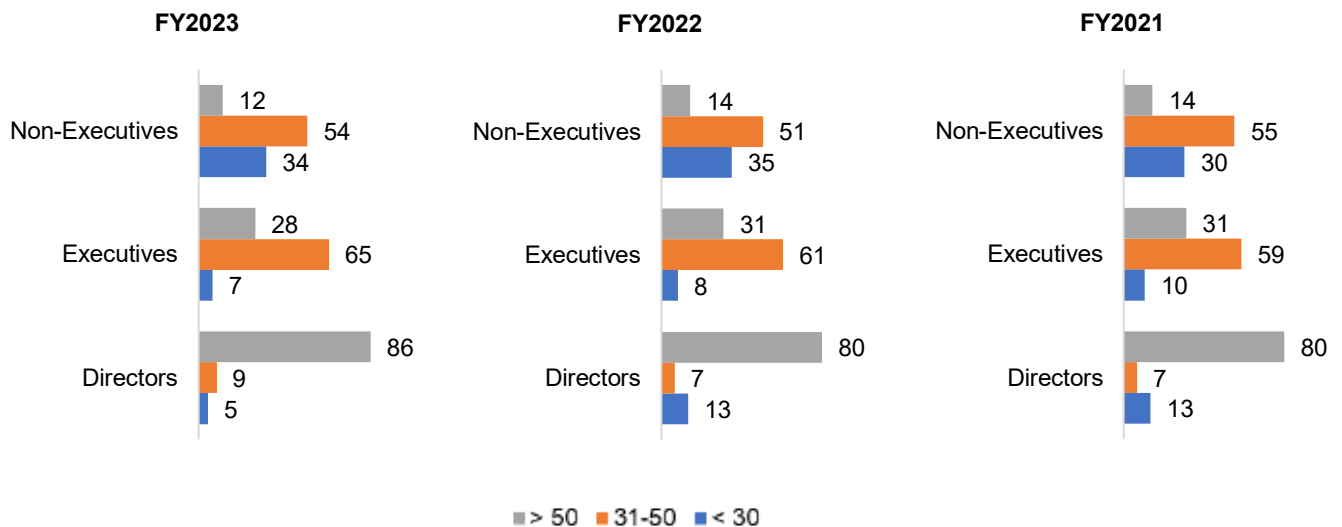
Diversity and Equal Opportunity

Building and retaining talent are both critical in growing the Group as the continuous growth of the Group needs talented employees. We pledge to the principle of equal opportunity in hiring, promoting and rewarding our employees. Having a diverse workforce with equal opportunity regardless of age, race and gender is one of the ways to build and retain talent. As at 31 December 2023, Harrisons employed 1,900 people. The diversity of Harrisons workforce in terms of gender, age and ethnicity as at 31 December 2023 is as follows:

Employee Gender Diversity by Employee Category (%)



Employee Age Diversity by Employee Category (%)

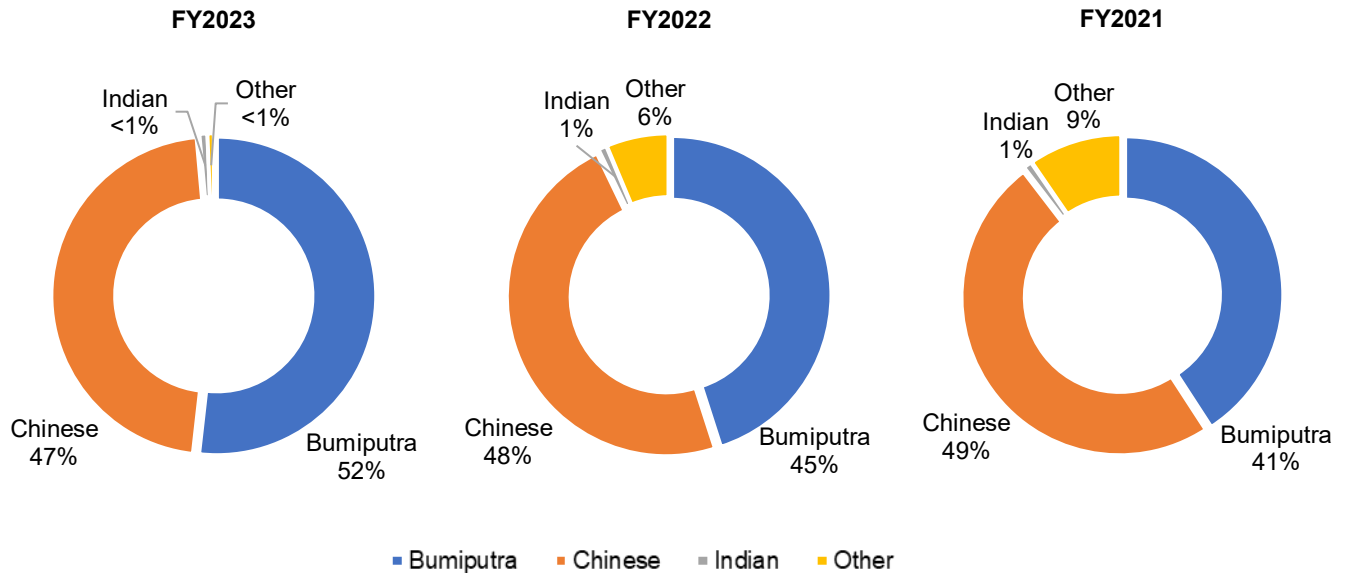




SUSTAINABILITY REPORT (CONT'D)

Diversity and Equal Opportunity (Cont'd)

Ethnicity Composition (%)



Percentage of Employees That are Contractors or Temporary Staff (%)



Note: The Group embarked in changing its Enterprise Resource Planning ("ERP") system which primarily covers the main operations of the Group and are carried out in stages. The implementation requires significant deployment of manpower and to cater for such change, the Group has employed additional temporary staff to assist on the above and hence, more manpower was allocated for FY2021 and FY2022. The implementation of the new ERP system has reached its final stage for Sabah operations in 2022 and hence, lesser temporary staff was required in FY2023.

Employee Turnover

Human capital is one of the most important assets in our business. The Group believes in attracting, motivating and reducing employee turnover at work through providing a rewarding working environment and also looking after their well-being. The table below illustrates our employee turnover at the end of each reporting period:

Employee Turnover by Employee Category	FY2021	FY2022	FY2023
Directors	Nil	Nil	Nil
Executives	22	23	28
Non-Executives	270	249	277



SUSTAINABILITY REPORT (CONT'D)

Employee Training and Development

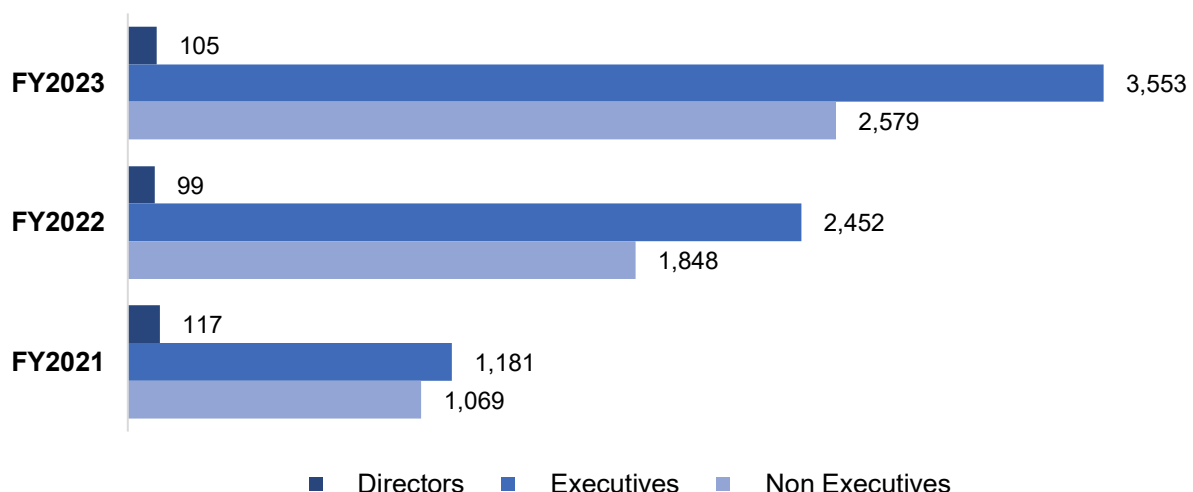
Every employee plays an essential role in the Group. We focus on attracting and retaining talent and then helping them to develop their skills to drive our Group's success. Harrisons is highly regarded as an employer and has successfully nurtured and retained a pool of loyal, committed, professional and capable staff.

We believe that learning and training is an important, continuous and life-long process so that employees are equipped with the competencies needed to meet current and future business needs. This includes workshops, seminars, conferences, in-house company training and on-the-job training. During the year, Harrisons has conducted in-house trainings, sales field coaching and management trainee programs to upgrade their skills and knowledge.

Harrisons places emphasis on its staff development programmes. As with its Board of Directors, staff are also encouraged to undertake continuing professional education to equip themselves with the latest technical and statutory updates to stay relevant and be prepared for their jobs.

We offer education assistance programmes to support our employee's development and career growth. Over the years, Harrisons has been sponsoring employees to pursue qualifications relevant to their field of work. This includes reimbursement of fees for professional courses such as MBA and marketing courses. Harrisons is also an Association of Chartered Certified Accountants (ACCA) Approved Employer.

Total Hours of Training by Employee Category



Note: For FY2023, there is a change in method for tracking of training hours to represent data more consistently. Hence figures for FY2022 and FY2021 were restated accordingly.

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SUSTAINABILITY REPORT (CONT'D)

Occupational Health and Safety

Harrisons places strong emphasis on a workplace that is free from theft, violence, harassment, intimidation and other unsafe and disruptive influences due to internal and external conditions as the staffs are the backbone to the Group. The key health and safety activities held by the Group includes fire drills, evacuation exercises and training in proper use of equipment and proper work instructions to prevent workplace hazards from happening.

We are proud to report that there have been no work place fatalities for 2023 and we endeavor to maintain this track record for the next financial year and beyond.

Occupational Health and Safety	FY2021	FY2022	FY2023
Number of Work-Related Fatalities	Nil	Nil	Nil
Lost Time Incident Rate ¹	Nil	Nil	0.32
Number of employees trained on health and safety standards	498	503	479

¹The Group tracks its Lost Time Incident Rate commencing from FY2023 as there is no prior data for FY2021 and FY2022.

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SUSTAINABILITY REPORT (CONT'D)

Local Community

We care about giving back to the community. To this end, we encourage and support the local community and improve the quality of life of underprivileged communities through financial contributions and humanitarian efforts.

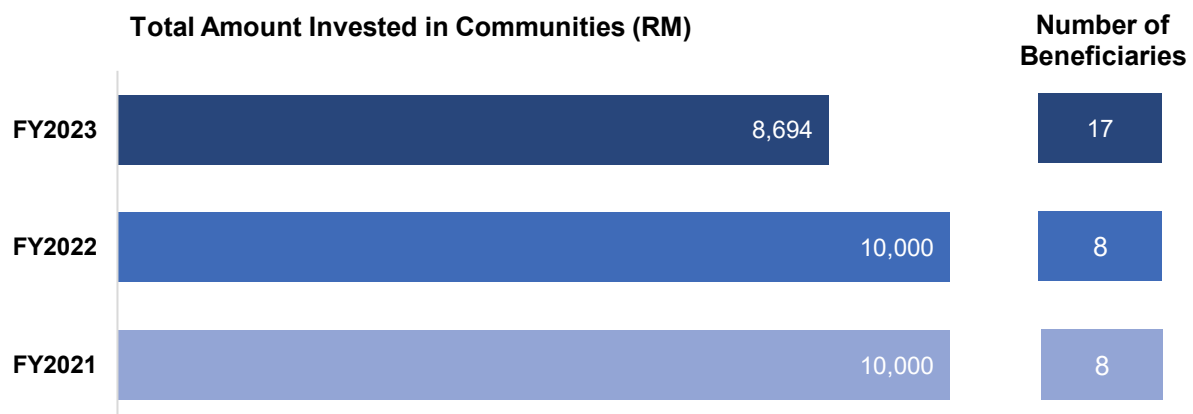
During this financial year, we have donated monies, food, attended blood donation campaign and donation to fundraising project. Our corporate social responsibility activities for 2023 include:

Sabah

- 1) Seguntor Alternative Learning Centre ("SALC"), Sandakan-Donation SALC which provides quality education for low-income communities in the area;
- 2) SMK St. Francis Convent ("SFC")-Sponsorship to SFC 100 years celebration for school bazaar, blood donation drive and students' sports day;
- 3) GH-Blood Donation; and
- 4) Financial Park Labuan-Blood Donation.

Sarawak

- 1) Lions Nursing Home- Donated goods and support towards Lions Nursing Home annual food fair 2023;
- 2) Taiwan Buddhist Tzu-Chi Foundation Malaysia (Kuching)-Donation of goods;
- 3) Palliative Care Association of Miri-Donation of food;
- 4) SM Kai Dee-Donation of products for their fundraising project; and
- 3) SJKC Hin Hua, Song-Donation of products for their carnival.



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SUSTAINABILITY REPORT (CONT'D)

Data Security and IT Governance

In recent years, Malaysia has seen more frequent and severe cyber-attacks, which reflects a growing trend of digital threats within the country. Thus, processing of personal information and data has become critical, both within the Group as well as externally with regard to data flows.

The Group treats all data collected as private and confidential and are not made available to third parties unless mandated by the law. This is done with the consent of employees, customers and business partners, with their full understanding and awareness that such data is collected by the Group and may be used for internal purposes. The Group has a system in place to ensure that such data remains confidential. Our data management is governed through policies and procedures such as password, email, and internet policy, with other safeguarding measures in place to protect the confidential information stored in our Information Technology ("IT") system.

We are pleased to announce that no substantiated complaints were received from any regulatory or official bodies in relation to breaches of customer privacy and losses of customer data during the year.

Whistleblowing Policy

We practice an open and honest policy enabling our employees to report on any suspected misconduct, corporate misbehavior and fraudulent activities. Harrisons has established a Whistleblowing Policy and Code of Conduct and Ethics for Directors and Employees that outlines the Group's commitment to ensure that employees and other stakeholders are able to raise concerns regarding any illegal conduct or malpractice at the earliest opportunity without being subject to victimization, harassment or discriminatory treatment, and to have such concerns properly investigated.

This policy sets out the mechanism and framework by which employees, contractors, consultants and any other individuals or organization who have dealings with the Company can confidently voice concerns or complaints in a responsible manner without fear of discriminatory treatment.

Moving Forward

Our previous Sustainability Reports has provided us with a structured process to guide our improvement efforts going forward, with selected data points to measure ourselves by. We recognise that we still have room for enhancement, both in terms of initiatives undertaken and our reporting structure. We have engaged a consultant to assist us to strengthen our processes in sustainability management.

At Harrisons, we will continue to keep abreast of developments in our industry, actively and regularly engage our stakeholders, and seek to further embed sustainable practices within our businesses to improve our overall sustainability performance.

Common Sustainability Matters ("CSM")

In September 2022, Bursa Malaysia announced a phased approach in implementing the enhanced sustainability reporting requirements for public-listed companies commencing in financial year end 2023. One of the key requirements under the amendment of Practice Note 9 are on the reporting of Common Sustainability Matters. With the imminent implementation of the enhanced sustainability disclosures, we believe early adoption of some of these indicators and the communication of our results will put us in good stead, enabling us to be more resilient and competitive moving forward.

The early adoption of the above CSM would help our Group in the future alignment of our materiality assessment, the selection of appropriate sustainability indicators, compilation of relevant data including the setting of meaningful and measurable targets and enhancing the credibility of our sustainability information.

As we progress in our reporting journey, we will include further information on CSM once additional data are available.



SUSTAINABILITY REPORT (CONT'D)

Indicator	Measurement Unit	2022	2023
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	0.83	1.11
Executive	Percentage	13.92	13.47
Non-executive/Technical Staff	Percentage	85.25	85.42
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	10,000.00	8,694.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	8	17
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	13.33	4.76
Management Between 30-50	Percentage	6.67	9.52
Management Above 50	Percentage	80.00	85.71
Executive Under 30	Percentage	8.37	7.03
Executive Between 30-50	Percentage	60.56	64.84
Executive Above 50	Percentage	31.08	28.13
Non-executive/Technical Staff Under 30	Percentage	35.00	33.76
Non-executive/Technical Staff Between 30-50	Percentage	50.55	54.22
Non-executive/Technical Staff Above 50	Percentage	14.44	12.01
Gender Group by Employee Category			
Management Male	Percentage	86.67	85.71
Management Female	Percentage	13.33	14.29
Executive Male	Percentage	58.57	58.98
Executive Female	Percentage	41.43	41.02
Non-executive/Technical Staff Male	Percentage	60.77	59.70
Non-executive/Technical Staff Female	Percentage	39.23	40.30
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	85.71	83.33
Female	Percentage	14.29	16.67
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	0.00	0.00
Above 50	Percentage	100.00	100.00
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	2,885.37	3,145.94
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.32
Bursa C5(c) Number of employees trained on health and safety standards	Number	503	479
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	99	105
Executive	Hours	2,452	3,553
Non-executive/Technical Staff	Hours	1,848	2,579
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	19.08	5.05
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	0	0
Executive	Number	23	28
Non-executive/Technical Staff	Number	249	277
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	98.72	99.52
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	29.171000	30.296000

Internal assurance External assurance No assurance

(*)Restated



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Group and to ensure to reach the highest standards of accountability and transparency. The Board will continue promoting existing corporate governance principles and incorporate the practices and corresponding guidance as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) into the existing Corporate Governance framework with reference to the Corporate Governance Guide (“the Guide”) issued by Bursa Securities.

The Board is pleased to provide an overview of the Group’s corporate governance practices, which summarises the Group’s application of the following Principles under the MCCG 2021 during the financial year ended 31 December 2023:

- A. Board Leadership and Effectiveness
- B. Effective Audit and Risk Management
- C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This Statement is also prepared in compliance with the MMLR and it is to be read together with the Corporate Governance Report 2023 of the Company which is available on Bursa Securities’ website at www.bursamalaysia.com/market.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I – Board Responsibilities

1. Board’s Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board is responsible for the overall performance of the Group and focuses mainly on the strategic management, enhancing corporate value of the Group, performance monitoring and measurement, risk management and internal controls, standards of conduct, shareholders’ communication and critical business decisions.

In carrying out its duties, the Board has amongst others, a formal schedule of matters specifically reserved for its decision, including overall strategic direction, major capital commitments and capital expenditure, material acquisitions and disposals, authority limits/levels, significant material litigation, risk management practices, and monitoring of the Group’s operating and financial performance.

The roles and responsibilities of the Board are set out in the Board Charter which is available on Harrisons’ corporate website at www.harrisons.com.my.

The Board delegates and confers some of its authorities and discretion on the Chairman, Chief Executive Officer (“CEO”) and the Management as well as on properly constituted Board Committees comprising exclusively Non-Executive Directors.

The Board Committees, comprising the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management & Sustainability Committee are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The Chairman of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

In general, the Non-Executive Directors are independent of the Management. Their roles are to constructively challenge the Management and monitor the success of the Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with the Management at all levels, and they engage with the External Auditors and Internal Auditors to address matters concerning the Management and oversight of the Group’s business and operations.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board is constantly mindful of the need to safeguard the interest of the Group's stakeholders and acknowledges the importance of ensuring that the Company's strategies promote sustainability. The Board regularly reviews the strategic direction of the Company and the progress of the Company's operations. The Board promotes good corporate governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance. The sustainability activities demonstrating the Company's commitment to the global environmental, social, governance and sustainability agenda, can be found in the Sustainability Report on page 12 of this Annual Report.

Looking ahead to 2024, the priorities of the Board will be in the following areas:

- (1) Improving and implementing sustainability practices, policies and procedures to embrace the enhanced sustainability requirements and to be geared for the enhanced sustainability disclosures under the Enhanced Sustainability Reporting Framework issued by Bursa Securities and the amendments to the MMLR arising therefrom, which will be implemented in phases;
- (2) Continue working towards achieving high standards of corporate governance and leverage technology to broaden its channel of dissemination of information and enhance the quality of engagement with the shareholders; and

1.2 Chairman and CEO

The Board is headed by Mr Pandjijono Adijanto, a Non-Independent Non-Executive Chairman, who has broad exposure and extensive experience in the international trade and investment arena.

As a Chairman, he plays a vital role in leading and guiding the Board, and also serves as the communication point between the Board and the CEO.

The role of CEO is presently assumed by Mr Chang Kon Sang who is responsible for the day-to-day management of the Group, organisational effectiveness and implementation of Board policies, strategies and decisions. The CEO together with the Management manages the business of the Group in accordance with the Board's strategic plans, instructions and directions. The role of the Management team is to support the CEO and implement the running of the general operations and business of the Group, in accordance with the delegated authority of the Board.

1.3 Separation of the Positions of the Chairman and CEO

The positions of the Chairman and CEO are held by two (2) different individuals. Mr Pandjijono Adijanto, a Non-Independent Non-Executive Director, is the Chairman while Mr Chang Kon Sang is the CEO.

The Board recognises the importance of having a clear separation of responsibilities of the Chairman and the CEO to promote accountability, ensure appropriate balance of roles and facilitates division of responsibilities between them to ensure no one individual can influence the Board's discussions and decision making. The distinct and separate roles of the Chairman and the CEO ensures appropriate balance of roles, responsibilities and accountability at Board level.

The distinct roles of the Chairman and the CEO are mentioned in the Board Charter of the Company, which is available at the Company's website.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

1.4 Qualified and Competent Secretaries

In performing their duties, all Directors have access to the services of the Company Secretaries. The Company Secretaries act as the corporate governance counsel and ensure good information flow within the Board, Board Committees and the Management. The Company Secretaries attended all meetings of the Board and Board Committees and advises the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016 ("the Act"), MMLR, MCGG 2021 and other relevant rules and regulations.

1.5 Access to Information and Advice

All Directors have unrestricted access to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports, operation reports on the Group's development and business strategies to ensure effective functioning of the Board.

In addition, the Audit Committee regularly communicates with the CEO and Senior Management when carrying out their duties and responsibilities and requests for additional information and clarification as and when necessary.

In order to discharge their duties, the Directors are provided with full and timely access to written reports and supporting information prior to Board meetings and are free to seek any further information they consider necessary. The Board's reports and papers include information on major financial, operational and corporate matters as well as activities and performance of the Group.

In furtherance of their duties, whenever independent professional advice is required by the Directors, external experts may be engaged at the Company's expense to provide additional insights and professional views, advice and explanations. Besides, all Directors also have direct access to the advice and services of the Company Secretaries who are capable of carrying out their duties.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board Charter serves as a reference and primary induction literature, providing all Board members and the Management insights into the fiduciary and leadership functions of the Board. It also clearly sets out the respective roles and responsibilities of the Board, Board Committees, individual directors and the Management.

The Board Charter is subject to periodic review and will be updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations. The Board Charter was reviewed and approved on 28 February 2024.

The Board Charter is available on the Company's website at www.harrisons.com.my

3. Promoting Good Business Conduct and Corporate Structure

3.1 Code of Ethics and Conduct

The Group is committed to achieving and monitoring high standards pertaining to behaviour at work.

The Board is strictly adhered to the Company Code of Conduct and Ethics for Directors and employees in discharging its oversight role effectively. The Code of Conduct and Ethics requires all Directors to observe high ethical business standards, apply these values to all aspects of the Group's business and professional practice, and act in good faith in the best interests of the Group and its shareholders. The Code of Conduct and Ethics for the Company Directors is incorporated in the Board Charter.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

3.2 Whistleblowing Policy

The Company has adopted a whistleblowing policy for the Group as a measure to promote the highest standard of corporate governance. The whistleblowing policy serves as a platform whereby all employees are encouraged to report genuine concerns about unethical behaviour or malpractices. Any such concerns should be raised with the Non-Independent Non-Executive Director of the Company, Mr Wong Yoke Kong.

The whistleblowing policy is available at the Company's website at www.harrisons.com.my.

3.3 Anti-Bribery and Corruption ("ABC") Policy

The Board has adopted the ABC Policy to incorporate the policies and procedures on anticorruption as guided by the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption which came into force on 1 June 2020.

The Group strictly prohibits all forms of bribery and corruption and will take all necessary steps to ensure that it complies with and conducts its business with transparency.

The ABC Policy is available on the Company's website at www.harrisons.com.my.

3.4 Sustainability Leadership

The Board takes cognisance of the importance of improving the values affecting stakeholders, employees, society, and the environment towards sustainability of the Group's business. The Board with consultation from management, oversees and evaluates the economic, environmental, social and governance issues and any other external matters that may affect the development of the Group's business or the interest of the shareholders, ensuring that the Company's strategies promote sustainability. The sustainability practices of the Group are disclosed in the Sustainability Statement, which is reviewed and approved by the Board.

The CEO leads the Group's sustainability practices across management and operational fronts, with respective division heads driving the division's sustainability practices.

The Group is fully committed to discharge its duty in curbing environmental concerns, ensuring safety and health of employees and consumers are safeguarded.

The Company recognises the importance of stakeholder engagement and engages with stakeholders through communication avenues such as dialogues, media engagement, general meetings, survey and feedback, annual and quarterly reports and announcements, and designated email, allowing stakeholders to communicate their views and concerns to the Board and Management.

Aside from environmental and social sustainability practices, the Group has adopted the Code of Conduct for Company Directors, the Whistleblowing Policy, and the Anti-Bribery and Corruption Policy to uphold high standards of governance practice across the Group and exercise zero tolerance against all forms of bribery and corruption. The codes and policies, which included in the Board Charter, are accessible to the public on the Company's website at www.harrisons.com.my.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Part II – Board Composition

4. Strengthen Board's Objectivity

4.1 Board Composition

As at the date of this statement, the Board has six (6) members, comprising one (1) Executive Director, three (3) Non-Independent Non-Executive Directors and two (2) Independent Non- Executive Directors.

The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR that requires at least two (2) or one-third (1/3) of the Board, whichever is the higher, are Independent Directors.

The Board deems that its composition is appropriate in terms of its membership and size as there is a good mix of skills and experience in the Board membership and no imbalance in power and authority. The Directors, with their differing backgrounds and specialisations, collectively bring with them a wide range of business, commercial and financial and legal knowledge, expertise and skills essential in the management and direction of the Group with regional presence.

In line with the amendment to the Listing Requirements, the Board had on 22 June 2022 approved and adopted the Directors' Fit and Proper Policy to ensure that the Board's composition, quality and integrity is maintained and up to expectations in line with Paragraph 15.01A of MMLR. The Fit & Proper Policy can be viewed at the Company's website.

The profile of the Directors is set out in this Annual Report.

4.2 Independent Non-Executive Director

The presence of Independent Non-Executive Directors provides a pivotal role in corporate accountability. The role of the Independent Non-Executive Directors is particularly important as they provide independent and objective views, advice and judgment and ensure strategies proposed by the CEO and Management are thoroughly discussed and evaluated, and that the long-term interests of the Group and stakeholders are considered. The Independent Non-Executive Directors do not participate in the operation of the Group in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board. Two (2) out of the five (5) Non-Executive Directors are Independent Directors and are able to express their views without any constraint. This strengthens the Board, whereby independent views are expressed and taken into consideration before any decisions are made.

4.3 Tenure of Independent Director

The Board takes note that the MCCG 2021 recommends that the tenure of an Independent Non-Executive Director shall not exceed accumulative term of nine (9) years unless shareholders' approval is obtained to retain such Director as an Independent Non-Executive Director through a two-tier voting.

The Board on the review and recommendation made by the Nomination Committee is unanimous in its opinion that all the Independent Directors have fulfilled the criteria under the definition of an Independent Director as set out under Paragraph 1.01 of the MMLR of Bursa Securities. The Independent Directors have also declared their independence to the Board under the annual Board evaluation process during the financial year 2023.

The Board believed that the independence of Independent Non-Executive Directors remained unimpaired and their judgment over business dealings of the Company was not influenced by the interest of the other Directors or Substantial Shareholders.

As of to-date, none of the Independent Non-Executive Director has exceeded a cumulative term of nine (9) years as at the date of this Statement.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

4.4 Policy of Independent Director's Tenure

The Board has adopted a nine-year policy for Independent Non-Executive Directors. An Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. Otherwise, the Board will justify its decision and seek shareholders' approval through a two-tier voting process at the AGM, in the event the Director is to be retained as an Independent Non-Executive Director.

4.5 Diverse Board and Senior Management Team

The Company has adopted a Board Diversity Policy and strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which includes the selection of Board members. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

The Group shall endeavour to meet the diversity at the senior management level and the composition of the Key Senior Management of the Group comprises a mixture of both genders.

4.6 Gender Diversity

The Board acknowledges the importance of boardroom diversity and the practice of the MCCG 2021 pertaining to the establishment of a gender diversity policy.

The Board had established the Boardroom Diversity Policy as set out in Appendix 6 of the Board Charter of the Company, which is available on the Company's website.

The Company has one (1) female director for the time being and will endeavour to achieve 30% female director. Nonetheless, the Company will endeavour to achieve a higher target through progressive refreshing of the Board as it implements the nine-year policy for Independent Non-Executive Director.

4.7 Identification of New Candidates for Appointment of Directors

The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership proposed by the Management or any Director or Shareholder, taking into consideration the candidates' skills, knowledge, expertise, experience, age, time commitment, character, cultural background and gender based on the Fit & Proper Policy of the Company.

The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determines skills matrix to support strategic direction and needs of the Company.

In identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing directors, management or major shareholders. The Board utilises independent sources to identify suitably qualified candidates. If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nomination Committee would assess and provide an explanation on why these source(s) are sufficient and other sources were not considered.

4.8 Nomination Committee

The Nomination Committee is established to identify, assess and recommend new nominees to the Board and evaluate annually the performance of all Board members. It assists the Board in reviewing the required mix of expertise, skills, experience, qualifications and assesses the effectiveness of the Board as a whole, tenure and the contribution of each individual Director. There were one (1) meeting held in the financial year under review.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board, through the Nomination Committee, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

The Nomination Committee has reviewed the independence and performance of the Independent Directors and is satisfied that they have been able to discharge their responsibilities in an independent manner.

Based on the above assessment in 2023, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors, and their ability to bring independent and objective judgment to Board deliberations.

The terms of reference of the Nomination Committee outlining the composition, proceeding of meetings, authority and duties and responsibilities was reviewed on 11 April 2022 and is available on the Company's website.

The Nomination Committee comprises wholly Non-Executive Directors of which majority are Independent Directors and the members are as follows:-

No.	Name of Directors	Designation
1.	Mr Felix Leong (Chairman)	Senior Independent Non-Executive Director
2.	Mr Pandijono Adijanto (Member)	Non-Independent Non-Executive Director
3.	Datuk Lim Tong Lee (Member)	Independent Non-Executive Director

Notes :

- (1) Mr Chong Chee Fire resigned as a member of Nomination Committee on 11 April 2023.
- (2) Datuk Lim Tong Lee appointed as a member of Nomination Committee on 11 April 2023.

The Nomination Committee has assessed and is satisfied with the current size of the Board, and with the mix of qualifications, skills and experience among the Board members.

For the financial year ended 31 December 2023, the Nomination Committee had conducted one (1) meeting and has discharged its duties as below:-

- Assessed the contribution of each individual Director;
- Reviewed the Board structure, size, composition and the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which Directors should bring to the Board and other qualities to function effectively and efficiently;
- Reviewed and assessed the independence of Independent Non-Executive Directors;
- Considered the continuation of office of the Independent Non-Executive Directors who have served for a cumulative term of more than nine (9) years at the AGM of the Company.
- Reviewed and recommended to the Board, re-election and re-appointment of Directors who will be retiring at the forthcoming AGM of the Company;
- Reviewed the performance of the Chief Financial Officer;
- Evaluated training needs of Directors and noted the training programmes attended by Directors;
- Reviewed the terms of office of the Audit Committee and each member of the Audit Committee;
- Recommend to the Board the nomination of a person or persons to be a Board member(s) by shareholder(s) or Director(s); and
- Recommend to the Board, Directors to fill the seats on Board Committees.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

5. Overall Board Effectiveness

5.1 Annual Evaluation

The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis. The Board evaluation comprises a Board Assessment, an Individual Assessment and an Assessment of Independence of Independent Directors.

The assessment of the Board is based on specific criteria, covering areas such as the Board operations, stakeholder relationship, and roles and responsibilities of the Board and the Board Committees and the Chairman's role and responsibilities. For Individual Director Assessment, the assessment criteria include areas of contribution and interaction with peers, quality of inputs, and understanding of role and independence of Independent Directors.

The results of the assessment would form the basis of the Nomination Committee's recommendation to the Board for the re-election of Directors at the next AGM.

Based on the annual assessment conducted for financial year 2023, the Nomination Committee was satisfied with the existing Board composition and was of the view that all Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and has performed competently and effectively.

5.2 Re-election of Retiring Directors

In accordance with the Company's Constitution, one third (1/3) of the Directors are subject to retirement by rotation annually and all Directors shall retire from office once at least every three years.

The Directors to retire each year are the Directors who have been longest in office since their last appointment on re-election. The Directors appointed during the financial year are subject to retirement at the next AGM held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election.

The Board makes recommendations concerning the re-election, re-appointment and the continuation in office of any Director for shareholders' approval at the next AGM.

The Nomination Committee has considered the assessment of Ms Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto) and Mr Wong Yoke Kong, the Directors standing for re-election and collectively agreed that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their roles as Directors.

The Board is recommending shareholders to re-elect Ms Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto) and Mr Wong Yoke Kong as a Director at the forthcoming AGM.

5.3 Board Commitment

The Directors are aware of the time commitment expected from them to attend to matters of the Group in general, including attendance at meetings of the Board and Board Committees and other types of meeting. The Board and Board Committee meetings for each financial year are scheduled in advance for Directors to plan their schedule ahead.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The attendance record of the Directors at Board and Board Committee meetings during the financial year under review is set out as follows:-

Meeting Attendance	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management & Sustainability Committee
Mr Pandijono Adijanto	5/5	-	1/1	1/1	-
Mr Chang Kon Sang	5/5	-	-	-	-
Ms Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto)	5/5	-	-	-	-
Mr Wong Yoke Kong	5/5	5/5	-	-	5/5
Mr Chong Chee Fire (Resigned on 11 April 2023)	2/2	2/2	1/1	1/1	2/2
Mr Felix Leong	5/5	5/5	1/1	1/1	5/5
Datuk Lim Tong Lee (Appointed on 11 April 2023)	3/3	3/3	-	-	3/3

Note : Datuk Lim Tong Lee appointed as Independent Non-Executive Director on 11 April 2023 in place of Mr Chong Chee Fire.

5.4 Overall Board Effectiveness

All the Directors have complied with the minimum attendance requirements as stipulated in the MMLR of Bursa Securities during the financial year.

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold directorships at more than five (5) public listed companies and shall notify the Chairman before accepting any new directorship.

5.5 Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities.

The Board will assume the onus of determining and overseeing the training needs of the Directors. During the financial year under review, the Directors have attended the following training, seminars, conferences and exhibitions which they considered vital in keeping abreast with changes in laws and regulation, business environment, and corporate governance development:



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

No.	Name of Director	Course Attended	Conducted by
1.	Mr Pandjijono Adijanto	<ul style="list-style-type: none"> In-House View for The Year 2023 CIO View House 	<ul style="list-style-type: none"> Deutsch Bank Deutsch Bank
2.	Ms Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto)	<ul style="list-style-type: none"> Investment Outlook 2023 	<ul style="list-style-type: none"> The Liechtenstein Global Trust Bank
3.	Mr Chang Kon Sang	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II: Leading for Impact (LIP) Navigating Sustainability Reporting in Corporate Malaysia 	<ul style="list-style-type: none"> Institute of Corporate Directors Malaysia PricewaterhouseCoopers PLT
4.	Mr Wong Yoke Kong	<ul style="list-style-type: none"> Cyber Threats & Risk Post – Pandemic – How Secure Are You 	<ul style="list-style-type: none"> Bursa Malaysia
5.	Mr Felix Leong	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II: Leading for Impact (LIP) Cyber Security- What Directors Need To Know Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers 	<ul style="list-style-type: none"> Institute of Corporate Directors Malaysia Ernst & Young Bursa Malaysia
6.	Datuk Lim Tong Lee	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II: Leading for Impact (LIP) Advocacy Session for Directors and CEOs of Main Market Listed Issuers TCFD and Climate Disclosures for Singapore Companies 	<ul style="list-style-type: none"> Institute of Corporate Directors Malaysia Bursa Malaysia InCorp Global

Note : Datuk Lim Tong Lee appointed as Independent Non-Executive Director on 11 April 2023.

The Board recognises the importance of continuous training for Directors to enable them to discharge their duties effectively. The Directors undergo training programme and seminars from time to time and as when necessary, to constantly update themselves and keep abreast with industrial sector issues, the current and future developments of the Group's business and industry that may affect their roles and responsibilities.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Part III - Remuneration

6. Level and Composition of Remuneration

6.1 Remuneration Policy

The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors and key senior management officers are sufficiently attractive to attract and retain persons of high calibre.

The Board has adopted policies and procedures to determine the remuneration of Directors and Senior Management in line with the business strategy and long-term objectives of the Group.

The remuneration policy which was incorporated into the Board Charter of the Company and the terms of reference of the Remuneration Committee are available on the Company's website.

The Remuneration Committee reviews annually the Directors' Fee (including Non-Executive Directors) for recommendation and approval by the Board. The Directors' remuneration payable to the Non-Executive Directors will be tabled at the AGM for approval by shareholders.

The Remuneration Committee comprises wholly Non-Executive Directors as below, of which majority are Independent Directors:-

No.	Name of Directors	Designation
1.	Mr Pandjijono Adjianto (Chairman)	Non-Independent Non-Executive Director
2.	Mr Felix Leong (Member)	Senior Independent Non-Executive Director
3.	Datuk Lim Tong Lee (Member)	Independent Non-Executive Director

Notes :

- (1) Mr Chong Chee Fire resigned as a member of Remuneration Committee on 11 April 2023.
(2) Datuk Lim Tong Lee appointed as a member of Remuneration Committee on 11 April 2023.

The Remuneration Committee reviews the remuneration policy each year with a view to ensuring it is fair and able to attract and retain talent who can add value to the Group. The Non-Executive Directors' fees are tabled at the Company's AGM for approval.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

7. Remuneration of Directors and Senior Management

7.1 Detailed Disclosure of Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received and/or receivable from the Company and its subsidiaries in the financial year ended 31 December 2023 are as follows:

COMPANY

	RM'000		
	Fees/ Emoluments/ Salary	Allowances (inclusive of defined contribution plan)	Total
Non-Executive Directors			
• Pandjijono Adijanto	157	3	160
• Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto)	79	2	81
• Wong Yoke Kong	91	3	94
• Chong Chee Fire	25	1	26
• Felix Leong	91	3	94
• Datuk Lim Tong Lee	66	1	67
Total	509	13	522

Notes :

- (1) Mr Chong Chee Fire resigned as Independent Non-Executive Director on 11 April 2023.
(2) Datuk Lim Tong Lee appointed as Independent Non-Executive Director on 11 April 2023.

GROUP

	RM'000					
	Salary (inclusive of defined contribution plan)	Fees	Bonus (inclusive of defined contribution plan)	Allowances	Benefits- In-Kind	Total
Executive Director						
• Chang Kon Sang	684	-	946	-	58	1,688
Non-Executive Directors						
• Pandjijono Adijanto	-	157	-	3	-	160
• Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto)	-	79	-	2	-	81
• Wong Yoke Kong	-	91	-	3	-	94
• Chong Chee Fire	-	25	-	1	-	26
• Felix Leong	-	91	-	3	-	94
• Datuk Lim Tong Lee	-	66	-	1	-	67
Total	684	509	946	13	58	2,210

Notes :

- (1) Mr Chong Chee Fire resigned as Independent Non-Executive Director on 11 April 2023.
(2) Datuk Lim Tong Lee appointed as Independent Non-Executive Director on 11 April 2023.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

7.2 Remuneration of Top Senior Management and Non-Executive Directors

The details of the aggregate remuneration of the top 5 Senior Management staff and 5 Non-Executive Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the financial year 2023 are categorized as follows :

Key Management Personnel	Group (RM'000)	Company (RM'000)
Fees and allowances	733	522
Salaries and bonuses ^[1]	4,938	-
Benefits-in-kind ^[2]	147	-
Total	5,818	522

Notes :

[1] Salaries and bonuses comprised basic salary, bonus, allowance, EPF and SOCSO.

[2] Benefits-in-kind comprised provision of company motor vehicles and petrol.

The number of Senior Management staff whose total remuneration falls within the following bands are as follows:

Remuneration Range (RM)	Number of Senior Management staff
Between 550,001 to 600,000	1
Between 900,001 to 950,000	1
Between 950,001 to 1,000,000	1
Between 1,150,001 to 1,200,000	1
Between 1,650,001 to 1,700,000	1

The Board acknowledges the need for transparency in the disclosure of its key Senior Management remuneration. However, the Board is of the opinion that the disclosure of remuneration details may be detrimental to its business interests, given the competitive landscape for key personnel with the requisite knowledge, technical expertise and working experience in the Group's business activities, where intense headhunting is a common industry challenge. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.

In addition, the Board is of the view that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the top five Senior Management personnel who are not Directors.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle B: Effective Audit and Risk Management

Part I – Audit Committee

8. Audit Committee

The Board strives to provide true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts, in accordance with the Malaysia Financial Reporting Standards ("MFRS") and MMLR of Bursa Securities.

The Audit Committee exercises professional oversight of the integrity of the financial reports before presenting the financial statements to the Board for approval. The Audit Committee also provides assurance to the Board, with support and clarifications from the External Auditors that all the statutory financial statements and reports presented are in compliance with applicable laws and accounting standards and give a true and fair view of the Group's performance and financial position. The Audit Committee has also reviewed the provision of non-audit services by the External Auditors during the year and concluded that the provision of these services did not compromise the External Auditors' independence.

The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

In the assessment of the External Auditors, the Audit Committee considered several factors, which included adequacy of experience and resources of the firm and the professional staff assigned to the audit and independence of Messrs. PricewaterhouseCoopers PLT.

Based on the Audit Committee's assessment, the Board was satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for year 2023. In view thereof, the Audit Committee recommended the re-appointment of Messrs. PricewaterhouseCoopers PLT to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM.

The Board has private sessions and dialogues through the Audit Committee with the External Auditors, in the absence of the Executive Directors and Management. For the year under review, there were two (2) private sessions with the External Auditors held where there was an exchange of views in relation to the financial reporting of the Group and other issues that needed attention, if any.

The composition of membership and the terms of reference of the Audit Committee and other pertinent information about the Audit Committee and its activities are highlighted in the Audit Committee Report set out on pages 53 to 56 of the Annual Report.

Part II – Risk Management and Internal Control Framework

9. Risk Management and Internal Control Framework

The Board oversees reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls through the Risk Management & Sustainability Committee. The Risk Management & Sustainability Committee defines the level of risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/significant risk faced by the Group.

The Risk Management & Sustainability Committee is governed by the terms of reference which outlines its scope, duties and responsibilities. The membership of the Risk Management & Sustainability Committee is stated in the Corporate Information of this Annual Report. The terms of reference of the Risk Management & Sustainability Committee is available for viewing at the corporate website at www.harrisons.com.my.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

During the financial year ended 31 December 2023, five (5) Risk Management & Sustainability Committee meetings were held. The activities carried out by the Risk Management & Sustainability Committee were as follows:

1. Reviewed the identified key risks and the controls in place to mitigate the risks; and
2. Reviewed and discussed the Risk Assessment and Assurances Reports of the Company and its subsidiaries.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the Statement on Risk Management and Internal Control.

10. Governance, Risk Management and Internal Control Framework

Relevant Internal Control Systems are implemented for the day-to-day operations of the Group. The Internal Audit Department has an independent reporting channel to the Audit Committee and is authorised to conduct independent audits of all the departments and offices within the Group and reports the findings to the Audit Committee at the end of each quarter.

The Audit Committee reviews, deliberates and decides on the next course of action and evaluates the effectiveness and efficiency of the Internal Control Systems in the organisation.

The Internal Control Systems are designed to manage and mitigate rather than eliminate the risk of failure in achieving the Group's corporate objectives and safeguarding the Group's assets as well as investors' interests.

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Part I – Communication with Stakeholders

11. Continuous Communication Between Company and Stakeholders

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and as such has various channels to maintain communication with them. The annual report, quarterly announcements on financial results, relevant announcements on the Group's business and activities, as well as the Company's website are the primary mode of communication to all its stakeholders.

The Company is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

The Company's website, www.harrisons.com.my is established for the shareholders and stakeholders to access information regarding the Group. Information on the website includes amongst others the Group's corporate structure, main business activities and announcements to Bursa Securities.

Part II – Conduct of General Meetings

12. Shareholder Participation at General Meetings

The AGM is the principal forum for dialogue and interaction with the shareholders of the Company. The Company values feedback from its shareholders and therefore, encourages shareholders to attend and participate in the general meeting to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group at the AGM.

In order to encourage shareholders' participation at the AGM, the Company sends out the notice of AGM at least 28 days to allow sufficient time for shareholders to make arrangements to attend either in person, by corporate representative, proxy or attorney.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

All the Directors shall endeavour to present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company at the AGM. During the AGM, the Board encourages shareholders' participation in deliberating resolutions being proposed or on the Group's operation in general. The Directors, CFO and External Auditors will be in attendance to respond to the shareholders' queries.

The 33rd AGM was held virtually on 20 June 2023 and afforded an opportunity to the shareholders to participate and vote at the AGM (including submitting questions directly to the Board both prior to and during the AGM). All the Directors, External Auditors and Senior Management attended the said AGM online and responded to questions raised by shareholders.

The Minutes of the 33rd AGM was made available on the Company's website.

At its fully 33rd AGM, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolutions.

Compliance Statement

Following the launch of the MCCG 2021 in April 2021, the Company has undertaken gap analysis to identify the new corporate governance practices under the MCCG 2021 against the existing practices in the Company.

During the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders. In light of the improvements in the corporate governance regulations, the Board has reviewed and updated (if necessary) its existing board charter, policies and procedures, etc.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

As at the date of this statement, the Board is satisfied with the current composition of the Board by comprising two (2) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors and one (1) Executive Director and believed that the existing composition enable efficient corporate/board decisions to be made amongst the Board members.

The current Non-Independent Non-Executive Chairman, Mr Pandjijono Adijanto being the President of Bumi Raya Group, a major shareholder of the Company, is appropriate for the role with his abundant experience, strength and understanding of the businesses and industries to provide constructive advice and guidance to the Board and Management without compromising the balance of power and authority amongst the Board.

The Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest. The Board has also demonstrated their independence and is free from any businesses or other relationships which may interfere with the exercise of their independent judgement.

This Corporate Governance Overview Statement was approved by the Board on 8 April 2024.



OTHER DISCLOSURES

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate exercise during the financial year.

2. AUDIT AND NON-AUDIT FEES

The auditors' remuneration including non-audit fees for the Company and the Group for the financial year ended 31 December 2023 are as follows:-

Details of Audit Fees	Group (RM'000)	Company (RM'000)
- Audit Fees	934	249
- Non-Audit Fee	165	18
Total	1,099	267

3. MATERIAL CONTRACTS INVOLVING DIRECTORS OR CHIEF EXECUTIVE WHO IS NOT A DIRECTOR AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries which involved the interest of Directors or Chief Executive who is not a Director or Major Shareholders subsisting at the end of the financial year ended 31 December 2023.

4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE ("RRPT")

There was no Shareholders' Mandate obtained in respect of RRPT during the financial year. However, details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 29 of the Financial Statements.

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STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible to prepare the Audited Financial Statements which will give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company for the financial year ended 31 December 2023.

In preparing those Audited Financial Statements, the Directors of the Company have:

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for ensuring that proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy on the disclosure of the financial position of the Group and of the Company, and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016 and the Malaysian Financial Reporting Standards. The Directors are also responsible for taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and of the Company and hence, to prevent and detect fraud and other irregularities.

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Paragraph 15.26(b) of the MMLR and Practices 10.1 and 10.2 of the Malaysian Code on Corporate Governance 2021 (“MCCG”) requires the Board of a listed company to include in its annual report a “Statement on Risk Management and Internal Control” of the Company as a Group for the financial year ended 31 December 2023.

BOARD RESPONSIBILITY

The Board recognises the importance and is committed to maintain a sound system of internal control and effective risk management system within the Group and is responsible for reviewing its adequacy and effectiveness of the Group’s Risk Management and Internal Control Systems.

The Group’s systems of internal controls are designed to manage rather than to eliminate the risk of failure to achieve the business objectives. The Board continuously reviews the systems to ensure that the risk management and internal control systems provide a reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has via the Audit Committee obtained the necessary assurance on the adequacy and effectiveness of the Group’s Risk Management and Internal Control Systems.

RISK MANAGEMENT PROCESS

The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group’s overall business operations and are guided by operational manuals, policies and procedures and are regularly reviewed by the Board whom are guided by the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

The main operating subsidiaries have their own respective Risk Working Committee, which comprises the senior managers for the critical functions of the Group. The respective Risk Working Committee meets quarterly where possible to:

- review and update the risk register; and
- assess the risk status and employ mitigation action plans when needed.

The main operating subsidiaries’ reports are submitted quarterly and reviewed by the CEO and Chief Financial Officer (“CFO”) and the significant risk, any changes and mitigation plans are highlighted and discussed at the Risk Management & Sustainability Committee, Audit Committee and Board meetings.

The Enterprise Risk Management process comprises:

(1) Risk Identification

All potential events that could adversely impact the achievement of business objectives including failure to capitalise on opportunities identified.

(2) Risk Evaluation

The identified risks are then assessed and analysed to determine the impact on the relevant business strategies/objectives and whether the risks are likely to occur:

- Possibility of the risk occurring; and
- Impact of the consequences on the relevant business strategies/objectives, taking into consideration, the degree of internal control and risk management measures in place.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

The Risk Register documents all identified risks, evaluation of the risk and action plans to mitigate and monitor the risk.

Likelihood	Low	Medium	High	Very High
Impact	Low	Medium	High	Very High

(3) Risk Mitigation

Risk Owners, who comprise, the Senior Managers and Heads of Departments of the respective main subsidiaries, are responsible for identifying the risks and developing action plans to mitigate these risks.

(4) Risk Monitoring

Ongoing monitoring of risk is conducted by each Risk Management & Sustainability Committee of the main subsidiaries quarterly to ascertain whether any conditions with a particular risk have changed and to ensure that actions and risk mitigation plans have been implemented. This is reported to the Risk Management & Sustainability Committee and Board quarterly.

(5) Risk Review

The risks are periodically reviewed to ensure that the policies and objectives remain relevant and effective under changing market and regulatory environment.

KEY RISKS

The Group views the following four (4) risks as being prevalent in the trading and distribution business that may significantly impact the Group's results:

- loss of distribution agencies;
- margin squeeze;
- market return and trade spend; and
- trade credit extended to customers

Steps to anticipate and mitigate these four (4) key risks are an integral part of the Group Risk Management.

INTERNAL CONTROL MATTERS

During the financial year, some other weaknesses in internal control processes were identified. However, these weaknesses were not considered material, and had not materially impacted the business or the operations of the Group. Nevertheless, measures have been taken or are being taken by the Management to address these weaknesses.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL PROCESS

The main features of the Group's Internal Control Systems established are summarised as follows:

- Organisation Structure

The Group maintains a defined organisation structure with clear lines of reporting and segregation of duties to ensure the Group achieves its strategies and objectives.

- Authorisation Procedures

The Group maintains a defined authority chart with clear authority limits and approval procedures. Delegation of authority including authorisation limits at various levels of management and those requiring Board's approval are documented and designed to ensure accountability and responsibility.

- Human Resource Structure

The Group adopts decentralised human resource functions that set out the procedures for recruitment, training and appraisal of the employees within the Group.

- Standard Operating Procedures

Documented standard operating policies and procedures are reviewed and updated, where applicable.

- Periodic Management Meeting

Regular meetings held at operational and management levels to identify and resolve operational and business matters. Deviation in targeted goals and corrective actions implemented where necessary are reported by the Heads of Department in the meetings.

- Insurance and Physical Safeguard

Adequate insurance and physical security of major assets are in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

- Budget and Performance Review

A detailed budgeting process including a capital expenditure budget is completed for the year ahead and approved by the Board annually. Budgetary control for significant operations of the Group, where actual performance is closely monitored against budget to identify and address significant variances and enable corrective actions to be taken to improve the achievement towards the budgeted results and eventually the Group's business objectives as a whole.

- Financial Reporting Timeline

Financial and operational reports are generated timely for Management's review and action.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT

The in-house Internal Audit function supports the Risk Management & Sustainability and Audit Committees and by extension, the Board, by providing reasonable independent appraisal of the adequacy and effectiveness of the internal control systems. The Internal Audit team concurrently plays a proactive role in facilitating operating companies in assessing their principal business risks and plans of actions to address these risks.

The Internal Auditor's role is to provide independent and objective reports on the Group Management's records, accounting policies and internal controls to Management, Risk Management & Sustainability Committee, Audit Committee and the Board. Upon completion of each audit, an internal audit report shall be generated and recommendations on weaknesses made are presented in the Risk Management & Sustainability Committee or Audit Committee Meeting to assist the Audit Committee in discharging its duties and responsibilities.

The Internal Audit Department undertakes Internal Audit functions based on the audit plan that is reviewed and approved by the Audit Committee. The audit plan covers review of adequacy of operational controls, risk management compliance with laws and regulations, quality of assets and management efficiency amongst others.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the Risk Management and Internal Control Systems of the Group.

BOARD ASSESSMENT

The Board is of the view that the Group's overall Risk Management and Internal Control Systems is operating adequately and effectively and has received the same assurances from the managing director of the main subsidiaries, the CEO and CFO. The assurance has been given based on the internal controls established and maintained by the Group, work performed and reports provided by the internal audit function, as well as reviews performed and confirmed by Senior Management and the Group Risk Management and Sustainability officer.

The Board recognises the importance of maintaining a sound System of Risk Management and Internal Control and will continue to monitor all major risks affecting the Group and take the necessary measures to enhance adequacy and the effectiveness of the Risk Management and Internal Control System of the Group.

This Statement was reviewed by the Audit Committee and approved by the Board on 8 April 2024.



REPORT OF THE AUDIT COMMITTEE

The Board of Directors of Harrisons is pleased to present the Report of the Audit Committee for the financial year ended 31 December 2023.

A. COMPOSITION OF THE AUDIT COMMITTEE

The composition of the Audit Committee complies with Paragraph 15.09 of the MMLR that all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors.

As at the date of this Annual Report, the Audit Committee comprises the following Non-Executive Directors:-

No.	Name of Directors	Designation
1.	Mr Felix Leong (Chairman)	Senior Independent Non-Executive Director
2.	Mr Wong Yoke Kong (Member)	Non-Independent Non-Executive Director
3.	Datuk Lim Tong Lee (Member)	Independent Non-Executive Director

Notes :

- (1) Mr Chong Chee Fire resigned as member of Audit Committee on 11 April 2023.
- (2) Datuk Lim Tong Lee appointed as member of Audit Committee on 11 April 2023.
- (3) Mr Wong Yoke Kong was re-designated as Non-Independent Non-Executive Director on 31 May 2023.

During the financial year, the Board, through the Nomination Committee has reviewed the term of office and assessed the performance of the Audit Committee. The Board is satisfied that the Audit Committee has discharged its duties in accordance with Terms of Reference.

B. MEETINGS

During the financial year, a total of five (5) meetings were held, and the details of attendance of the Audit Committee members are as follows:-

No.	Name of Directors	No. of Meetings attended
1.	Mr Wong Yoke Kong	5/5
2.	Mr Felix Leong	5/5
3.	Mr Chong Chee Fire	2/2
4.	Datuk Lim Tong Lee	3/3

Notes :

- (1) Mr Chong Chee Fire resigned as member of Audit Committee on 11 April 2023.
- (2) Datuk Lim Tong Lee appointed as member of Audit Committee on 11 April 2023.

The External Auditors attended three (3) Audit Committee meetings in 2023 to present their reports and findings in relation to the Audited Financial Statements for financial year ended 31 December 2023.

The Audit Committee also deliberated and voted on the written resolutions circulated to the Audit Committee together with detailed explanation, if any. Ample time was given to all Audit Committee members in order for them to make informed and constructive decisions.



REPORT OF AUDIT COMMITTEE (CONT'D)

The Audit Committee has full access to and co-operation from the Management. The Audit Committee also has full discretion to invite any Director or Management to attend its meetings and has been given adequate resources to discharge its functions.

The requirement for a former partner of the external audit firm of the Company to observe a cooling-off period of at least three years before being appointed as a member of the AC is reflected into the Terms of Reference of Audit Committee. None of the AC members were former partners of the external audit firm of the Company within three years preceding the financial year 2023.

C. SUMMARY OF WORKS OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The works carried out by the Audit Committee in discharging its duties and functions with respect to their responsibilities during the financial year were summarised as follows:

Financial Reporting

The Audit Committee reviewed the quarterly and annual financial statements required by Bursa Securities with the Management prior to making recommendation for the Board's approval. The review focused on changes in accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with the MMLR and other legal requirements.

The Audit Committee keeps itself appraised of changes in accounting policies and guidelines through regular updates by the External Auditors.

External Audit

The Audit Committee has discussed with the External Auditors the audit plan and scope of work for the Group, and the report on the audit of the year-end financial statements; reviewed audit findings and reservations arising from the audits, significant accounting issues and any matter the External Auditors may wish to discuss; reviewed the External Auditors' management letter and Management's responses thereto; and reviewed the External Auditors' objectivity and independence.

Significant matters requiring follow-up were highlighted for the reports by the External Auditors to the Audit Committee. In accordance with International Standards on Auditing, key audit matters which in the opinion of the external auditors were of most significance in their audit of the Annual Financial Statements were brought to the attention of the Audit Committee and highlighted and addressed by the External Auditors in their report.

In assessing independence, the Audit Committee has reviewed the fees and expenses paid to the External Auditors during the year. The Audit Committee is of the opinion that the Auditors' independence has not been compromised based on the confirmation provided by the External Auditors.

During the financial year, two (2) private sessions were held between the Audit Committee and the External Auditors without the presence of any Executive Directors and the Management to discuss any issue arising from the audit. There were no areas of concern that warranted escalation to the Board.

Internal Audit

The Audit Committee has reviewed with the Internal Auditors the internal audit reports and monitored/ followed-up on the remedial action; reviewed the corrective actions taken by the Management in addressing and resolving issues as well as ensuring that all key issues were adequately address on timely basis; and ensured the adequacy of the independence, competency and resource sufficiency of the Internal Audit function.



REPORT OF AUDIT COMMITTEE (CONT'D)

Related Party Transactions

The Audit Committee has reviewed the potential related party transaction and any conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of the Management integrity.

Annual Reporting

The Audit Committee has reviewed the Statement on Risk Management and Internal Control and Audit Committee Report in accordance with the MMLR and Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuer, for inclusion into the Annual Report.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Terms of Reference of the Audit Committee, which outlines the composition, proceeding of meeting, authority and duties and responsibilities, is available on the Company's website. The Terms of Reference of the Audit Committee was last reviewed and revised on 28 February 2024.

INTERNAL AUDIT FUNCTION

Internal Audit Function

The group maintains an internal audit department ("IAD"), which is an independent appraisal function. Internal auditors are independent of the activities they audit.

The group IAD is a corporate member of the Institute of Internal Auditors Malaysia. The activities and processes of IAD are guided by Audit Charter and generally refer to the standards of the International Professional Practices Framework of the Institute of Internal Auditors.

The Head of Internal Audit is a member of the Institute of Internal Auditors Malaysia, Malaysian Institute of Accountants, and Association of Chartered Certified Accountants. The Head of IA is assisted by three internal auditors and has a functional reporting line to Audit Committee Chairman. All internal auditors have at least a relevant tertiary education and professional qualification.

The Audit Committee reviewed and approved the Internal Audit Plan for financial year 2023. IAD adopts a risk-based approach and by reference to risk management report submitted by subsidiaries in the development of its audit plan.

The group Internal Audit Department had covered operational audits and financial audits to branches in Sabah and Sarawak and one subsidiary in Peninsular Malaysia. There also involved providing advisory on compliance matters and assessed the adequacy and effectiveness of key internal controls to manage risks identified.

Summary of works performed by Internal Audit

The main activities IAD undertook during financial year 2023 encompassed the following:

1. Reviewed of trade receivables for credit risk exposure, effective of credit control and collateral management
2. Reviewed of inventory management including indenting timing and criteria in consideration, first expiry stocks first out basis, market return rate at acceptable level, timely and effective control over ageing stocks at warehouse and at trade premises, and the effectiveness and efficiency of storage management to ease stock access and delivery.



REPORT OF AUDIT COMMITTEE (CONT'D)

3. Reviewed stocks expiring below 12 and 6 months and actions to reduce expired stocks written off.
4. Reviewed safety and maintenance activities for its adequacy and implementation for all warehouses in each branch.
5. Reviewed the claims process against principals are timely filed and reimbursed aided by an effective tracking and monitoring system.
6. Reviewed provision for doubtful debts is applied consistently according to policy set and the change of allowance on inventory obsolescence by expiry policy, the adherence to policy over income recognition.
7. Special review to fidelity risk on cash collection business was also carried out.
8. New retailing subsidiary in operation is first reviewed for adequacy and effectiveness of the key internal control system.
9. Followed up on unresolved audit issues on the implementation and continuity of management action in addressing control inadequacy.

The operation cost incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2023 amounted to RM761,000.



DIRECTORS' REPORT

The Directors are pleased to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

DIRECTORS

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

Pandjijono Adijanto

Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto)

Felix Leong

Wong Yoke Kong

Chang Kon Sang

Datuk Lim Tong Lee

Chong Chee Fire

(Appointed on 11 April 2023)

(Resigned on 11 April 2023)

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group consist of marketing, sales and distribution of building materials, industrial and agricultural chemical products, liquor products, consumer goods, engineering and the operation of retail, shipping, insurance and travel agencies. Details of the principal activities of the subsidiaries are shown in Note 19 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	<u>Group</u> RM'000	<u>Company</u> RM'000
Profit for the financial year	<u>68,798</u>	<u>44,971</u>

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures for the financial year ended 31 December 2023.



DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' remuneration disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or by 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 except that certain Directors may be deemed to have derived benefits by virtue of transactions conducted in the normal course of business between the companies in the Group and companies in which these Directors are deemed to have an interest (see Note 29 to the financial statements).

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

DIVIDEND

Dividend declared and paid by the Company since the end of the previous financial year was as follows:

	RM'000
In respect of the financial year ended 31 December 2022, final dividend of RM0.50 per ordinary share paid on 18 August 2023	<u>34,238</u>

The Directors recommend the payment of a final dividend of RM0.50 per share, amounting to net dividend payment of RM34.2 million in respect of the financial year ended 31 December 2023, subject to the approval of the members at the forthcoming Annual General meeting of the Company.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares in the Company			
	At 1.1.2023	Acquired	Disposed	At 31.12.2023
Pandjijono Adijanto	89,000	-	-	89,000
Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto)	9,000	-	-	9,000
Wong Yoke Kong	169,000	-	-	169,000
Chong Chee Fire (Resigned on 11 April 2023)	150,000	-	-	150,000



DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION

The aggregate amount of emoluments receivable by Directors during the financial year is as follows:

	<u>Group</u> <u>2023</u> RM'000	<u>Company</u> <u>2023</u> RM'000
Fees and allowances	522	522
Salaries and other emoluments	1,417	-
Defined contribution plan	213	-
	<u>2,152</u>	<u>522</u>
Estimated monetary value of benefits-in-kind	<u>58</u>	<u>-</u>

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a liability insurance for the Directors and Officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Group. The total amount of any indemnity cover given by the Company to Directors against damages in the discharge of their duties is RM10 million collectively for all Directors. The amount of premium paid by the Company for all the Directors is RM72,090 in 2023.

DIRECTORS OF THE SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report and statement is as follows:

Ang Lian Wal	Lim Yong Keong
Chan Jun Hao, David	Low Kong Choon
Chang Kon Sang	Lo Chow Nyian
Chin Chee Heun @ Nelson	Spencer Ho Kwang Beng
Danny Lo Tuong Ming	Tee Chee Chiang
Ho Gee Leng	
Lim Hong Chin	



DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report:
 - (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.
- (d) No contingent 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 affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
 - (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.



DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

Details of the subsidiaries and the subsidiaries' holding of shares in other related corporations are set out in Note 19 to the financial statements.

AUDITORS' REMUNERATION

	<u>Group</u> <u>2023</u> RM'000	<u>Company</u> <u>2023</u> RM'000
Auditors' remuneration:		
- statutory audit fees	934	249

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 18 April 2024. Signed on behalf of the Board of Directors:

FELIX LEONG
DIRECTOR

WONG YOKE KONG
DIRECTOR



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

We, Felix Leong and Wong Yoke Kong, two of the Directors of Harrisons Holdings (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 63 to 123 are drawn up 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 the financial performance of the Group and of the Company for the financial year ended 31 December 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 April 2024.

FELIX LEONG
DIRECTOR

WONG YOKE KONG
DIRECTOR

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

I, Low Kong Choon (MIA No. 6635), being the Officer primarily responsible for the financial management of Harrisons Holdings (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 63 to 123 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LOW KONG CHOON

Subscribed and solemnly declared by the abovenamed Low Kong Choon at Kuala Lumpur on 18 April 2024, before me.

R.S. VANMATHI
COMMISSIONER FOR OATHS
W871



STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Revenue	6	2,257,077	2,174,115	47,230	42,896
Cost of sales		(1,993,550)	(1,919,964)	-	-
Gross profit		263,527	254,151	47,230	42,896
Other operating income		4,769	3,826	280	(558)
Selling and distribution costs		(19,194)	(19,505)	-	-
Administrative expenses		(152,199)	(142,981)	(2,889)	(2,411)
Finance costs	7	(7,386)	(5,614)	(3)	(3)
Profit before taxation	8	89,517	89,877	44,618	39,924
Taxation	10	(20,719)	(21,896)	353	(430)
Profit for the financial year		68,798	67,981	44,971	39,494
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss</i>					
Change in fair value of financial assets at FVOCI		375	338	346	327
		375	338	346	327
<i>Item that may be reclassified to profit or loss</i>					
Currency translation differences		1,421	1,231	-	-
Total comprehensive income for the financial year		70,594	69,550	45,317	39,821
Profit attributable to:					
- Owners of the Company		67,388	66,741	44,971	39,494
- Non-controlling interests		1,410	1,240	-	-
		68,798	67,981	44,971	39,494
Total comprehensive income attributable to:					
- Owners of the Company		68,791	67,968	45,317	39,821
- Non-controlling interests		1,803	1,582	-	-
		70,594	69,550	45,317	39,821
Earnings per share (sen)					
- Basic and diluted	11	98.41	97.47	65.67	57.68

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



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	36,796	53,237	306	298
Right-of-use assets	14	94,800	77,634	-	37
Investment properties	15	2,515	1,679	-	-
Deferred tax assets	16	11,689	10,796	93	93
Financial assets at FVOCI	17	3,447	3,073	3,097	2,752
Subsidiaries	19	-	-	85,944	84,744
Intangible asset	20	7,882	7,882	-	-
		157,129	154,301	89,440	87,924
CURRENT ASSETS					
Financial assets at FVTPL	18	21,109	23,546	20,954	21,371
Inventories	21	253,409	235,136	-	-
Trade and other receivables	22	361,557	321,759	5,505	58,193
Tax recoverable		2,208	861	95	-
Deposits, cash and bank balances	23	149,132	183,403	32,575	23,404
		787,415	764,705	59,129	102,968
CURRENT LIABILITIES					
Trade and other payables	24	262,570	249,568	757	803
Tax payable		3,379	5,141	-	322
Borrowings	25	152,595	172,145	-	53,000
Lease liabilities	26	14,681	13,207	9	35
		433,225	440,061	766	54,160
NET CURRENT ASSETS		354,190	324,644	58,363	48,808
NON-CURRENT LIABILITIES					
Deferred tax liabilities	16	2,414	2,403	-	-
Lease liabilities	26	54,046	56,615	-	8
		56,460	59,018	-	8
		454,859	419,927	147,803	136,724



STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2023

	Note	<u>2023</u>	<u>Group</u> <u>2022</u>	<u>2023</u>	<u>Company</u> <u>2022</u>
		RM'000	RM'000	RM'000	RM'000
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	27	68,523	68,523	68,523	68,523
Treasury shares	27	(18)	(18)	(18)	(18)
Other reserves		9,658	8,255	1,804	1,458
Retained earnings		371,418	338,268	77,494	66,761
		449,581	415,028	147,803	136,724
Non-controlling interests		5,278	4,899	-	-
		454,859	419,927	147,803	136,724

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Attributable to equity holders of the Company								
		Share capital RM'000	Treasury share RM'000	Currency translation difference RM'000	FVOCI reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total RM'000
Group										
At 1 January 2023		68,523	(18)	1,308	1,542	5,405	338,268	415,028	4,899	419,927
Profit for the financial year		-	-	-	-	-	67,388	67,388	1,410	68,798
Other comprehensive income:										
- Fair value changes of financial assets at FVOCI		-	-	-	375	-	-	375	-	375
- Currency translation differences		-	-	1,028	-	-	-	1,028	393	1,421
Total comprehensive income for the financial year		-	-	1,028	375	-	67,388	68,791	1,803	70,594
Transaction with owners:										
- Dividends	12	-	-	-	-	-	(34,238)	(34,238)	(1,424)	(35,662)
At 31 December 2023		68,523	(18)	2,336	1,917	5,405	371,418	449,581	5,278	454,859

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Attributable to equity holders of the Company							Non-controlling interest RM'000	Total RM'000
		Share capital RM'000	Treasury share RM'000	Currency translation difference RM'000	FVOCI reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2022		68,523	(18)	419	1,204	5,405	292,070	367,603	4,203	371,806
Profit for the financial year		-	-	-	-	-	66,741	66,741	1,240	67,981
Other comprehensive income:										
- Fair value changes of financial assets at FVOCI		-	-	-	338	-	-	338	-	338
- Currency translation differences		-	-	889	-	-	-	889	342	1,231
Total comprehensive income for the financial year		-	-	889	338	-	66,741	67,968	1,582	69,550
Transaction with owners:										
- Dividends	12	-	-	-	-	-	(20,543)	(20,543)	(886)	(21,429)
At 31 December 2022		68,523	(18)	1,308	1,542	5,405	338,268	415,028	4,899	419,927



STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

<u>Company</u>	<u>Note</u>	<u>Share capital</u> RM'000	<u>Treasury shares</u> RM'000	<u>FVOCI reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000
At 1 January 2023		68,523	(18)	1,458	66,761	136,724
Profit for the financial year		-	-	-	44,971	44,971
Other comprehensive income:						
- Fair value changes of financial assets at FVOCI		-	-	346	-	346
Total comprehensive income for the financial year		-	-	346	44,971	45,317
Transaction with owners:	12					
- Dividends		-	-	-	(34,238)	(34,238)
At 31 December 2023		68,523	(18)	1,804	77,494	147,803

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

<u>Company</u>	<u>Note</u>	<u>Share capital</u> RM'000	<u>Treasury shares</u> RM'000	<u>FVOCI reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000
At 1 January 2022		68,523	(18)	1,131	47,810	117,446
Profit for the financial year		-	-	-	39,494	39,494
Other comprehensive income:						
- Fair value changes of financial assets at FVOCI		-	-	327	-	327
Total comprehensive income for the financial year		-	-	327	39,494	39,821
Transaction with owners:						
- Dividends	12	-	-	-	(20,543)	(20,543)
At 31 December 2022		68,523	(18)	1,458	66,761	136,724

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



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		68,798	67,981	44,971	39,494
Adjustments for non-cash items:					
Allowance for/(Reversal of)					
loss allowance:					
- trade and other receivables		84	(5,363)	-	-
- amount due from a subsidiary		-	-	247	-
- amount due from an associate		30	161	-	-
(Reversal of)/Provision for obsolescence					
of inventories		(6,880)	5,152	-	-
Inventories written off		3,440	2,698	-	-
Property, plant and equipment:					
- depreciation		5,114	5,140	3	188
- loss/(gain) on disposal		98	(384)	-	(354)
- written off		1	-	-	-
Depreciation of investment properties		54	29	-	-
Depreciation of right-of-use assets		16,179	14,520	37	38
Gain on disposal of					
financial assets at FVTPL		(68)	(192)	(68)	(192)
Fair value loss on					
financial assets at FVTPL		789	1,454	789	1,495
Unrealised foreign exchange (gain)/loss		(35)	12	1	-
Dividend income		(1,012)	(992)	(47,230)	(42,896)
Interest income		(2,840)	(1,820)	(347)	(332)
Finance costs	7	7,386	5,614	3	3
Rent concession and property tax rebate		-	(157)	-	-
Lease derecognised		-	235	-	-
Lease modification		282	37	-	-
Tax expense		20,719	21,896	(353)	430
		112,139	116,021	(1,947)	(2,126)
Working capital changes:					
Inventories		(14,833)	(89,652)	-	-
Trade and other receivables		(39,876)	(22,229)	-	-
Trade and other payables		13,002	15,367	(46)	8
		70,432	19,507	(1,993)	(2,118)
Tax paid		(24,710)	(22,673)	(64)	(108)
Interest received		2,840	1,820	347	332
Net cash from operating activities		48,562	(1,346)	(1,710)	(1,894)



STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(9,282)	(24,033)	(11)	-
Proceeds from disposal of property, plant and equipment		257	396	-	369
Dividends received		1,012	992	1,012	992
Proceeds from sale of financial assets at FVTPL		61,942	25,913	30,866	22,536
Purchase of financial assets at FVTPL		(60,226)	(22,871)	(31,170)	(17,869)
Dividends received from subsidiaries		-	-	46,218	41,904
Investment in subsidiaries		-	-	(1,200)	(18,800)
Placement of fixed deposits with a licensed bank		(6,818)	-	-	-
Repayment from/(Advances) to subsidiaries		-	-	52,441	(49,632)
Net cash from investing activities		(13,115)	(19,603)	98,156	(20,500)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(7,386)	(5,614)	(3)	(3)
Drawdown of bankers' acceptances		797,229	610,192	-	-
Repayment of bankers' acceptances		(816,621)	(506,226)	-	-
Drawdown of revolving credit		9,000	21,000	-	-
Repayment of revolving credit		(11,000)	(21,500)	-	-
Drawdown of borrowings		-	-	-	53,000
Repayment of borrowings		-	-	(53,000)	(4,989)
Dividends paid		(35,662)	(21,429)	(34,238)	(20,543)
Lease payments – principal portion		(15,359)	(14,092)	(34)	(34)
Net cash from financing activities		(79,799)	62,331	(87,275)	27,431
NET MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR					
		(44,352)	41,382	9,171	5,037
TRANSLATION RESERVES		1,421	1,231	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		183,403	140,790	23,404	18,367
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	23	140,472	183,403	32,575	23,404



STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Note:

- (i) The acquisition of right-of-use ("ROU") assets during the financial year of RM13,611,000 (2022: RM10,070,000) is a non-cash transaction.
- (ii) The reconciliation of liabilities arising from financing activities is as follows:

Non-cash changes

	At 1.1.2023	Cash inflow	Cash Outflow (including interest)	Interest accretion	New lease	Modification	Rent concession/ Lease derecognised	At 31.12.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Bankers' acceptances	170,145	797,229	(820,712)	4,091	-	-	-	150,753
Bank overdrafts	-	1,842	-	-	-	-	-	1,842
Revolving credit	2,000	9,000	(11,081)	81	-	-	-	-
Lease liabilities	69,822	-	(18,450)	3,091	13,611	653	-	68,727

	At 1.1.2022	Cash inflow	Cash Outflow (including interest)	Interest accretion	New lease	Modification	Rent concession/ Lease derecognised	At 31.12.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Bankers' acceptances	66,179	610,192	(508,497)	2,271	-	-	-	170,145
Revolving credit	2,500	21,000	(21,609)	109	-	-	-	2,000
Lease liabilities	60,810	-	(17,204)	3,112	10,070	15,221	(2,187)	69,822

	At 1.1.2023	Cash inflow	Cash outflow (including interest)	Interest accretion	New lease	At 31.12.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
Lease liabilities	43	-	(37)	3	-	9
Borrowings	53,000	-	(53,000)	-	-	-

	At 1.1.2022	Cash inflow	Cash outflow (including interest)	Interest accretion	New lease	At 31.12.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
Lease liabilities	77	-	(37)	3	-	43
Borrowings	4,989	53,000	(4,989)	-	-	53,000

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group consist of marketing, sales and distribution of building materials, industrial and agricultural chemical products, liquor products, consumer goods, engineering and the operation of retail, shipping, insurance and travel agencies. Details of the principal activities of the subsidiaries are shown in Note 19 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

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

The address of the registered office of the Company is:

Level 13, Menara 1 Sentrum
201 Jalan Tun Sambanthan
Brickfields, 50470 Kuala Lumpur

The principal place of business of the Company is:

Unit 9A, 9th Floor
Wisma Bumi Raya
10, Jalan Raja Laut
50350, Kuala Lumpur

2. BASIS OF PREPARATION

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

The Group's and the Company's financial statements have been prepared under the historical cost convention, except as disclosed in this summary of material accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

(a) Standards, amendments to published standards and interpretation that are effective

The Group has applied the following amendments for the first time for the financial year beginning on 1 January 2023:

- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to MFRS 108 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS 112 'International Tax Reform—Pillar Two Model Rules'



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION (CONTINUED)

- (a) Standards, amendments to published standards and interpretation that are effective (continued)

The adoption of amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (b) Amendments to standards that have been issued but not yet effective

The Group and the Company will apply the following new amendments to published standards as set out below.

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 101 'Presentation of Financial Statements'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 'Lack of Exchangeability'

The effects of the above amendments to the existing standards are currently being assessed by the Directors.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below.

- (a) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

- (b) Investments in subsidiaries and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and associates, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

- (c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Gains and losses on disposals are determined by comparing the net proceeds with the carrying amounts and are included in other operating income and expenses in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

Freehold land is not depreciated as it has an infinite life. Depreciation on assets under construction commences when the assets are ready for their intended use. Other property, plant and equipment are depreciated on the straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives as summarised below:

Buildings	50 years
Motor vehicles	5 years
Furniture, fittings and equipment	3 years to 10 years

(d) Investment properties

Investment property is measured initially at its cost, including professional fees for legal services, property transfer taxes, other transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

Investment property is de-recognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains or losses on disposals are determined by comparing the net disposal proceeds with the carrying amount and are included in profit or loss.

At the end of each reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(f)(i) on impairment for non-financial assets.

(e) Intangible asset

Franchise right

Franchise right acquired in a business combination is recognised at fair value at acquisition date. Franchise right is not amortised but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. The carrying amount of the franchise right is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(f) Impairment of assets

(i) Impairment for non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The impairment loss is charged to profit or loss, and any subsequent increase in recoverable amount is recognised in profit or loss.

(ii) Impairment for trade and other receivables

The Group and the Company assess the expected credit losses ("ECL") associated with trade and other receivables on a forward-looking basis. The simplified approach is applied to measure ECL, which requires expected lifetime losses to be recognised from initial recognition of trade and other receivables. To measure the expected credit losses, trade and other receivables that share similar credit risk characteristics are grouped together and then assessed for collectability as a whole. Note 31(iv)(b) sets out the measurement details of ECL.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of assets (continued)

(ii) Impairment for trade and other receivables (continued)

At each reporting date, the Group and the Company measures ECL through loss allowance at an amount equal to 12 months ECL if the credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is not required.

The ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expects to receive, over the remaining life of the debts instruments.

(iii) Significant increase in credit risk

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

(iv) Write-off

(i) Trade receivables

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables and amounts due from subsidiaries

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(g) Financial assets

(i) Classification

The Group classifies its financial assets as those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and those to be measured at amortised cost.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes. There are two measurement categories into which the Group classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income/(expense) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statements of comprehensive income.

(b) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different basis. Fair value changes is recognised in profit or loss and presented net within other operating income/(expense) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

(h) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial guarantee contracts (continued)

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

(i) Leases – Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Restoration costs

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Leases – Accounting by lessee (continued)

Lease liabilities (continued)

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statements of comprehensive income.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment, such as photocopy machine. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

(k) Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See accounting policy Note 3(f)(ii) on impairment for trade and other receivables.

(l) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

In the statements of financial position, banks overdrafts are shown within borrowings in current liabilities.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Share capital

(i) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual agreement of the particular instrument.

(ii) Dividend distribution

Distributions to holders of an equity instrument is recognised directly in equity.

(iii) Purchase of own shares

Where any company within the Group purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

(iv) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(n) Trade payables

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade payables are subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and associates unless the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(q) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Provisions (continued)

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

(s) Revenue from contracts with customers

(i) Sale of goods

The Group engages in the business of trading and distribution of consumer products, building materials and chemical products. The Group also engages in the business of supplying baked cookies and household products to customers on a wholesale and retail basis. Revenue from the sale of goods is recognised when the control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(ii) Rendering of services

The Group provides shipping services. Revenue from the rendering of services is recognised when the Group has rendered the services to the customer. As the contract terms of the services provided have a generally short period of delivery (less than one year), revenue is recognised in the period the services are provided.

(t) Revenue from other sources

(i) Interest income

Interest income is recognised using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(ii) Dividend income

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

(u) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates concerning the future. These accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are explained below.

(a) Provision for inventories obsolescence

Inventories are carried at the lower of cost and net realisable value. This requires the estimation of the eventual selling price of the goods to the customers in the future. A high degree of judgement is applied when estimating the impact on the carrying value of inventories, taking into consideration of factors giving rise to slow moving items, damage stocks and obsolescence. The provision for inventories obsolescence computed by management is based on percentage rates applied on the inventories' ageing and expiring band and the category of inventories. These rates require significant estimates to be made by management based on the prevailing market conditions at reporting date. The provision for inventories obsolescence as at the reporting date is as follows:

	<u>2023</u>	<u>Group</u> <u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>
Provision for inventories obsolescence	<u>13,401</u>	<u>20,281</u>

If the provisioning rates were to differ by 5% from management's estimates, the provision for inventories obsolescence would be RM507,000 (2022: RM2,908,016).

(b) Loss allowance for trade receivables

The loss allowance for trade receivables is assessed based on the expected loss rates. Significant judgement and estimates are required in determining the loss rates to be applied to each ageing band of the trade receivables. Details of the key assumptions and inputs used are disclosed in Note 31(iv)(b).

	<u>2023</u>	<u>Group</u> <u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>
Accumulated impairment of trade receivables	<u>25,471</u>	<u>25,387</u>

If the provisioning rates were to differ by 10% from management's estimates, the loss allowance for trade receivables would be RM492,204 (2022: RM517,052) higher or lower.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Leases

Liabilities and the corresponding ROU assets arising from leases are initially measured at the present value of the lease payments at the commencement date, discounted using the interest rates implicit in the leases, or if that rate cannot be readily determinable, the Group may use the incremental borrowing rate. In this instance, the Group has determined the incremental borrowing rate as the discount rate with reference to the rate of interest that the Group would have to pay to borrow, over similar terms as that of the lease, the funds necessary to obtain an asset of a similar value to the ROU assets. These rates require significant estimates to be made by management.

Lease payments to be made during the lease term will be included in the measurement of a lease liability. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of the leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. In this regard, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The assessment of whether the Group is reasonably certain to exercise the options impacts the lease terms, which significantly affects the amount of lease liabilities and ROU assets recognised.

Extension options are included in all leases of office buildings and warehouses across the Group. The Directors are responsible for managing the leases and accordingly, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension options are included when the Directors are reasonably certain to exercise an optional extended lease term and therefore, payments associated with the optional period are included within these lease liabilities.

5. SEGMENT REPORTING

The Group operates primarily within Malaysia for its trade and distribution business which is the major contributor to the Group's operations. It comprises trading and distribution of consumer products, building materials, industrial and agricultural chemical products and liquor products. These activities are covered by several companies in Sabah, Sarawak and Peninsular Malaysia which are operating segments, and have been aggregated into the Trading and Distribution segment as they exhibit similar nature of business and methods of distribution of products.

The retail business is shown as a separate reportable segment following the acquisition of Watts Harrisons Sdn. Bhd. in Peninsular Malaysia and The Famous Amos Chocolate Chip Cookie Singapore Pte. Ltd. in Singapore. Both entities are principally involved in the retailing of household and consumer goods.

Other than the above, the Group provides engineering, insurance, shipping, travel agency services and rental of property, none of which is of a sufficient size to be reported separately.

The chief operating decision-maker evaluates performance of segments by reviewing revenue, profit before tax and monthly internal management reports in order to allocate resources to segments.

Intersegment revenue comprises dividend income, rental received from the letting out of properties and management services rendered to other business segments within the Group.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. SEGMENT REPORTING (CONTINUED)

Segment results represent segment revenue less segment expenses. Unallocated costs represent interest income and finance cost.

Segment assets consist primarily of property, plant and equipment, inventories, operating receivables, short term and other investments and cash and bank balances. Segment liabilities comprise mainly of payables and other operating liabilities. Unallocated assets consist of tax assets and deferred tax assets. Unallocated liabilities consist of tax liabilities and deferred tax liabilities.

Capital expenditure comprises additions to property, plant and equipment.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. SEGMENT REPORTING (CONTINUED)

	Trade and distribution RM'000	Retail RM'000	Shipping and others RM'000	Group RM'000
<u>2023</u>				
<u>Revenue</u>				
Total segment revenue	2,202,576	40,595	66,168	2,309,339
Inter segment revenue	(475)	-	(51,787)	(52,262)
External revenue	<u>2,202,101</u>	<u>40,595</u>	<u>14,381</u>	<u>2,257,077</u>
<u>Results</u>				
Segment results (external)	84,351	6,210	3,502	94,063
Interest income				2,840
Finance costs				(7,386)
Profit before taxation				89,517
Taxation				(20,719)
Profit for the financial year				<u>68,798</u>
<u>Capital employed</u>				
Segment assets	812,882	37,524	80,241	930,647
Unallocated assets				13,897
Total assets				<u>944,544</u>
Segment liabilities	465,537	15,137	3,218	483,892
Unallocated liabilities				5,793
Total liabilities				<u>489,685</u>
<u>Other information</u>				
Capital expenditure incurred during the financial year	8,358	883	41	9,282
Additions in right-of-use assets	7,047	6,564	-	13,611
Depreciation of property, plant and equipment	4,458	533	123	5,114
Depreciation of right-of-use assets	10,645	5,135	399	16,179
Depreciation of investment properties	28	-	26	54
Allowance for loss allowance for trade and other receivables	84	-	-	84
Reversal of provision for obsolescence of inventories	(6,880)	-	-	(6,880)
Inventories written off	<u>3,440</u>	<u>-</u>	<u>-</u>	<u>3,440</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. SEGMENT REPORTING (CONTINUED)

	Trade and distribution RM'000	Retail RM'000	Shipping and others RM'000	Group RM'000
<u>2022</u>				
<u>Revenue</u>				
Total segment revenue	2,119,683	37,445	64,818	2,221,946
Inter segment revenue	(647)	-	(47,184)	(47,831)
External revenue	<u>2,119,036</u>	<u>37,445</u>	<u>17,634</u>	<u>2,174,115</u>
<u>Results</u>				
Segment results (external)	81,207	5,768	6,696	93,671
Interest income				1,820
Finance costs				(5,614)
Profit before taxation				89,877
Taxation				(21,896)
Profit for the financial year				<u>67,981</u>
<u>Capital employed</u>				
Segment assets	801,678	37,531	68,140	907,349
Unallocated assets				11,657
Total assets				<u>919,006</u>
Segment liabilities	473,074	15,798	2,663	491,535
Unallocated liabilities				7,544
Total liabilities				<u>499,079</u>
<u>Other information</u>				
Capital expenditure incurred during the financial year	4,245	409	19,379	24,033
Additions in right-of-use assets	3,378	6,473	219	10,070
Depreciation of property, plant and equipment	4,223	607	310	5,140
Depreciation of right-of-use assets	9,525	4,939	56	14,520
Depreciation of investment properties	29	-	-	29
Reversal of loss allowance for trade and other receivables	(5,348)	-	(15)	(5,363)
Provision for obsolescence of inventories	5,152	-	-	5,152
Inventories written off	<u>2,698</u>	<u>-</u>	<u>-</u>	<u>2,698</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. SEGMENT REPORTING (CONTINUED)

	Trade and distribution RM'000	Retail RM'000	Shipping and others RM'000	Group RM'000
2023				
<u>Analysis of external revenue by category</u>				
- Consumer products	1,744,827	40,595	-	1,785,422
- Building materials	407,411	-	-	407,411
- Chemical products	49,863	-	-	49,863
- Commission, handling fees and others	-	-	14,381	14,381
	<u>2,202,101</u>	<u>40,595</u>	<u>14,381</u>	<u>2,257,077</u>
<u>Analysis of external revenue by geographical market</u>				
- Sabah	1,169,323	-	12,590	1,181,913
- Sarawak	595,803	-	713	596,516
- Peninsular Malaysia	436,975	2,848	1,078	440,901
- Singapore	-	37,747	-	37,747
	<u>2,202,101</u>	<u>40,595</u>	<u>14,381</u>	<u>2,257,077</u>
2022				
<u>Analysis of external revenue by category</u>				
- Consumer products	1,750,798	37,445	-	1,788,243
- Building materials	312,724	-	-	312,724
- Chemical products	55,514	-	-	55,514
- Commission, handling fees and others	-	-	17,634	17,634
	<u>2,119,036</u>	<u>37,445</u>	<u>17,634</u>	<u>2,174,115</u>
<u>Analysis of external revenue by geographical market</u>				
- Sabah	1,185,978	-	15,808	1,201,786
- Sarawak	587,107	-	834	587,941
- Peninsular Malaysia	345,951	3,607	992	350,550
- Singapore	-	33,838	-	33,838
	<u>2,119,036</u>	<u>37,445</u>	<u>17,634</u>	<u>2,174,115</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. REVENUE

See accounting policies in Note 3(s).

	<u>2023</u> RM'000	<u>2022</u> RM'000
<u>Group</u>		
Revenue from contract with customers	<u>2,257,077</u>	<u>2,174,115</u>
Disaggregation of the Group's revenue from contracts with customers:		
Sale of goods	2,242,696	2,156,481
Shipping services	12,581	16,146
Others	1,800	1,488
	<u>2,257,077</u>	<u>2,174,115</u>
Timing of revenue recognition		
- at a point in time	2,244,496	2,157,969
- at over time	12,581	16,146
	<u>2,257,077</u>	<u>2,174,115</u>
<u>Company</u>		
Revenue from other source	<u>47,230</u>	<u>42,896</u>
Dividends from subsidiaries	46,218	41,904
Dividends from third parties	1,012	992
	<u>47,230</u>	<u>42,896</u>

7. FINANCE COSTS

	<u>2023</u> RM'000	<u>2022</u> RM'000	<u>2023</u> RM'000	<u>2022</u> RM'000
		Group		Company
Interest expense:				
- bank overdrafts	123	122	-	-
- bankers' acceptances	4,091	2,271	-	-
- revolving credit	81	109	-	-
- lease liabilities	3,091	3,112	3	3
	<u>7,386</u>	<u>5,614</u>	<u>3</u>	<u>3</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. MATERIAL PROFIT OR LOSS ITEMS

The following material profit or loss items are charged/(credited) in arriving at profit before taxation:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- statutory audit fees	934	849	249	218
Cost of inventories recognised as expense	2,104,952	1,919,964	-	-
Allowance for/(Reversal of) loss allowance:				
- trade and other receivables	84	(5,363)	-	-
- amount due from a subsidiary	-	-	247	-
- amount due from an associate	30	161	-	-
(Reversal of)/Provision for obsolescence of inventories	(6,880)	5,152	-	-
Inventories written off	3,440	2,698	-	-
Property, plant and equipment:				
- depreciation	5,114	5,140	3	188
- loss/(gain) on disposal	98	(384)	-	(354)
- written off	1	-	-	-
Depreciation of investment properties	54	29	-	-
Depreciation of right-of-use assets	16,179	14,520	37	38
Gain on disposal of financial assets at FVTPL	(68)	(192)	(68)	(192)
Fair value loss on financial assets at FVTPL	789	1,454	789	1,495
Unrealised foreign exchange (gain)/loss	(35)	12	1	-
Dividends from third parties	(1,012)	(992)	(1,012)	(992)
Dividends from subsidiaries	-	-	(46,218)	(41,904)
Interest income:				
- amount due from subsidiaries	-	-	(298)	(328)
- external	(2,597)	(1,600)	(49)	(4)
- amounts due from an associate	(243)	(220)	-	-
Management fees receivable from an associate	(12)	(12)	-	-
Management fee payable to a subsidiary	-	-	1,336	1,126
Outward transportation charges	20,538	17,947	-	-
Rent concession income on land and buildings	(1,348)	(1,248)	-	-
Staff costs:				
- salaries, wages, bonus, commissions and allowances*	94,073	87,639	522	498
- defined contribution plan	12,697	11,660	-	-
- others	1,897	1,366	-	-
Wage subsidy	(433)	(158)	-	-
Rental and property tax rebates	-	(157)	-	-
Short term and low value lease expenses	85	38	-	-
Travelling expenses	4,186	3,210	29	29

* includes Directors' remuneration. The Directors' remuneration is disclosed in Note 9.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. DIRECTORS' REMUNERATION

See accounting policies in Note 3(q).

The aggregate amount of emoluments receivable by Directors during the financial year is as follows:

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Fees and allowances	522	498	522	498
Salaries and other emoluments	1,417	1,348	-	-
Defined contribution plan	213	202	-	-
	<u>2,152</u>	<u>2,048</u>	<u>522</u>	<u>498</u>
Estimated monetary value of benefits-in-kind	58	24	-	-

10. TAXATION

See accounting policies in Note 3(p).

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
The tax charge for the financial year comprise:				
- Malaysian tax	21,601	23,863	(353)	430
- Deferred tax (Note 16)	(882)	(1,967)	-	-
	<u>20,719</u>	<u>21,896</u>	<u>(353)</u>	<u>430</u>
Current tax:				
- Current financial year	21,460	23,257	-	430
- Under/(Over) accrual in prior years	141	606	(353)	-
	<u>21,601</u>	<u>23,863</u>	<u>(353)</u>	<u>430</u>
Deferred tax:				
- Origination and reversal of temporary differences	(882)	(1,967)	-	-
	<u>20,719</u>	<u>21,896</u>	<u>(353)</u>	<u>430</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. TAXATION (CONTINUED)

The explanation of the relationship between taxation and profit before taxation is as follows:

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation	89,517	89,877	44,618	39,924
Tax calculated at the Malaysian tax rate of 24% (2022: 24%)	21,484	21,570	10,708	9,582
Tax effects of				
- Expenses not deductible for tax purposes	2,297	3,001	643	1,278
- Income not subject to tax	(746)	(571)	(11,351)	(10,436)
- Different tax rate in other countries	(416)	(374)	-	-
- Deferred tax assets not recognised	-	93	-	-
- Utilisation of tax losses not recognised in prior years	(48)	(530)	-	-
- Under/(Over) accrual of income tax in prior years	141	606	(353)	-
- Origination and reversal of temporary differences not recognised in prior years	(1,993)	(1,899)	-	6
Taxation	20,719	21,896	(353)	430

The amount of unused tax losses and deductible temporary differences for which no deferred tax asset is recognised in the statements of financial position is as follows:

	Group	
	<u>2023</u>	<u>2022</u>
	RM'000	RM'000
Deductible temporary differences (no expiry date)	-	778
Unused tax losses (expiring in Year 2032)	6,400	259
	6,400	1,037
Deferred tax assets not recognised at 24%	1,536	249



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. EARNINGS PER SHARE

See accounting policies in Note 3(m)(iv).

Earnings per share of the Group is calculated by dividing the profit for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding ordinary shares repurchased by the Company and held as treasury shares.

	<u>2023</u>	Group <u>2022</u>
Profit for the financial year attributable to owners of the Company (RM'000)	67,388	66,741
Number of ordinary shares in issue ('000)	68,476	68,476
Basic and diluted earnings per share (sen)	98.41	97.47

12. DIVIDENDS

See accounting policies in Note 3(m)(ii).

Dividends recognised as distribution to the shareholders by the Company are as follows:

	<u>2023</u> RM'000	<u>2022</u> RM'000
In respect of the financial year ended 31 December 2022 declared and paid in the financial year ended 31 December 2023:		
Final dividend of RM0.50 per ordinary shares paid on 18 August 2023	34,238	-
In respect of the financial year ended 31 December 2021 declared and paid in the financial year ended 31 December 2022:		
Final dividend of RM0.30 per ordinary shares paid on 22 August 2022	-	20,543
	34,238	20,543

For the financial year ended 31 December 2023, the Directors have recommended the payment of a final dividend of RM0.50 per ordinary share amounting to RM34.2 million, subject to the approval of the members at the forthcoming Annual General Meeting of the Company.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. PROPERTY, PLANT AND EQUIPMENT

See accounting policies in Note 3(c).

<u>Group</u>	<u>Freehold land</u> RM'000	<u>Buildings</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Furniture, fittings and equipment</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>					
As at 1 January 2023	328	44,712	20,624	57,156	122,820
Additions	-	1,105	1,132	7,045	9,282
Transfer to right-of-use assets	-	(19,363)	-	-	(19,363)
Disposals	-	-	(1,356)	(249)	(1,605)
Write-off	-	-	(6)	(67)	(73)
Reclassification	-	(1,299)	-	-	(1,299)
As at 31 December 2023	328	25,155	20,394	63,885	109,762
<u>Accumulated depreciation</u>					
As at 1 January 2023	-	(9,434)	(15,331)	(42,025)	(66,790)
Charge for the financial year	-	(284)	(1,073)	(3,757)	(5,114)
Disposals	-	-	1,002	248	1,250
Write-off	-	-	6	66	72
Reclassification	-	409	-	-	409
As at 31 December 2023	-	(9,309)	(15,396)	(45,468)	(70,173)
<u>Accumulated impairment</u>					
As at 1 January 2023/31 December 2023	-	(2,793)	-	-	(2,793)
<u>Net book value</u>					
As at 31 December 2023	328	13,053	4,998	18,417	36,796

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group</u>	<u>Freehold land</u> RM'000	<u>Buildings</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Furniture, fittings and equipment</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>					
As at 1 January 2022	328	24,877	19,899	56,267	101,371
Additions	-	19,958	1,073	3,002	24,033
Disposals	-	(123)	(81)	(1,641)	(1,845)
Write-off	-	-	(267)	(472)	(739)
As at 31 December 2022	328	44,712	20,624	57,156	122,820
<u>Accumulated depreciation</u>					
As at 1 January 2022	-	(9,287)	(14,504)	(40,431)	(64,222)
Charge for the financial year	-	(271)	(1,160)	(3,709)	(5,140)
Disposals	-	124	66	1,643	1,833
Write-off	-	-	267	472	739
As at 31 December 2022	-	(9,434)	(15,331)	(42,025)	(66,790)
<u>Accumulated impairment</u>					
As at 1 January 2022/31 December 2022	-	(2,793)	-	-	(2,793)
<u>Net book value</u>					
As at 31 December 2022	328	32,485	5,293	15,131	53,237



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	<u>Motor vehicles RM'000</u>	<u>Furniture, fittings and equipment RM'000</u>	<u>Total RM'000</u>
<u>Cost</u>			
As at 1 January 2023	908	445	1,353
Addition	-	11	11
As at 31 December 2023	908	456	1,364
<u>Accumulated depreciation</u>			
As at 1 January 2023	(620)	(435)	(1,055)
Charge for the financial year	-	(3)	(3)
As at 31 December 2023	(620)	(438)	(1,058)
<u>Net book value</u>			
As at 31 December 2023	288	18	306
<u>Cost</u>			
As at 1 January 2022	908	2,032	2,940
Disposal	-	(1,587)	(1,587)
As at 31 December 2022	908	445	1,353
<u>Accumulated depreciation</u>			
As at 1 January 2022	(620)	(1,819)	(2,439)
Charge for the financial year	-	(188)	(188)
Disposal	-	1,572	1,572
As at 31 December 2022	(620)	(435)	(1,055)
<u>Net book value</u>			
As at 31 December 2022	288	10	298



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. RIGHT-OF-USE ASSETS

See accounting policies in Note 3(i).

The Group leases various office buildings and warehouses. Lease contracts are typically made for fixed periods of 2 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but the leased assets may not be used as security for borrowing purposes.

(i) Amount recognised in the statements of financial position

The statements of financial position shows the following amounts relating to leases:

	Leasehold land*	Office buildings, and ware- houses	Total
	RM'000	RM'000	RM'000
<u>Group</u>			
<u>Net book value</u>			
As at 1 January 2023	12,645	64,989	77,634
Additions	-	13,611	13,611
Transfer from property, plant and equipment	19,363	-	19,363
Modification	-	371	371
Charge for the financial year	(329)	(15,850)	(16,179)
As at 31 December 2023	31,679	63,121	94,800
<u>Net book value</u>			
As at 1 January 2022	12,836	56,329	69,165
Additions	-	10,070	10,070
Modification	-	15,184	15,184
Derecognised	-	(2,265)	(2,265)
Charge for the financial year	(191)	(14,329)	(14,520)
As at 31 December 2022	12,645	64,989	77,634

* Leasehold land relates to the leases of land with unexpired lease period ranging from 15 to 900 years for the Group's and the Company's office buildings located in Selangor, Johor and Sabah. The leases have expiring dates ranging from 2035 to 2920 and the Group and the Company does not have an option to purchase the leased land at the expiry of the lease period. Leasehold land are amortised over the lease terms ranging from 79 to 999 years.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. RIGHT-OF-USE ASSETS (CONTINUED)

(i) Amount recognised in the statements of financial position (continued)

The statements of financial position shows the following amounts relating to leases: (continued)

	Office Buildings and ware- houses RM'000
<u>Company</u>	
<u>Net book value</u>	
As at 1 January 2023	37
Charge for the financial year	(37)
As at 31 December 2023	-
<u>Net book value</u>	
As at 1 January 2022	75
Charge for the financial year	(38)
As at 31 December 2022	37

(ii) Amounts recognised in the statements of comprehensive income

The statements of comprehensive income show the following amounts relating to leases:

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Interest expenses on lease liabilities	3,091	3,112	3	3
Depreciation of right of use of assets	16,179	14,520	37	38
Expense relating to lease of low-value assets (included in administrative expenses)	85	38	-	-
	<u>19,355</u>	<u>17,670</u>	<u>40</u>	<u>41</u>
Total cash outflow for leases (including low value assets)	<u>18,535</u>	<u>17,242</u>	<u>37</u>	<u>37</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. INVESTMENT PROPERTIES

See accounting policies in Note 3(d).

	<u>2023</u> RM'000	Group <u>2022</u> RM'000
<u>Cost</u>		
As at 1 January	2,771	2,771
Reclassification from Property Plant and Equipment	1,299	-
As at 31 December	<u>4,070</u>	<u>2,771</u>
<u>Accumulated depreciation</u>		
As at 1 January	(1,092)	(1,063)
Charge for the financial year	(54)	(29)
Reclassification from Property Plant and Equipment	(409)	-
As at 31 December	<u>(1,555)</u>	<u>(1,092)</u>
Net book value	<u><u>2,515</u></u>	<u><u>1,679</u></u>

The fair values of investment properties for the Group as at 31 December 2023 were estimated at RM14,870,000 (2022: RM12,870,000) based on the Director's valuations which are derived using the market approach by way of comparison method of valuation. This method of valuation entails comparing recent ask price of other similar properties in the vicinity whilst making due allowances to factors such as location and size. The fair values are categorised as Level 3 in the fair value hierarchy as the valuations were based on observable valuation inputs, which were then adjusted to take into consideration the age and condition of the buildings.

The aggregate lease income arising from investment properties of the Group that generated lease income which was recognised during the financial year amounted to RM1,030,000 (2022: RM933,000).

The Group leases out its investment properties. The Group classified these leases as operating lease, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	<u>2023</u> RM'000	Group <u>2022</u> RM'000
Within 1 year	659	564
Total undiscounted lease payments	<u><u>659</u></u>	<u><u>564</u></u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. DEFERRED TAXATION

See accounting policies in Note 3(p).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Deferred tax after offsetting to be recovered after more than 12 months:				
- Deferred tax assets	11,689	10,796	93	93
- Deferred tax liabilities	(2,414)	(2,403)	-	-
At 31 December	<u>9,275</u>	<u>8,393</u>	<u>93</u>	<u>93</u>
At 1 January	8,393	6,426	93	93
(Charged)/Credited to profit or loss (Note 10):				
- property, plant and equipment	(227)	60	2	(2)
- loss allowance for trade receivables	3,014	(1,591)	-	-
- inventories	(1,437)	1,231	-	-
- accruals	(673)	2,807	(2)	2
- right-of-use assets	706	(229)	9	9
- lease liabilities	(501)	(311)	(9)	(9)
	882	1,967	-	-
At 31 December	<u>9,275</u>	<u>8,393</u>	<u>93</u>	<u>93</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. DEFERRED TAXATION (CONTINUED)

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets (before offsetting)				
- loss allowance for trade receivables	5,284	2,287	-	-
- inventories	3,464	4,901	-	-
- accruals	7,577	8,277	118	120
- lease liabilities	13,631	14,140	1	10
	<u>29,956</u>	<u>29,605</u>	<u>119</u>	<u>130</u>
Offsetting	(18,267)	(18,809)	(26)	(37)
Deferred tax assets (after offsetting)	<u>11,689</u>	<u>10,796</u>	<u>93</u>	<u>93</u>
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(7,658)	(7,474)	(26)	(28)
- right-of-use assets	(13,023)	(13,738)	-	(9)
	<u>(20,681)</u>	<u>(21,212)</u>	<u>(26)</u>	<u>(37)</u>
Offsetting	18,267	18,809	26	37
Deferred tax liabilities (after offsetting)	<u>(2,414)</u>	<u>(2,403)</u>	<u>-</u>	<u>-</u>

17. FINANCIAL ASSETS AT FVOCI

See accounting policies in Note 3(g).

Financial assets at FVOCI include the following:

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Quoted:				
- Equity securities – Malaysia	350	321	-	-
- Equity securities – Singapore	3,097	2,752	3,097	2,752
	<u>3,447</u>	<u>3,073</u>	<u>3,097</u>	<u>2,752</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. FINANCIAL ASSETS AT FVTPL

See accounting policies in Note 3(g).

Financial assets at FVTPL include the following:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Quoted:				
- Unit trust funds – Malaysia	<u>21,109</u>	<u>23,546</u>	<u>20,954</u>	<u>21,371</u>

19. SUBSIDIARIES AND INVESTMENT IN ASSOCIATE

See accounting policies in Note 3(a) and (b).

Subsidiaries

	<u>Company</u>	
	<u>2023</u>	<u>2022</u>
	RM'000	RM'000
Unquoted shares at cost	93,928	92,728
Less: Allowance for impairment loss	(7,984)	(7,984)
	<u>85,944</u>	<u>84,744</u>

The Group's effective equity interest in the subsidiaries are as follows:

<u>Name of companies</u>	<u>Effective equity interest</u>		<u>Principal activities</u>
	<u>2023</u>	<u>2022</u>	
	%	%	
Incorporated in Malaysia			
<u>Held directly by Harrisons Holdings (Malaysia) Berhad</u>			
Harrisons Peninsular Sdn. Bhd.	100	100	Marketing, sales and distribution of building materials, industrial and agricultural chemical products liquor products and the operation of shipping and insurance agencies
Harrisons Sabah Sdn. Bhd.	100	100	Marketing, sales and distribution of consumer, engineering, building and agricultural chemical products, operation of shipping and investment holding



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. SUBSIDIARIES AND INVESTMENT IN ASSOCIATE (CONTINUED)

Subsidiaries (continued)

The Group's effective equity interest in the subsidiaries are as follows: (continued)

<u>Name of companies</u>	<u>Effective equity interest</u>		<u>Principal activities</u>
	<u>2023</u>	<u>2022</u>	
	%	%	
Incorporated in Malaysia			
<u>Held directly by Harrisons Holdings (Malaysia) Berhad (continued)</u>			
Harrisons Sarawak Sdn. Bhd.	100	100	Marketing, sales and distribution of consumer, engineering, building and agricultural chemical products, operation of shipping and investment holding
Harrisons Marketing & Services Sdn. Bhd. ^a	100	100	Trading of consumer products
Jantoco Realty Sdn. Bhd. #	100^(a)	100	Letting out property and collection of rental from the property, to act as property manager and adviser, and to carry on the business of an investment holding company
Incorporated in Malaysia			
<u>Subsidiaries of Harrisons Peninsular Sdn. Bhd.</u>			
J. Whyte (Malaysia) Sdn. Bhd.	100	100	Letting of property and related services
Harrisons Chemicals Sdn. Bhd. #	100	100	Dormant
Weedone Products (Malaya) Sdn. Bhd. #	100	100	Dormant
Marca Privada Sdn. Bhd. #	100	100	Procurement and marketing of consumer goods
Harrisons Corporate Services Sdn. Bhd. #	100	100	Provision of management services
Watts Harrisons Sdn. Bhd. #	100	100	Retailing of household and consumer goods



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. SUBSIDIARIES AND INVESTMENT IN ASSOCIATE (CONTINUED)

Subsidiaries (continued)

The Group's effective equity interest in the subsidiaries are as follows: (continued)

<u>Name of companies</u>	<u>Effective equity interest</u>		<u>Principal activities</u>
	<u>2023</u>	<u>2022</u>	
	%	%	
Incorporated in Singapore			
Famous Foods Company Pte. Ltd. #	72	72	Investment holding
The Famous Amos Chocolate Chip Cookie Singapore Pte. Ltd. #	72	72	Manufacturing and retailing of consumer goods
<u>Subsidiaries of Harrisons</u>			
<u>Sabah Sdn. Bhd.</u>			
Harrisons Travel Sdn. Bhd. +	100	100	Travel agent
Harcros (Sabah) Sdn. Bhd.	100	100	Dormant

Not audited by PricewaterhouseCoopers PLT, Malaysia.

+ Harrisons Sabah Sdn. Bhd. holds an effective equity interest of 73% in Harrisons Travel Sdn. Bhd. The remaining 27% is held by Harrisons Peninsular Sdn. Bhd. Therefore, the Group holds an effective equity interest of 100%.

α The Company holds an effective equity interest of 74% in Harrisons Marketing & Services Sdn. Bhd. The remaining 26% is held by Harrisons Peninsular Sdn. Bhd. Therefore, the Group holds an effective equity interest of 100%.

During the financial year, the Company made the following acquisition:

- (a) The issue and paid up capital of Jantoco Realty Sdn. Bhd. ("JRSB") was increased from RM18,800,000 consist of RM10,000,000 Ordinary Shares and RM8,800,000 Preference Shares to RM20,000,000 by allotment of 1,200,000 preference shares issue to the Company for cash consideration of RM1,200,000.

During the financial year, the Company acquired 1.2 million ordinary shares representing 6.38% of the total issued and paid-up share capital of Jantoco Realty Sdn. Bhd. ("Jantoco Realty"), for a total cash consideration of RM1.2 million. The intended principal activities of Jantoco Realty are letting out property and collection of rental from the property, to act as property manager and adviser, and to carry on the business of an investment holding company. The acquisition of this entity did not contribute significantly to the results of the Group.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. SUBSIDIARIES AND INVESTMENT IN ASSOCIATE (CONTINUED)

Investment in associate

The Group has not recognised its share of profit after tax of an associate for the financial year of RM22,000 (2022: Profit after tax of RM12,000) as the share of accumulated losses of the associate of RM879,000 (2022: accumulated loss of RM 857,000) had exceeded the carrying amount of the investment. Hence, the current year's share of profit after tax of the associate was used to offset against the Group's share of accumulated losses in the associate that were previously not recognised. The cost of the investment was RM24,500 and has been fully written down.

The Group's unrecognised cumulative share of losses of the associate based on unaudited results of the associate is RM879,000 (2022: RM857,000).

The Group's effective equity interest in the associate is as follows:

<u>Name of company</u>	<u>Effective equity interest</u>		<u>Principal activities</u>
	<u>2023</u> %	<u>2022</u> %	
<u>Associate of Harrisons</u>			
<u>Peninsular Sdn. Bhd.</u>			
Harrisons Logistics Sdn. Bhd. #	30	30	Marketing, sales, warehousing and distribution of agrochemical products and building materials and forwarding agent

Not audited by PricewaterhouseCoopers PLT, Malaysia. The above associate is incorporated in Malaysia.

20. INTANGIBLE ASSETS

See accounting policies in Note 3(e).

The intangible asset represents franchise rights of Famous Amos with indefinite useful life. In assessing for impairment, Famous Amos is regarded as a separate cash-generating-unit ("CGU"). Accordingly, the franchise rights have been allocated to this CGU.

The Directors have assessed the recoverable amount based on the value-in-use ("VIU") calculation, which uses cash flow projections based on financial budgets approved by Board of Directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate.

The following are the key assumptions used in determining the recoverable amount of these non-financial assets under three scenarios: best, medium and worst case scenarios:

- (a) Weightage of 70%, 20% and 10% applied to the best, medium and worst case scenarios;
- (b) For best case scenario, revenue is expected to increase by 6% in FY2024 and increase by 5% from FY2025 to FY2028, benchmarked against historical growth rate. For medium case scenario, revenue is expected to increase by 5% every year compared to FY2023 actual results with from FY2024 to FY2028. For worst case scenarios, revenue is expected to increase by 5% in FY2024 and 0% increase from FY2025 to FY2028.
- (c) Annual capital expenditure based on historical experience of management and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure;



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. INTANGIBLE ASSETS (CONTINUED)

- (d) The growth rate used to extrapolate the cash flows beyond the budget period of 5 year is 0% (2022: 0%); and
- (e) Pre-tax discount rate of 5.63% (2022: 8.80%) is applied across all scenarios, benchmarked against local peers at the date of assessment.

Based on the impairment assessment, no impairment loss has been identified for the intangible asset. Based on sensitivity analysis performed, reasonable change in the key assumptions by an adjustment of 1% to the pre-tax discount rate and a 3% decrease in the projected revenue will not result in any impairment loss.

21. INVENTORIES

See accounting policies in Note 3(j).

	<u>2023</u>	<u>Group</u> <u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>
Finished goods	248,424	232,546
Raw materials	4,985	2,590
	<u>253,409</u>	<u>235,136</u>

The carrying amount of inventories is RM253.4 million (2022: RM235.1 million) after deducting provision for obsolescence of inventories amounting to RM13.4 million (2022: RM20.3 million).

The cost of inventories recognised as an expense during the financial year amounted to RM2.1 billion (2022: RM1.9 billion).



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. TRADE AND OTHER RECEIVABLES

See accounting policies in Note 3(k) and (f)(ii), (iii), (iv).

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Trade receivables	375,779	337,757	-	-
Less: Loss allowance	(25,471)	(25,387)	-	-
Trade receivables - net	350,308	312,370	-	-
Amounts due from subsidiaries	-	-	6,445	58,992
Less: Loss allowance	-	-	(1,536)	(1,289)
Amount due from subsidiaries - net	-	-	4,909	57,703
Deposits	8,644	6,661	80	83
Prepayments	817	834	111	164
Other receivables	1,788	1,894	405	243
	11,249	9,389	596	490
	361,557	321,759	5,505	58,193

Included in trade receivables is amount due from an associate of RM3,414,000 (2022: RM3,311,000) which has been fully impaired. This amount represents balances arising from trade transactions and advances which are unsecured and have no fixed term of repayment.

The amounts due from subsidiaries represent expenses paid on behalf of the subsidiaries. These balances are unsecured, repayable on demand and bear interest at a rate of 5.5% (2022: 7.1%) per annum. An impairment loss of RM1,536,000 in respect of the impaired outstanding balances had been recognised during the financial year.

Reconciliation of loss allowance

The movement of loss allowance is as follows:

	Group	
	<u>2023</u>	<u>2022</u>
	RM'000	RM'000
At 1 January	25,387	30,750
Allowance for/(Reversal of) loss allowance recognised in profit or loss during the financial year	84	(4,805)
Write off	-	(558)
At 31 December	25,471	25,387



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. DEPOSITS, CASH AND BANK BALANCES

See accounting policies in Note 3(l).

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	22,592	71,665	-	-
Cash and bank balances	126,540	111,738	32,575	23,404
Deposits, cash and bank balances	149,132	183,403	32,575	23,404
Bank overdraft (Note 25)	(1,842)	-	-	-
Fixed deposit of more than 3 months maturity with a licensed bank	(6,818)	-	-	-
Cash and cash equivalents	140,472	183,403	32,575	23,404

The effective interest rate of fixed deposits with licensed banks during the financial year is 2.66% (2022: 2.71%) per annum. The maturity period of these deposits are between 3 months to 12 months (2022: 3 months). Bank balances are deposits held at call with bank.

The currency exposure profile of deposits, cash and bank balances are disclosed in Note 31(i) to the financial statements.

24. TRADE AND OTHER PAYABLES

See accounting policies in Note 3(n) and (r).

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Current liabilities:				
Trade payables	167,751	164,432	-	-
Other payables	1,888	4,951	-	-
Accruals	54,074	46,007	757	803
Payroll liabilities	20,001	17,415	-	-
Provision for reinstatement costs	561	529	-	-
Refundable deposits	18,295	16,234	-	-
	262,570	249,568	757	803



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. BORROWINGS

See accounting policies in Note 3(o).

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Bankers' acceptance	150,753	170,145	-	53,000
Revolving credit	-	2,000	-	-
Bank overdrafts	1,842	-	-	-
	<u>152,595</u>	<u>172,145</u>	<u>-</u>	<u>53,000</u>

The unsecured short-term bankers' acceptances have an average maturity period of on call to one month (2022: on call to one month). The revolving credit has a maturity period of 60 days (2022: 60 days). The average interest rates per annum of borrowings that were effective as at the reporting date are as follows:

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	%	%	%	%
Bankers' acceptances	3.71	3.04	-	3.05
Revolving credit	-	4.11	-	-
Bank overdrafts	8.07	-	-	-

26. LEASE LIABILITIES

See accounting policies in Note 3(i).

Lease liabilities are presented in the statements of financial position as follows:

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Current liabilities	14,681	13,207	9	35
Non-current liabilities				
- due within 2 to 5 years	28,971	30,187	-	8
- due more than 5 years	25,075	26,428	-	-
	<u>54,046</u>	<u>56,615</u>	<u>-</u>	<u>8</u>
Total lease liabilities	<u>68,727</u>	<u>69,822</u>	<u>9</u>	<u>43</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. LEASE LIABILITIES (CONTINUED)

The movement of lease liabilities is as follows:

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
At 1 January	69,822	60,810	43	77
Addition during the financial year	13,611	10,070	-	-
Interest charged during the financial year (Note 7)	3,091	3,112	3	3
Repayment of lease liabilities	(18,450)	(17,204)	(37)	(37)
Derecognition	-	(2,030)	-	-
Modification	653	15,221	-	-
Effects of rent concession and property tax rebate received during the financial year	-	(157)	-	-
At 31 December	<u>68,727</u>	<u>69,822</u>	<u>9</u>	<u>43</u>

27. SHARE CAPITAL

See accounting policies in Note 3(m)(i) and (iii).

	Group and Company	
	<u>2023</u>	<u>2022</u>
	RM'000	RM'000
Issued and fully paid ordinary shares:		
At beginning/end of the financial year	<u>68,523</u>	<u>68,523</u>

Treasury shares

The cumulative number of shares repurchased as at the reporting date is 13,000 at a total consideration of RM17,936. The average price paid for the shares repurchased is approximately RM1.38 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the provision Section 127 of the Companies Act 2016. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended. None of the treasury shares repurchased have been sold as at 31 December 2023.

As at 31 December 2023, the number of outstanding shares in issue after setting off treasury shares of 13,000 (2022: 13,000) against equity is 68,476,200 (2022: 68,476,200).



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. COMMITMENTS

(a) Capital commitments

The Group has approved but not contracted for capital expenditure in respect of property, plant and equipment for a sum of RM17,406,000 (2022: RM4,353,000).

(b) Non-cancellable operating leases

The Group leases various office buildings and warehouses under non-cancellable operating lease agreements. The lease terms range between 2 and 10 years, and majority of lease agreements are renewable at the end of the lease period at market rate.

The Group has recognised right-of-use assets for these assets, except for short-term and low-value leases, Note 14 and Note 26 for further information.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	<u>2023</u> <u>RM'000</u>	<u>Group</u> <u>2022</u> <u>RM'000</u>
Within one year	54	39
Later than one year and not later than five years	38	50
	<u>92</u>	<u>89</u>

29. SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

(a) Management services rendered by a subsidiary

	<u>2023</u> <u>RM'000</u>	<u>Company</u> <u>2022</u> <u>RM'000</u>
Harrisons Corporate Services Sdn. Bhd.	1,336	1,126

(b) Repayment from/(Advances to) subsidiaries

	<u>2023</u> <u>RM'000</u>	<u>Company</u> <u>2022</u> <u>RM'000</u>
Harrisons Sabah Sdn. Bhd.	52,441	(49,632)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

- (c) Companies in which certain Directors of the Company and/or close members of the family have substantial financial interest:

	<u>2023</u>	<u>Group</u> <u>2022</u>	<u>2023</u>	<u>Company</u> <u>2022</u>
	RM'000	RM'000	RM'000	RM'000
(i) Rental of office space from Sinar Nusantara Sdn. Bhd. #	166	166	36	36
(ii) Rental of warehouses from two companies in which close members of the family of a Director of the Company have 50% equity interest	816	816	-	-

Directors, Pandjijono Adijanto and Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto), and/or close members of the family have substantial financial interests in Sinar Nusantara Sdn. Bhd.

The Directors of the Company, Pandjijono Adijanto and Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto), and/or close members of the family have substantial financial interests in Bumi Raya International Holding Company Limited which holds 40.88% (2022: 40.88%) direct interest in the Company.

- (d) Key management personnel

	<u>2023</u>	<u>Group</u> <u>2022</u>	<u>2023</u>	<u>Company</u> <u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Key management:				
- fees and allowances	733	684	522	498
- basic salaries and bonus	4,250	4,130	-	-
- defined contribution retirement plan	688	667	-	-
	<u>5,671</u>	<u>5,481</u>	<u>522</u>	<u>498</u>
Estimated monetary value of benefits-in-kind	147	103	-	-

Key management personnel of the Group refer to the Directors of the Company and certain senior management. Included in the key management compensation are Directors' remuneration as disclosed in Note 9 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. FINANCIAL INSTRUMENTS BY CATEGORY

<u>Group</u>	<u>2023</u> <u>RM'000</u>	<u>2022</u> <u>RM'000</u>
<u>Financial assets measured at amortised cost</u>		
Trade and other receivables (excluding prepayments)	360,740	320,925
Deposits, cash and cash equivalents	149,132	183,403
	<u>509,872</u>	<u>504,328</u>
<u>Financial asset measured at FVOCI</u>		
Financial assets at FVOCI	<u>3,447</u>	<u>3,073</u>
<u>Financial asset measured at FVTPL</u>		
Financial assets at FVTPL	<u>21,109</u>	<u>23,546</u>
<u>Financial liabilities measured at amortised cost</u>		
Trade and other payables (excluding provisions and payroll liabilities)	242,008	215,390
Short-term bank borrowings	152,595	172,145
Lease liabilities	68,727	69,822
	<u>463,330</u>	<u>457,357</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	<u>2023</u> RM'000	<u>2022</u> RM'000
<u>Company</u>		
<u>Financial assets measured at amortised cost</u>		
Trade and other receivables (excluding prepayments)	5,394	58,029
Deposits, cash and cash equivalents	32,575	23,404
	<u>37,969</u>	<u>81,433</u>
<u>Financial asset measured at FVOCI</u>		
Financial assets at FVOCI	<u>3,097</u>	<u>2,752</u>
<u>Financial asset measured at FVTPL</u>		
Financial assets at FVTPL	<u>20,954</u>	<u>21,371</u>
<u>Financial liabilities measured at amortised cost</u>		
Trade and other payables (excluding provisions and payroll liabilities)	757	803
Borrowings	-	53,000
Lease liabilities	9	43
	<u>766</u>	<u>53,846</u>

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks, including foreign currency exchange risk, interest rate risk, price risk, credit risk and liquidity risk. The Group's and the Company's overall financial risk management objectives are to ensure that the Group and the Company create value for the shareholders. Financial risk management is carried out through internal control systems and adherence to the Group's and the Company's financial risk management policies.

(i) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency exchange risk as a result of the foreign currency transactions denominated in currencies other than Ringgit Malaysia.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency exchange risk (continued)

At the end of the reporting period, the carrying amounts of financial assets and liabilities denominated in currencies other than the functional currency are as follows:

	USD RM'000	SGD RM'000	Others RM'000	Total RM'000
<u>Group</u>				
<u>As at 31 December 2023</u>				
Deposits, cash and bank Balances	861	19,832	186	20,879
Financial assets at FVOCI	-	3,097	-	3,097
Trade and other receivables	-	3,235	-	3,235
Trade and other payables	-	(5,878)	-	(5,878)
	<u>861</u>	<u>20,286</u>	<u>186</u>	<u>21,333</u>
<u>As at 31 December 2022</u>				
Deposits, cash and bank balances	1,173	18,632	673	20,478
Financial assets at FVOCI	-	2,752	-	2,752
Trade and other receivables	-	3,382	-	3,382
Trade and other payables	-	(6,316)	-	(6,316)
	<u>1,173</u>	<u>18,450</u>	<u>673</u>	<u>20,296</u>
<u>Company</u>				
<u>As at 31 December 2023</u>				
Financial assets at FVOCI	-	3,097	-	3,097
<u>As at 31 December 2022</u>				
Financial assets at FVOCI	-	2,752	-	2,752

The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD").



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Foreign currency exchange risk (continued)

The following table demonstrates the sensitivity of the Group's and the Company's profit after tax and other comprehensive income and equity, to a reasonably possible change in the USD and SGD exchange rates against the functional currency of the Group and the Company, with all other variables held constant.

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
	Gain	Gain	Gain	Gain
Impact on profit or loss net of tax due to increases in				
- USD by 5%:	32	45	-	-
- SGD by 5%:	647	589	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Impact on other comprehensive income and equity due to increases in				
- SGD by 5%	118	105	118	105
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Decreases in the exchange rates with the same magnitude will have the equal but opposite effects to the amount shown above.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises primarily from borrowings issued at floating rates and short term deposits. The Group and the Company do not enter into any financial instruments to hedge movements in interest rates as the risk is deemed to be insignificant.

A reasonable change in the interest rates would not result in a material impact to the Group's results for the financial year.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to equity price risk arising from its investment in quoted shares. These quoted shares listed on Stock Exchanges of Malaysia and Singapore are classified as FVOCI.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Price risk (continued)

At the end of the reporting period, if the share price of the marketable securities had been 2% higher/lower, with all other variables held constant, the Group's and Company's other reserves would have been RM491,000 and RM481,000 (2022: RM532,000 and RM482,000 (higher/lower respectively, arising as a result of an increase/decrease in the fair value of these marketable securities.

(iv) Credit risk

Financial assets that potentially subject the Group's exposure to credit risk arise mainly from cash and cash equivalents, deposits with financial institutions and contractual cash flows of debt instruments carried at amortised cost and FVTPL.

(a) Risk management

Credit risk with respect to receivables are limited as the Group and the Company do not have any significant exposure to any individual customer or counterparty. The Group and the Company's credit risks are minimised through effective monitoring of receivables and suspension of sales to customers whose accounts exceed the stipulated credit terms. Credit limits are set and credit history is reviewed to minimise potential losses.

The Group's cash and cash equivalents, deposits with financial institutions and debt instruments carried at FVTPL are placed with creditworthy financial institutions and the risks arising thereof are minimised in view of the financial strength of these financial institutions.

The Company also provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. As at end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. There was no indication that the loans and advances to the subsidiaries are not recoverable.

(b) Impairment of financial assets

The Group and the Company have the following financial instrument that are subject to the expected credit loss model:

- Trade receivables from goods sold or services performed
- Other receivables
- Amounts due from subsidiaries
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment of MFRS 9, the identified impairment loss was immaterial.

Trade receivables using simplified approach

The Group applies the simplified approach under MFRS 9 to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected losses, trade receivables have been grouped based on shared credit risk characteristics.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

(b) Impairment of financial assets (continued)

Trade receivables using simplified approach (continued)

The expected loss rates are based on historical payment profiles of sales and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Kuala Lumpur Composite Index (KLCI) and Producer Price Index to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Other receivables, amounts due from subsidiaries and financial guarantee contracts

The Group and the Company use four categories to reflect their credit risk and how the loss allowance is determined for other receivables and amounts due from subsidiaries which are subject to expected credit losses under the 3-stage general approach. A summary of the assumptions which underpin the expected credit losses model is as follows:

Category	Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12 months ECL
Under-performing	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off

Information in respect of the allowance for impairment loss for trade and other receivables is disclosed in Note 22.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

(b) Impairment of financial assets (continued)

Maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.1% - 2.7%	0.3% - 5.9%	1.03% - 18.03%	2.8% - 100%	
Gross carrying amount – trade receivables	156,055	140,257	50,675	28,792	375,779
Loss allowance	(724)	(820)	(5,464)	(18,463)	(25,471)
Carrying amount (net of loss allowance)	155,331	139,437	45,211	10,329	350,308

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.6% - 2.8%	1.6% - 6.2%	4.3% - 16.6%	10% - 100%	
Gross carrying amount – trade receivables	138,197	122,972	38,936	37,652	337,757
Loss allowance	(1,581)	(2,073)	(4,587)	(17,146)	(25,387)
Carrying amount (net of loss allowance)	136,616	120,899	34,349	20,506	312,370



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

(b) Impairment of financial assets (continued)

Maximum exposure to credit risk (continued)

The ECL exposure to other receivables is immaterial to the financial statements as a whole. The amounts due from subsidiaries are repayable on demand. Hence, ECL are based on the assumption that repayment of loans is demanded at the reporting date, with short contractual period for payment. In the case of the Company, allowance for impairment loss is made where the subsidiaries have insufficient assessable high liquid assets to repay the balances if demanded at the reporting date. Information in respect of the allowance for impairment loss for amounts due from subsidiaries is disclosed in Note 22.

Financial guarantee contracts

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

The maximum exposure to credit risk amounts to RM 206 million (2022: RM183.6 million) representing the financial guarantee contracts issued by the Company in respect of the outstanding banking facilities and trade payables of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was low risk that any subsidiary would default on repayment. Accordingly, the financial guarantee contracts are categorised under the performing category.

(c) Fixed deposits and deposits held at call with licensed banks

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
<u>Deposits, cash and bank</u>				
<u>balances</u>				
Counterparties with external				
credit rating:				
- AAA	67,751	72,148	32,574	23,403
- AA	76,462	109,597	1	1
- A+	2,959	1,539	-	-
	<u>147,172*</u>	<u>183,284*</u>	<u>32,575</u>	<u>23,404</u>

*excludes cash in hand of the Group amounting to RM118,000 (2022: RM119,000).



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(v) Liquidity risk

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements. The Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RM'000	Between 2 and 5 years RM'000	More than 5 years RM'000	Total RM'000
<u>As at 31 December 2023</u>				
<u>Group</u>				
Trade and other payables	242,008	-	-	242,008
Borrowings	152,117	-	-	152,117
Lease liabilities	16,872	35,373	28,703	80,948
	<u>410,997</u>	<u>35,373</u>	<u>28,703</u>	<u>475,073</u>
<u>Company</u>				
Trade and other payables	757	-	-	757
Financial guarantee contracts:				
- given to subsidiaries' bank borrowings	165,705	-	-	165,705
- given to trade payables of the subsidiaries	40,270	-	-	40,270
Lease liabilities	9	-	-	9
	<u>206,741</u>	<u>-</u>	<u>-</u>	<u>206,741</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(v) Liquidity risk (continued)

	Less than 1 year RM'000	Between 2 and 5 years RM'000	More than 5 years RM'000	Total RM'000
<u>As at 31 December 2022</u>				
<u>Group</u>				
Trade and other payables	249,039	-	-	249,039
Borrowings	172,988	-	-	172,988
Lease liabilities	14,776	32,590	26,590	73,956
	<u>436,803</u>	<u>32,590</u>	<u>26,590</u>	<u>495,983</u>
<u>Company</u>				
Trade and other payables	803	-	-	803
Financial guarantee contracts:				
- given to subsidiaries' bank borrowings	163,682	-	-	163,682
- given to trade payables of the subsidiaries	19,955	-	-	19,955
Lease liabilities	35	8	-	43
	<u>184,475</u>	<u>8</u>	<u>-</u>	<u>184,483</u>

The Company has issued certain corporate guarantees amounting to RM 206 million (2022: RM183.6 million) for the benefit of its subsidiaries. The management has exercised judgement in establishing the view that the chances of these being called upon are remote, and that there is no material fair value accreting to the guarantor or the beneficiaries.

(vi) Fair value estimation

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Other than financial assets at FVOCI and FVTPL, the carrying values of trade and other receivables, trade and other payables, borrowings and deposits, cash and bank balances, approximate their fair values as at the reporting date. The Group and the Company measure the financial assets at FVOCI and FVTPL as Level 1 in the fair value hierarchy of MFRS 13.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

32. CAPITAL RISK MANAGEMENT

The Group's and the Company's objectives when managing capital are to ensure that the Group and the Company continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Capital structure represents the Group's and the Company's ordinary shares and retained earnings.

The Group and the Company were in compliance with the financial debt covenants imposed by the financial institutions for the financial year ended 31 December 2023 and 31 December 2022.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 18 April 2024.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HARRISONS HOLDINGS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

Registration No. 199001003108 (194675-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 63 to 123.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.



INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF HARRISONS HOLDINGS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

Registration No. 199001003108 (194675-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Provision for inventories obsolescence	
<p>As at 31 December 2023, the Group' inventory balance totalled RM253.4 million, net of provision for obsolescence of inventories of RM13.4 million. The provision for inventories obsolescence is estimated by management based on the historical experience of the saleability of inventories based on the respective ageing and expiry profiles.</p> <p>The percentages derived are applied on the inventories' current ageing and expiry bands as at 31 December 2023 according to the respective inventory categories and provisioning rates. Critical assumptions are made by management in assessing the net realisable amount for these inventories.</p> <p>We focus on this area as assessing the valuation of inventories is an area where management is required to make key assumptions and due to this, there is inherent risk in estimating the net realisable value for these inventories. As described in Note 4(a) - Critical accounting estimates and judgements on provision for inventories obsolescence, inventories are carried at the lower of cost and net realisable value. Thus, management is required to make critical assumptions in assessing the estimated net realisable amount for inventories, taking into the consideration of the associated factors giving rise to slow moving items, changing market conditions, availability of substitutes, responses by competitors among others in determining the level of stock obsolescence.</p>	<p>Our audit procedures on the testing of the provision for inventories obsolescence were as follows:</p> <ul style="list-style-type: none"> • We obtained stock ageing/expiry reports and test the underlying data used by management in estimating the applicable rates used for provision for inventories obsolescence by checking the completeness and accuracy of the underlying data by: <ul style="list-style-type: none"> i) agreed the stock ageing report and stock expiry reports generated from the system to management account and General Ledger as at 31 December 2023 to ensure completeness and accuracy of these reports. ii) sighted suppliers' invoices and goods received notes to respective goods receipt dates, to ensure the ageing and expiry bands of each category of inventories are classified accurately. This is performed to ascertain that the stock ageing reports generated from the system are complete and accurate. iii) sighted to expiry dates of goods for entities who aged goods based on the respective expiry dates, to ensure the expiry band of each category of inventories are accurate. <p style="text-align: right;"><i>Continued on next page</i></p>



INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF HARRISONS HOLDINGS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

Registration No. 199001003108 (194675-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Provision for inventories obsolescence (cont'd)	
<p><i>Continued from previous page</i></p> <p>Refer to group financial statement Note 3(J) - Material accounting policies for inventories and Note 21 - Inventories to the financial statement.</p>	<ul style="list-style-type: none"> • We obtained an understanding of management's policy and the method used by them in assessing the provision for inventories obsolescence • Based on the Group's policy, we used historical data of slow moving and obsolete inventories to independently estimate the rate of provision for obsolescence of inventories; • We compared our independently computed estimated rate of provision for inventory obsolescence for each category of inventories with the rate of allowance applied by management to determine reasonableness of allowance; and • We checked reasonableness of management's past estimates by comparing prior year's projected provision rates for stock obsolescence to current year's actual stock write-offs and used the results of our assessments to challenge management's current year's projections used for estimating rates for provisioning stock obsolescence; and • We have assessed the appropriateness of the past trend analysis performed by management for the provision of obsolescence of inventories on inventory balances as at 31 December 2023. <p>Based on audit procedures performed, we concluded that no significant variances were noted.</p>



INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF HARRISONS HOLDINGS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

Registration No. 199001003108 (194675-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Impairment of trade receivables	
<p>As at 31 December 2023, the Group has a trade receivable balance of RM350.3 million, net of impairment of RM25.5 million. The impairment of trade receivables computed by management is based on expected loss rates of each ageing band of trade receivables. Specific provisions are made for individual debtors in default or credit-impaired. Significant judgement and estimates are required in determining loss rates to be applied to each ageing band of trade receivables.</p> <p>We focus on this area as the impairment assessment involves significant judgement by management to ascertain the timing of bad debts. There is inherent risk in determining the impact of the critical assumptions applied by the management in estimating the level of impairment required for trade receivables.</p> <p>Refer to the group financial statement Note 3(f) - Material accounting policies for impairment of trade and other receivables, Note 4(b) - Critical accounting estimates and judgements on loss allowance for trade receivables and Note 22 - Trade and other receivables.</p>	<p>Our audit procedures on impairment of trade receivables were as follows:</p> <ul style="list-style-type: none"> • We obtained debtor ageing reports and tested the underlying data used by management in estimating impairment rate by using procedures outlined below to ascertain whether debtor ageing reports generated from the system are complete and accurate: <ul style="list-style-type: none"> i) agreed total of the report to management accounts i.e General Ledger as at 31 December 2023 to ensure completeness of the data used in these reports; and ii) sighted to invoices to ensure the receivable balances are classified accurately into each ageing bracket. <p>We obtained an understanding of and evaluated management's grouping of trade receivables based on shared credit risk characteristics and days past due;</p> <ul style="list-style-type: none"> • We used historical payment profiles of sales and corresponding historical credit losses experienced in historical periods to independently estimate the rate of impairment of trade receivables; <p style="text-align: right;"><i>Continued on next page</i></p>



INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF HARRISONS HOLDINGS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

Registration No. 199001003108 (194675-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Impairment of trade receivables (cont'd)	
<i>Continued from previous page</i>	<ul style="list-style-type: none"> We subsequently compared our impairment rate estimate of trade receivables in each age bracket for each category of trade receivables with the impairment rate applied by management to determine the reasonableness of the impairment made; and We obtained supporting documents such as letter of demand for individual debtors that are in default or credit-impaired grouped under individual assessment for specific provisions. <p>Based on the audit procedures above, we have assessed the adequacy of impairment loss made by management on trade receivables as at 31 December 2023 and noted no significant variances.</p>

We have determined that there are no key audit matters to report for the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Chairman's Statement, Management Discussion and Analysis, Corporate Governance Overview Statement, Other Disclosures, Statement of Directors' Responsibility, Statement on Risk Management and Internal Control, Report of the Audit Committee and Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF HARRISONS HOLDINGS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

Registration No. 199001003108 (194675-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

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

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

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:

- (a) 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF HARRISONS HOLDINGS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

Registration No. 199001003108 (194675-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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

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

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

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF HARRISONS HOLDINGS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

Registration No. 199001003108 (194675-H)

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 19 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

TIANG WOON MENG
02927/05/2024 J
Chartered Accountant

Kuala Lumpur
18 April 2024



LIST OF PROPERTIES

AS AT 31 DECEMBER 2023

Registered Owner	Location	Existing use	Tenure of land	Land area (square meters)	Built-up area/approx. age of building (square meters)	Date of acquisition/ last revaluation	Net book value as at 31.12.2023 RM'000
JWSB	Lot 9, Section 20A, Jalan P. P. Narayanan (Jalan 222) Town of Petaling Jaya, District of Petaling, PJ	Single office Building and single-storey godown	99 years lease expiring on 09.06.2065	6,324.00	2,688.90/ 58 years since 1966	13.03.1986	1,959
JWSB	Unit No. A-7-1, Dua Residency, Jalan Tun Razak, Kuala Lumpur	Condominium	Freehold	2,315.00	17 years Since 2007	27.08.2004	864
HPSB	Lot PTD 19965, Mukim of Pulau, District of Johor Bahru	Three storey corner shophouses	99 years – lease expiring on 29.03.2082	244.24	637.00/ 35 years since 1989	31.12.1990	119
HPSB	Lot No. PT. 4163, Mukim of Kapar, District of Klang, Selangor	2 storey office block with a single storey warehouse	99 years – lease expiring on 09.06.2086	6,066.80	3,042.00/ 42 years since 1982	31.12.1990	1,074
HPSB	Mukim of Kundor, District of Rembau, Negeri Sembilan HS(D)3529-PT655 HS(D)3530-PT656 HS(D)3549-PT675 HS(D)3588-PT714	Vacant Land	Freehold	- 4,378.69 4,823.84 4,075.18 4,050.90	-	26.08.2003	328
HSarawak	Lot 16, Section 22 Kuching Town Land District	2 storey office block with 2, adjoining warehouse	853 years – lease expiring on 31.12.2790	5,666.00	2,084.31/ 38 years	31.12.1990	1,030
HSabah	H.S (D) No 9914 P.R No. 13789, Mk Bentong, Daerah Bentong, Ng Pahang Lot A322 Tanarimba Janda Baik, Pahang	Two storey Bungalow	99 years lease expiring on 08.09.2095	5,018.83	-	26.03.2008	454
HSabah	Kota Kinabalu Town Lease No. 017503856	3 storey office building	999 years – lease expiring on 23.04.2910	929.00	2,092.45/ 63 years	07.05.1990	3,212
HSabah	Kota Kinabalu Town Lease No. 017511661	2 storey office building	99 years – lease expiring on 26.02.2089	445.92	463.77/ 53 years	07.05.1990	620
HSabah	Likas Industrial Estate Kota Kinabalu, Country Lease No. 015358871	2 storey godown	60 years - lease expiring on 31.12.2028	3,685.46	2,498.99/ 38 years	07.05.1990	48
HSabah	Jalan Istana Town Lease No. 017964260 and 017503141	2 storey bungalow	999 years lease expiring on 12.07.2909 for TL 017964260 99 years lease expiring on 22.07.2053 for TL 017503141	8,297.91	376.44/ 67 years	07.05.1990	685



LIST OF PROPERTIES (CONT'D)

AS AT 31 DECEMBER 2023

Registered Owner	Location	Existing use	Tenure of land	Land area (square meters)	Built-up area/approx. age of building (square meters)	Date of acquisition/ last revaluation	Net book value as at 31.12.2023 RM'000
HSabah	Sandakan Town Lease No. 077504182	3 storey office building	999 years lease expiring on 18.02.2915	925.40	1,309.37/ 65 years	07.05.1990	2,285
HSabah	Sandakan Town Lease No. 077544220	Single storey godown	999 years lease expiring on 30.06.2911	5,989.35	2,090.32/ 38 years	07.05.1990	1,826
HSabah	Tawau Town Lease No. 107504521	2 storey office building cum car showroom	99 years lease expiring on 06.04.2054	929.00	1,039.00/ 38 years	07.05.1990	903
HSabah	Tawau CL105498224	Warehouse	99 years lease expiring on 31.10.2050	6,947.06	2,322.50/ 38 years	30.09.2004	3,610
HSabah	Jalan Merdeka, Labuan Grant No. 207503857	2 storey office building with a godown	999 years lease expiring on 30.06.2901	2,136.77	738.20/ 65 years	07.05.1990	1,851
HSabah	Jalan Merdeka, Labuan Grant No. 207503866	Temporary open space storage	99 years expiring on 27.02.2051	3,530.32	-	07.05.1990	1,157
HSabah	Lahad Datu TL 117508559	Warehouse	99 years lease expiring on 26.01.2066	6,377.86	2,136.70/ 38 years	31.12.1999	1,011
HSabah	Labuan Suburban Grant No. 346	Vacant Land	999 years lease expiring on 03.11.2880	8,862.61	-	14.11.2003	1
HSabah	Labuan Suburban Grant No. 347	Vacant Land	999 years lease expiring on 01.02.2854	10,440.89	-	14.11.2003	1
Famous Amos	Ubi Techpark, Singapore	Office and factory area	60 years lease expiring on 04.07.2057	372.00	372.00/ 44 years	9.4.2018	4,389
Jantoco Realty	Kota Kinabalu Industrial Park (KKIP), Sabah	Vacant Land	99 years lease expiring on 31.12.2096	9,782.00 acres	-	12.9.2022	19,101

Abbreviation:

JWSB	:	J. Whyte (Malaysia) Sdn. Bhd.
HPSB	:	Harrisons Peninsular Sdn. Bhd.
HSabah	:	Harrisons Sabah Sdn. Bhd.
HSarawak	:	Harrisons Sarawak Sdn. Bhd.
Famous Amos	:	The Famous Amos Chocolate Chip Cookie Singapore Pte. Ltd.
Jantoco Realty	:	Jantoco Realty Sdn. Bhd.



ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

Issued share capital	- 68,489,200 ordinary shares (inclusive of 13,000 treasury shares)
Class of shares	- Ordinary shares
No. of shareholders	- 1,808
Voting right	- One (1) vote per ordinary share

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Names	Direct Interest		Indirect Interest	
	No. of Shares	% ^	No. of Shares	% ^
1. Bumi Raya International Holding Company Limited	28,005,231 ¹	40.89	987,000 ⁺	1.44
2. Dunway Holdings Limited	4,580,817 ²	6.69	2,522,300*	3.68
3. Goodwin Investment Private Limited	4,713,800 ³	6.68	-	-

1. Bumi Raya International Holding Company Limited held through:

No. of shares

- DB (Malaysia) Nominee (Asing) Sdn. Bhd.
Exempt An for Deutsche Bank AG Singapore (Asing WM CLT)

28,005,231

28,005,231

2. Dunway Holdings Limited held through:

No. of shares

- HSBC Nominees (Asing) Sdn. Bhd.
Exempt An for Morgan Stanley & Co. International PLC (Client)

4,580,817

3. Goodwin Investment Private Limited held through:

No. of shares

- Goodwin Investment Private Limited
- UOB Kay Hian Nominees (Asing) Sdn. Bhd.
Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)

1,300,000

3,413,800

4,713,800

Notes:

[^] Excluding 13,000 Harrisons Shares bought back by Harrisons and retained as treasury shares.

⁺ Deemed interested through Jantoco Holdings Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016.

^{*} Deemed interested through Jantoco Properties Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016.



ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 29 MARCH 2024

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS'S SHAREHOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. Pandijjono Adijanto	89,000	0.13	-	-
2. Chang Kon Sang	-	-	-	-
3. Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto)	9,000	0.01	-	-
4. Wong Yoke Kong	169,000	0.25	-	-
5. Felix Leong	-	-	-	-
6. Datuk Lim Tong Lee	-	-	-	-

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Total Issued Share Capital
Less than 100	51	2.82	769	0.00
100 – 1,000	687	38.00	523,491	0.76
1,001 – 10,000	833	46.07	3,303,789	4.82
10,001 – 100,000	193	10.68	5,444,959	7.95
100,001 - Less than 5% of issued shares	40	2.21	15,335,944	22.40
5% and Above of Issued shares	4	0.22	43,880,248	64.07
TOTAL	1,808	100.00	68,489,200	100.00



ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 29 MARCH 2024

THIRTY (30) LARGEST SECURITIES HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	Name	No. of Shares Held	%
1.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Exempt An for Deutsche Bank AG Singapore (Asing WM CLT)</i>	30,005,231	43.81
2.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for Morgan Stanley & Co. International PLC (Client)</i>	5,880,817	8.59
3.	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An for OCBC Securities Private Limited (Client A/C-NR)</i>	4,364,400	6.37
4.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. <i>Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)</i>	3,629,800	5.30
5.	Jantoco Properties Sdn. Bhd.	2,522,300	3.68
6.	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An for UBS AG Singapore (Foreign)</i>	1,783,900	2.60
7.	Goodwin Investment Private Limited	1,300,000	1.90
8.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt An for DBS Bank Ltd (SFS-PB)</i>	1,134,600	1.66
9.	Jantoco Holdings Sdn. Bhd.	987,000	1.44
10.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledge Securities Account for Lim Kuan Gin</i>	783,000	1.14
11.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Kong Hwee (E-KPG/SGK)</i>	467,000	0.68
12.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund (PTSL)</i>	400,000	0.58
13.	Lim Ah Hua	387,000	0.57
14.	Ng Pek Kheong	352,500	0.51
15.	Teuh Chin Yap	323,000	0.47
16.	Teo Kock Sei	300,500	0.44
17.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch)</i>	300,000	0.44
18.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt An for DBS Bank Ltd (SFS)</i>	294,300	0.43



ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 29 MARCH 2024

**THIRTY (30) LARGEST SECURITIES HOLDERS
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING
TO THE SAME REGISTERED HOLDER)**

	Name	No. of Shares Held	%
19.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Kong Hwee (E-KPG/SGK)</i>	233,300	0.34
20.	Liau Keen Yee	224,900	0.33
21.	Lim Kuan Gin	222,200	0.32
22.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Soo Sie</i>	213,100	0.31
23.	Lim Wee Chin	203,900	0.30
24.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Loh Chooi Teng (Jalan Kuning Dua - CL)</i>	200,000	0.29
25.	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte. Ltd. (clients)	193,400	0.28
26.	Ng Su Peng	175,000	0.26
27.	Wong Yoke Kong	169,000	0.25
28.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ling Hew Teng (E-BTL)</i>	168,444	0.25
29.	Tan Kok Tong	155,000	0.23
30.	General Technology Sdn. Bhd.	154,500	0.23
	Total	57,528,092	84.00

HARRISONS HOLDINGS (MALAYSIA) BERHAD
[REGISTRATION NO. 199001003108 (194675-H)]
(INCORPORATED IN MALAYSIA)

NOTICE OF 34TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting ("34th AGM") of Harrison Holdings (Malaysia) Berhad ("the Company") to be conducted on a fully virtual basis through live streaming and online remote meeting platform provided by Dvote Services Sdn. Bhd. via <https://www.dvote.my> (Domain registration number with MYNIC: D6A434007) on Thursday, 20 June 2024 at 10:30 a.m. for the purpose of considering the following businesses:-

A G E N D A

As Ordinary Business:

- | | | |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Note (i) |
| 2. | To re-elect the following directors who are retiring by rotation in accordance with Clause 97 of the Constitution of the Company and being eligible, have offered themselves for re-election:-

(i) Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto)

(ii) Wong Yoke Kong | Ordinary Resolution 1

Ordinary Resolution 2 |
| 3. | To approve the payment of Directors' fees of RM508,953/- for the financial year ended 31 December 2023. | Ordinary Resolution 3 |
| 4. | To approve the payment of Directors' benefit payable to the Non-Executive Directors of the Company amounting to RM12,500/- for the period from 21 June 2024 until the next Annual General Meeting. | Ordinary Resolution 4 |
| 5. | To re-appoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

As Special Business:

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

- | | | |
|----|---|------------------------------|
| 6. | FINAL SINGLE-TIER DIVIDEND

"THAT a final single-tier dividend of 50 sen per ordinary share in respect of the financial year ended 31 December 2023 be hereby approved for payment on 19 August 2024." | Ordinary Resolution 6 |
|----|---|------------------------------|

7. AUTHORITY TO ISSUE AND ALLOT SHARES

Ordinary Resolution 7

“THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Companies Act 2016 to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Companies Act 2016.

THAT the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016, to be read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares”

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the 34th AGM, a final single-tier dividend of 50 sen per ordinary share in respect of the financial year ended 31 December 2023, if approved, will be payable on 19 August 2024 to shareholders whose names appear in the Record of Depositors on 22 July 2024.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- a) Securities transferred into the Depositor's Securities Account before 4:30 p.m. on 22 July 2024 in respect of transfers; and
- b) Securities bought on the Bursa Malaysia Securities Berhad (“Bursa Securities”) on a cum entitlement basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

LOW KONG CHOON (MAICSA 0818548 & SSM PC No. 202308000611)
TAN BEE HWA (MAICSA 7058049 & SSM PC No. 202008001174)
Company Secretaries

Kuala Lumpur
30th day of April 2024

NOTES:-

1. The Meeting Platform is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.
2. Members/proxies/corporate representatives WILL NOT BE ALLOWED to attend the 33rd AGM in person on the day of the meeting.
3. Members are to attend, speak (including posing questions to the Board via real time submission of typed text(s) and vote (collectively, “participate”) remotely at the 34th AGM via the Remote Participation and Voting Facilities (“RPV”) provided by Dvote Services Sdn. Bhd. through its online website at <https://www.dvote.my>. Please follow the procedures for RPV provided in the Administrative Guide for the fully virtual 34th AGM.
4. A member entitled to attend and vote at the meeting may appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
5. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. 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 in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where the exempt authorised nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
8. The instrument appointing a proxy must be deposited at the registered office of the Company at Level 13 Menara 1 Sentrum, 201 Jalan Tun Sambanthan, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time stipulated for holding the meeting or any adjournment thereof.
9. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s seal or under the hand of an officer or attorney duly authorised.
10. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 10 June 2024 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

Explanatory notes on Ordinary and Special Business

(i) Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2023

This agenda item is meant for discussion only as the provision of Sections 248 and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence this agenda item is not put forward for voting.

(ii) Item 2 of the Agenda (Ordinary Resolutions 1 & 2)
- Re-election of Directors

No individual is seeking election as a director at the forthcoming 34th AGM of the Company.

Ms. Tan Phwe Leng (Tan Phe Lin @ Mariana Adjianto) and Mr. Wong Yoke Kong are retiring by rotation in accordance with Clause 97 of the Constitution of the Company.

The profile of the above retiring Directors is set out in the Profile of Directors of the Annual Report 2023 including their latest interests in the shares of the Company disclosed under Analysis of Shareholdings of the Annual Report 2023.

The Nomination Committee ("NC") has taken into account the Board Evaluation Assessment including the results of assessment for Ms. Tan Phwe Leng (Tan Phe Lin @ Mariana Adjianto) and Mr. Wong Yoke Kong and concurred that they have met the Board's expectation in terms of experience, expertise, integrity, competency, commitment and individual contribution by continuously performing their duties diligently as Director of the Company. The Board recommended them to be re-elected as Directors of the Company.

(iii) Items 3 and 4 of the Agenda (Ordinary Resolutions 3 and 4)
- Directors' Fees and Directors' Benefit payable to the Board of the Company and its subsidiaries

Pursuant to Section 230(1) of the Companies Act 2016, the fee of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a director or former director of a listed company and its subsidiaries, shall be approved at a general meeting.

Directors' Fees

The payment of the Directors' fees for the financial year ended 31 December 2023 will only be made if the proposed Resolution 3 has been passed at the 34th AGM pursuant to Clause 105 of the Company's Constitution and Section 230(1) of the Companies Act 2016.

Directors' Benefit

The Directors' benefit comprises only the meeting allowances payable to the Non-Executive Directors of the Company.

The total amount of meeting allowances of RM12,500 is derived from the number of scheduled and unscheduled meetings (when necessary) and the number of Directors involved in these meetings.

The Board is of the view that it is just and equitable for the Directors to be paid the Directors' meeting allowances as and when incurred, particularly after having discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the period from 21 June 2024 until the next Annual General Meeting in year 2025.

(iv) Item 5 of the Agenda (Ordinary Resolution 5)
- Re-Appointment of Auditors

The Audit Committee ("AC") has carried out an assessment of the suitability, objectivity and independence of the external auditors, Messrs. PricewaterhouseCoopers PLT ("PwC") and was satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The Board therefore approved the AC's recommendation on the re-appointment of PwC as the external auditors of the Company be put forward for the shareholders' approval at the forthcoming 34th AGM.

(v) Item 7 of the Agenda (Ordinary Resolution 7)
- Authority to Issue and Allot Shares

The proposed Ordinary Resolution 7, if passed, will give flexibility to the Directors to issue shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of next Annual General Meeting ("AGM") of the Company.

The purpose of this new 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, repayment of borrowings and/or acquisitions.

The previous mandate obtained from the members at the last AGM was not utilised and, accordingly no proceeds were raised.

By voting in favour of this proposed resolution, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 and Clause 54 the Company's Constitution to be first offered any new shares ranking equally to the existing issued shares of the Company under this general mandate which will result in a dilution of their shareholding percentage in the Company.

HARRISONS HOLDINGS (MALAYSIA) BERHAD
[REGISTRATION NO. 199001003108 (194675-H)]
(INCORPORATED IN MALAYSIA)

FORM OF PROXY

* I/We
NRIC/ Passport No./ Company No.of.....
being a Member(s) of **HARRISONS HOLDINGS (MALAYSIA) BERHAD [REGISTRATION NO. 199001003108 (194675-H)]**, hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
*And/or			

or failing him/her, #THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Thirty-Fourth Annual General Meeting of the Company to be conducted on a **fully virtual basis through live streaming and online remote meeting platform** provided by Dvote Services Sdn. Bhd. via <https://www.dvote.my> (Domain registration number with MYNIC: D6A434007) on **Thursday, 20 June 2024 at 10:30 a.m.** or at any adjournment thereof and to vote as indicated below:

Ordinary Resolution	Agenda	For	Against
1	To re-elect Ms Tan Phwe Leng (Tan Phe Lin @ Mariana Adijanto) as a Director		
2	To re-elect Mr Wong Yoke Kong as a Director		
3	To approve the payment of Directors' fees for the financial year ended 31 December 2023		
4	To approve the payment of Directors' benefits payable to the Non-Executive Directors		
5	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company		
6	To approve Final Single-Tier Dividend		
7	To approve the authority to Issue and Allot Shares		

Mark either box if you wish to direct the proxy how to vote. If no mark is made, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

* Strike out if not applicable.

Signed this..... day of 2024.

Number of Shares Held	
CDS Account No.	
Contact No.	

.....
Signature / Common Seal of Shareholder

NOTES:-

- The Meeting Platform is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.
- Members/proxies/corporate representatives WILL NOT BE ALLOWED to attend the 34th AGM in person on the day of the meeting.
- Members are to attend, speak (including posing questions to the Board via real time submission of typed text(s)) and vote (collectively, "participate") remotely at the 34th AGM via the Remote Participation and Voting Facilities ("RPV") provided by Dvote Services Sdn. Bhd. through its online website at <https://www.dvote.my>.
Please follow the procedures for RPV provided in the Administrative Guide for the fully virtual 34th AGM.
- A member entitled to attend and vote at the meeting may appoint a proxy/ proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- Where a Member appoints more than one (1) proxy, 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 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 of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where the exempt authorised nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- The instrument appointing a proxy must be deposited at the registered office of the Company at Level 13, Menara 1 Sentrum, 201, Jalan Tun Sambanthan, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time stipulated for holding the meeting or any adjournment thereof.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 10 June 2024 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

AFFIX
STAMP

The Company Secretaries

HARRISONS HOLDINGS (MALAYSIA) BERHAD
[Registration No. 199001003108 (194675-H)]

Level 13, Menara 1 Sentrum
201, Jalan Tun Sambanthan, Brickfields
50470 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia



HARRISONS HOLDINGS (MALAYSIA) BERHAD

REGISTRATION NO. 199001003108 (194675-H)
(INCORPORATED IN MALAYSIA)

Unit 9A, 9th Floor, Wisma Bumi Raya
10, Jalan Raja Laut
50350 Kuala Lumpur
Tel: +603 - 2698 3733
Fax: +603 - 2698 8733

www.harrisons.com.my