2016

ANNUAL REPORT

HLT GLOBAL BERHAD

(Company No. 1163324-H)
(Incorporated in Malaysia)

Table of CONTENTS

Corporate Information 2

Notice of Second Annual General Meeting 3

Financial Highlights 6

Corporate Structure 7

Profile of Directors 8

Profile of Key Senior Management 11

Management Discussion and Analysis 13

Corporate Governance Statement 18

Audit Committee Report 28

Statement on Risk Management and Internal Control 31

Additional Compliance Information 33

Statement of Directors' Responsibility 35

Financial Statements 36

List of Properties 101

Analysis of Shareholdings 102

Proxy Form

CORPORATE INFORMATION

BOARD OF DIRECTORS

Wong Wai Tzing
Independent
Non-Executive Chairman

Wong Kok Wah
Deputy Chairman /
Executive Director

Chan Yoke Chun
Executive Director /
Chief Executive Officer

Yau Ming Teck
Senior Independent
Non-Executive Director

Wong Koon Wai
Independent
Non-Executive Director

COMPANY SECRETARY

Tea Sor Hua (MACS 01324)

AUDIT COMMITTEE

Yau Ming Teck (Chairman)
Wong Wai Tzing
Wong Koon Wai

NOMINATION COMMITTEE

Yau Ming Teck (Chairman)
Wong Wai Tzing
Wong Koon Wai

REMUNERATION COMMITTEE

Wong Koon Wai (Chairman)
Yau Ming Teck
Chan Yoke Chun

ESOS COMMITTEE

Chan Yoke Chun (Chairman)
Wong Kok Wah
Yau Ming Teck
Chui Mee Chuen

REGISTERED OFFICE

Third Floor, No. 79 (Room A)
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor
Tel No: 03-7725 1777
Fax No: 03-7722 3668

BUSINESS ADDRESS

No. 6, Jalan Industri Mas 7
Taman Mas
47130 Puchong
Selangor
Tel No: 03-8068 3616
Fax No: 03-8068 4618
Email: enquiry@hladvance.com
Website: www.hltglobal.com.my

SHARE REGISTRAR

Insurban Corporate Services
Sdn Bhd (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel No: 03-7729 5529
Fax No: 03-7728 5948

AUDITORS

Crowe Horwath (AF1018)
Level 16 Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel No: 03-2788 9999

SPONSOR

KAF Investment Bank Berhad
(20657-W)
Level 14, Chulan Tower
No. 3, Jalan Conlay
50450 Kuala Lumpur
Tel No: 03-2171 0228

PRINCIPAL BANKER

Public Bank Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad

Stock Code : 0188
Stock Name : HLT

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of HLT GLOBAL BERHAD ("the Company") will be held at Tioman Room, First Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Friday, 19 May 2017 at 10.30 a.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. — *Please refer to Note (a)*

2. To approve the payment of Directors' fees of RM160,000 for the financial year ended 31 December 2016. — *Ordinary Resolution 1*

3. To approve the payment of Directors' fees up to RM160,000 for the financial year ending 31 December 2017. — *Ordinary Resolution 2*

4. To re-elect the following Directors who retire by rotation in accordance with Clause 89 of the Company's Constitution:

   i. Ms. Wong Wai Tzing — *Ordinary Resolution 3*
   ii. Mr. Wong Kok Wah — *Ordinary Resolution 4*

5. To re-appoint Messrs. Crowe Horwath as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. — *Ordinary Resolution 5*

AS SPECIAL BUSINESS:

To consider and if thought fit, pass with or without any modifications, the following resolution:-

6. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** — *Ordinary Resolution 6*

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By order of the Board

TEA SOR HUA (MACS 01324)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
27 April 2017

Notes:

a) The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, Agenda No. 1 is not put forward for voting.

b) A member who is entitled to attend and vote at the Second Annual General Meeting ("the Meeting") shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

c) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63 of the Company's Constitution to issue a General Meeting Record of Depositors as at 12 May 2017. Only members whose names appear in the General Meeting Record of Depositors as at 12 May 2017 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

d) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

e) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

f) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

g) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

h) To be valid, the instrument appointing a proxy must be deposited at the Share Registrar Office of the Company at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll.

EXPLANATORY NOTES TO SPECIAL BUSINESS

Item 6 of the Agenda

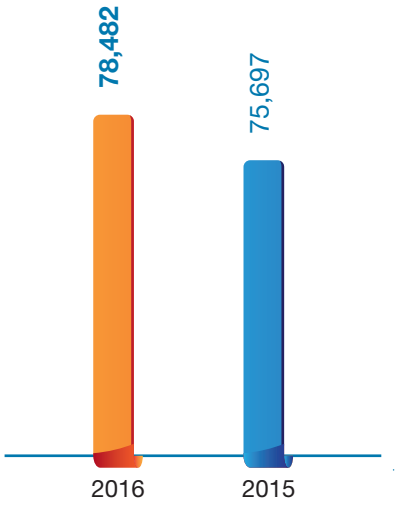
The Ordinary Resolution 6 proposed under item 6 of the Agenda is a general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

This new general mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

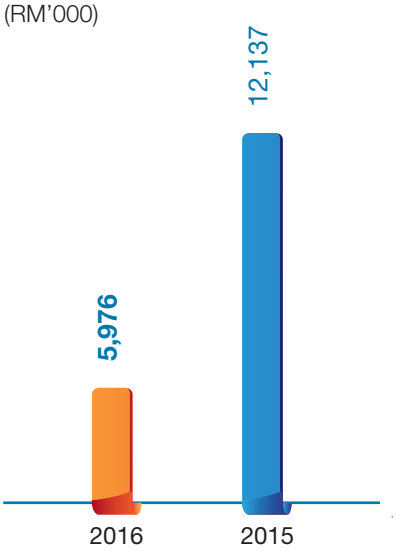
FINANCIAL HIGHLIGHTS

	2016	2015
Revenue (RM'000)	78,482	75,697
Profit before taxation (RM'000)	5,976	12,137
Earnings per share (sen)	2.63	5.41
Net assets per share (sen)	15.83	13.05

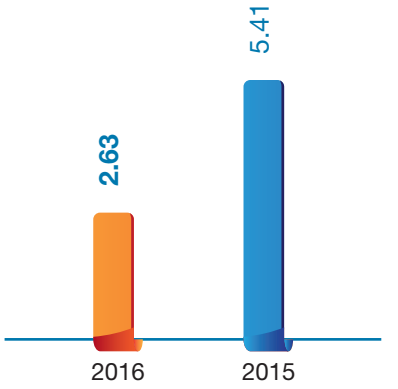
REVENUE
(RM'000)



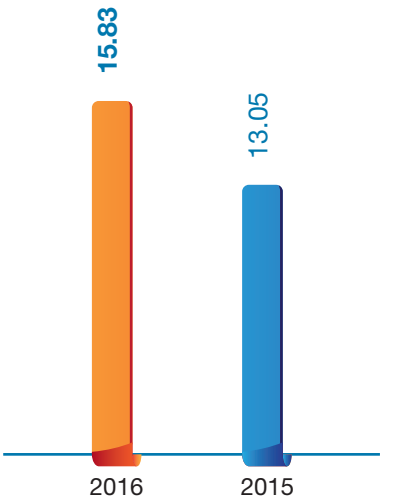
PROFIT BEFORE TAXATION
(RM'000)



EARNINGS PER SHARE
(SEN)



NET ASSETS PER SHARE
(SEN)



HLT GLOBAL BERHAD
(1163324-H)

Investment Holding

100%

HL ADVANCE TECHNOLOGIES (M) SDN BHD
(743473-W)

- Design, Fabrication, Installation, Testing and Commissioning of Glove-Dipping lines
- Provision of Upgrading and Modification Works for Glove-Dipping Lines
- Supply and Trading of Associated Parts and Components

PROFILE OF **DIRECTORS**

Wong Wai Tzing

Independent Non-Executive Chairman

Ms. Wong Wai Tzing, a Malaysian female aged 60, is our Independent Non-Executive Chairman. She was appointed to our Board on 8 January 2016 and is a member of the Audit Committee and Nomination Committee.

Ms. Wong started her career as a legal secretary in Joseph Tan & Tang in 1979 where she was mainly involved in the preparation of statutory forms required under the National Land Code 1965. With her licentiateship of the Institute of Chartered Secretaries and Administrators obtained in 1984, she joined C.A. Corporate Services Sdn Bhd in 1987 as manager and she was appointed as company secretary of several companies under the care of C.A. Corporate Services Sdn Bhd.

In 1989, Ms. Wong graduated with a Bachelor of Laws degree from the University of London and she left C.A. Corporate Services Sdn Bhd in 1990 to commence her pupillage in Cheang & Ariff. She became a legal assistant in Cheang & Ariff in 1991 and was subsequently made a partner in the same firm in 1996. In 1999, she left Cheang & Ariff and co-founded the legal firm known as Tay & Helen Wong. She has actively been involved in corporate and commercial legal work since 1991 covering, inter alia, mergers and acquisitions, take-overs, initial public offerings, joint ventures and franchising arrangements.

Ms. Wong is currently a Director of Genetec Technology Berhad, a company listed on ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), and also a Director of a private limited company.

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Wong Kok Wah

Deputy Chairman / Executive Director and Key Senior Management

Mr. Wong Kok Wah, a Malaysian male aged 51, is our co-founder and Deputy Chairman / Executive Director. He is also our major shareholder. He was appointed to our Board on 22 October 2015. He is responsible for overseeing our Group's business development and sales as well as our entire manufacturing operations.

After his secondary education, he was hired as an apprentice in a metal fabrication business in Johor. During this apprenticeship, he learned the trade of metalworking, and honed his skills in metal and steel fabrication.

In 1983, he returned to Kuala Lumpur, and continued to work in metal and steel fabrication as a freelance subcontractor before he co-founded Hup Lek Engineering & Trading ("Hup Lek (Partnership)") in 1990. He subsequently co-founded Hup Lek Engineering & Trading Sdn Bhd ("Hup Lek Engineering") in 1998, alongside Ms. Chan Yoke Chun, and another partner of Hup Lek (Partnership). It was during these years when he fine-tuned his expertise in the manufacturing of glove-dipping lines, as well as acquired knowledge and understanding of rubber glove manufacturing. He resigned as a Director of Hup Lek Engineering in 2015.

Mr. Wong also co-founded our wholly-owned subsidiary, HL Advance Technologies (M) Sdn Bhd ("HL Advance"), with Ms. Chan Yoke Chun in 2006, which subsequently commenced business operations in the manufacturing of glove-dipping lines in 2009.

Mr. Wong also sits on the board of several private limited companies.

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Chan Yoke Chun

Executive Director / Chief Executive Officer ("CEO") and Key Senior Management

Ms. Chan Yoke Chun, a Malaysian female aged 54, is our co-founder and Executive Director/ CEO. She is also a major shareholder of the Company. She was appointed to our Board on 22 October 2015 and is a member of the Remuneration Committee. She is responsible for overseeing the overall management and operations of our Group.

Ms. Chan graduated from Universiti Kebangsaan Malaysia with a Bachelor of Economics in 1986. Upon graduation, she joined Chan Brothers, a local food processing machinery engineering firm, where she was responsible for sales and marketing, and administration functions. She was with Chan Brothers for 7 years until 1993.

Ms. Chan started her involvement in the operations of Hup Lek (Partnership) in 1995 as a business partner. Hup Lek (Partnership) was initially involved in metal fabrication works for various industrial applications and gradually expanded its business activities to include design, fabrication, installation, testing and commissioning of glove-dipping lines, where she was involved in sales and marketing, as well as finance and administration functions. Together with Mr. Wong Kok Wah and another partner of Hup Lek (Partnership), she later co-founded Hup Lek Engineering, a company mainly involved in glove-dipping line manufacturing to assume the business operations of Hup Lek (Partnership) before the latter ceased its operations. As a Director of Hup Lek Engineering, she was then responsible for overseeing its overall management and operations until her resignation as a Director in 2015.

In 2006, she co-founded our wholly-owned subsidiary, HL Advance, together with Mr. Wong Kok Wah. Ms. Chan took up the role of Executive Director/ CEO of HL Advance in 2009 when HL Advance commenced its business operations.

Ms. Chan also sits on the board of several private limited companies.

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Yau Ming Teck

Senior Independent Non-Executive Director

Mr. Yau Ming Teck, a Malaysian male aged 46, is our Senior Independent Non-Executive Director. He was appointed to our Board on 30 October 2015 and is the Chairman of the Audit Committee and Nomination Committee as well as member of Remuneration Committee.

Mr. Yau graduated from Monash University, Melbourne with an Economic Degree in 1993. He is a qualified Certified Practicing Accountant ("CPA") of the CPA Australia and a Chartered Accountant of Malaysian Institute of Accountants.

In 1994, he had started his career with Coopers & Lybrand, Insolvency & Corporate Division and handled a wide portfolio of clients with diverse background and industries during his three years with the firm.

In 1996, he joined a Malaysian Main Board public listed company as Executive, Special Projects and last served as a Financial Controller of another Main Board public listed company in Bursa Securities in 2003. During his tenure with the public listed companies, he had predominantly taken charge of various corporate exercises and his skill in the area of corporate finance, financial management and strategic planning honed over 15 years has brought him to his private business practice in year 2004. He has the expertise in corporate and financial advisory in the areas of corporate finance, mergers & acquisitions and restructuring exercises with the focus of the business in People's Republic of China, Singapore and Australia.

Mr. Yau currently sits on the board of UMS-Neiken Group Berhad, a company listed on Main Market of Bursa Securities as well as several private limited companies.

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Wong Koon Wai

Independent Non-Executive Director

Mr. Wong Koon Wai, a Malaysian male aged 42, is our Independent Non-Executive Director. He was appointed to our Board on 8 January 2016 and he is the Chairman of the Remuneration Committee as well as member of the Audit Committee and Nomination Committee.

Mr. Wong graduated with a Bachelor Degree in Business (Accountancy) from the Royal Melbourne Institute of Technology, Melbourne in 1999. He started his career in the audit and assurance profession in June 2000 and joined Crowe Horwath in May 2003. He was promoted to the position of Senior Manager before he left the firm 8 years later in 2011. Throughout his audit and assurance profession tenure, he has gained knowledge in external audit and corporate transactions locally and overseas.

Mr. Wong joined Oriental Castle Sdn Bhd in 2011 as its Financial Controller where he was responsible to oversee the finance and accounting functions of the company and its group of companies in Malaysia, Singapore, China, Vietnam and Indonesia. He left the company in 2012 and joined the Malaysian Institute of Accountants as its Director of the Professional Standards & Practices Division, where he was responsible for the overall leaderships, direction and coordination of all activities of the said division.

In 2014, Mr. Wong left the Malaysian Institute of Accountants and joined Poh & Tan as Audit Principal where he was involved in liquidation, audit, GST and transaction advisory services. In 2015, he left Poh & Tan for Global Line Network Sdn Bhd, where he joined as its Chief Operating Officer and is responsible on planning, directing and coordinating the company's operational policies, rules, initiatives and goals.

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Notes:

1. *None of the Directors have family relationship with other Directors or major shareholders of the Company except for the following:-*
   a) *Mr. Wong Kok Wah is the spouse of Ms. Chan Yoke Chun, a Director and major shareholder of the Company*
   b) *Ms. Chan Yoke Chun is the spouse of Mr. Wong Kok Wah, a Director and major shareholder of the Company*
2. *None of the Directors have any conflict of interest with the Company.*
3. *None of the Directors have been convicted of any offence in the past five (5) years, or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2016, other than traffic offences.*

Muhammad Idris Yap Bin Abdullah

General Manager of Operations

En. Muhammad Idris Yap Bin Abdullah, a Malaysian male aged 52, is the General Manager of Operations of our Group since 2013. He assists our Executive Directors in managing the overall operations of our Group.

En. Muhammad Idris Yap graduated from Universiti Malaya with a Bachelor of Science (Hons) degree majoring in Chemistry in 1988. He began his career in the rubber glove industry in 1988 as Chemist cum Production Supervisor with Setia Aircond Glove Manufacturer Sdn Bhd, a company principally involved in rubber glove manufacturing. He left the company in 1989 and joined Alfa Seal Sdn Bhd, a rubber glove manufacturer, as Assistant Factory Manager. In 1991, he joined another rubber glove manufacturing company, Wurlin-Soplamed (M) Sdn Bhd, as Production Manager. Following that, he joined Smart Glove Corporation Sdn Bhd, a rubber glove manufacturing company, as Factory Manager in 2000. In 2002, he joined Ansell Sdn Bhd, a rubber glove manufacturer, as Technical Manager, before being promoted to Manufacturing Manager in 2005. In 2007, he left Ansell Sdn Bhd to join Avery Dennison Materials Sdn Bhd, a company manufacturing labelling and packaging materials, as Plant Manager before moving back to the rubber glove industry to join Central Medicare Sdn Bhd as Senior Vice President in 2008. In 2010, he joined our Group as Factory Manager and was promoted to his current position as General Manager of Operations in 2013.

En. Muhammad Idris Yap was awarded a Six Sigma Black Belt certification from Motorola University in 2004 in recognition of him successfully completing the Motorola Six Sigma Black Belt requirements and demonstrating the ability to effectively utilise statistical, problem solving and quality tools. His academic qualification in chemistry and coupled with his 25 years of experience in the rubber glove industry, gives us a competitive edge where we are able to assist our clients on glove-dipping line design, development and process control. One of his notable contributions is the implementation of systematic operational processes, and quality control and safety measures for our Group's production system.

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Chui Mee Chuen

Chief Financial Officer

Ms. Chui Mee Chuen, a Malaysian female aged 38, is the Chief Financial Officer of our Group since 2015. She is responsible for overseeing the finance and accounting functions of our Group.

Ms. Chui started her career as Audit Assistant with RSM Robert Teo, Kuan & Co. in 2003, after graduating from Tunku Abdul Rahman University College (then known as Tunku Abdul Rahman College) with an Advanced Diploma in Accountancy in the same year. She later joined Crowe Horwath as Audit Assistant in 2005 and left as Audit Senior (Platoon Leader) in 2008. She then joined In-Fusion Solutions Sdn Bhd, a company principally involved in the provision of education and education technology solutions, as Assistant Manager, Corporate Planning, during which she furthered her studies to obtain the Association of Chartered Certified Accountants ("ACCA") certificate and became a Chartered Certified Accountant in 2009. She was awarded the Fellowship of ACCA in 2013. She is also currently a member of the Malaysian Institute of Accountants.

In 2009, Ms. Chui left In-Fusion Solutions Sdn Bhd to join Pearl River Tyre (Holdings) Limited (presently known as Han Tang International Holdings Limited), a company listed on the Hong Kong Stock Exchange, as the Financial Controller. During her tenure with Pearl River Tyre (Holdings) Ltd, a company principally involved in manufacturing of tyre for commercial vehicles, she was involved in the preparation of group accounts and interim financial reports, handling both the internal and external auditors of companies within the group as well as tax planning and annual budget planning. Subsequently, she joined Foshan Niro Ceramic Building Materials Trading Co Ltd in China, a company principally involved in trading of tiles and sanitary ware, as its Finance Manager in 2014, where she led the finance department in preparing financial reports, performing budget variance analysis, as well as reviewing and implementing improved internal control procedures.

In 2015, Ms. Chui returned to Malaysia and joined our Group as Chief Financial Officer, bringing with her over 10 years of local and international experience in the areas of finance, accounting, cross border tax, internal control and corporate affairs.

Ms. Chui currently sits on the board of Oversea Enterprise Berhad, a company listed on ACE Market of Bursa Securities.

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Yam Chee Leong

Project Manager

Mr. Yam Chee Leong, a Malaysian male aged 56, is the Project Manager of our Group since 2014. He is responsible for managing and overseeing on-site operations for our Group.

Mr. Yam began his career at Fei Yin Engineering, an engineering enterprise, in 1979 where he was involved in engineering and fabrication of machinery. In 1984, he started his own business as a subcontractor for pipe fabrication works in the automotive manufacturing industry. Following this, he joined Sri Johani Sdn Bhd in 1989, a rubber glove manufacturing company, as Senior Mechanical Foreman where he gained experience in rubber glove manufacturing processes. He later joined Wembley Rubber Products (M) Sdn Bhd, a company principally involved in rubber glove manufacturing, in 1996 as Superintendent where he was responsible for overseeing and managing the production department. In 1998, he joined Hup Lek Engineering as Project Manager, where he was involved in the manufacturing of glove-dipping lines for local and international rubber glove manufacturers.

Mr. Yam left Hup Lek Engineering in 2014 to join our Group as Project Manager, bringing with him over 20 years of experience in the rubber glove industry.

♦

Choong Siew Meng

Factory Manager

Mr. Choong Siew Meng, a Malaysian male aged 46, is the Factory Manager of our Group since 2014. He is responsible for overseeing all fabrication works performed at our factory.

Mr. Choong was an apprentice in a metal fabrication business from 1987 until 1991. In 1991, he joined Yee Wah Engineering Sdn Bhd, a company involved in the metal fabrication of machinery and equipment, as Mechanic where he was responsible for machinery repair and metal fabrication works until he left the company in 2000. He was later a freelance subcontractor in metal fabrication works from 2000 to 2001, before he rejoined Yee Wah Engineering Sdn Bhd as Mechanic in 2001. He subsequently joined Hup Lek Engineering in 2007 as Supervisor where he was mainly responsible for supervising factory operations.

In 2014, Mr. Choong left Hup Lek Engineering to join our Group as a Factory Manager, bringing with him over 20 years of experience in the manufacturing industry.

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Chin Shiau Wan

Purchasing and Logistics Manager

Ms. Chin Shiau Wan, a Malaysian female aged 39, is the Purchasing and Logistics Manager of our Group since 2014. She is responsible for overseeing our purchasing and logistics functions.

Ms. Chin graduated from Tunku Abdul Rahman College with a certificate in Computer Studies in 1998. She began her career in 1999 as Administrative Assistant at TSA Industries Sdn Bhd, a company principally involved in trading of construction and household hardware. She later joined Beye Aluminium Sdn Bhd as Sales Coordinator in 2009.

In 2010, Ms. Chin joined our Group as Administrative Executive and was promoted to her present position as Purchasing and Logistics Manager in 2014.

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Notes:

Other than the Key Senior Management disclosed in the profile of Directors, none of the Key Senior Management have:-

a) any family relationship with any Directors and/ or major shareholders of the Company;

b) any conflict of interest with the Company; and

c) been convicted of any offence in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2016, other than traffic offences.

OVERVIEW OF THE GROUP'S BUSINESS

HLT Global Berhad is an investment holding company, whilst its sole wholly owned subsidiary, HL Advance Technologies (M) Sdn Bhd is principally involved in the following business activities:-

(i) design, fabrication, installation, testing and commissioning of glove-dipping lines ("**Sale of New Lines**");

(ii) provision of upgrading and modification works for glove-dipping lines ("**Upgrade and Modification**"); and

(iii) supply and trading of associated parts and components ("**Supply and Trading**").

Our products include, amongst others, glove-dipping lines as well as associated parts and components of glove-dipping lines, which we supply to rubber glove manufacturers. Over the recent financial years, our products have been sold within Malaysia and to other countries such as Thailand, Indonesia, Vietnam, China, India and Saudi Arabia.

It is our continuing objectives to seek market opportunities in the domestic and export markets to strengthen our business operations and market presence. To achieve this, we will remain focused in our commitment on product quality and customer service, as well as continuously improve and upgrade our glove-dipping lines in order to secure more customers and orders locally and internationally, which will in turn support our long term sustainability and growth.

FINANCIAL PERFORMANCE

For the financial year ended ("**FYE**") 31 December 2016, we reported a profit after taxation ("**PAT**") of RM5.90 million as compared to RM12.13 million in the FYE 2015. The lower PAT recorded for the FYE 2016 was mainly attributed to the decrease in gross profit margin and incurrence of listing expenses.

Certain financial and non-financial indicators pertaining to our financial performance and financial position for the FYE 2016 vis-à-vis the FYE 2015 are as follows:-

	FYE 2016 RM'000	FYE 2015 RM'000	% Change
Our financial performance			
Revenue	78,482	75,697	3.68
Gross profit ("**GP**")	11,584	15,223	(23.90)
Profit before taxation ("**PBT**")	5,976	12,137	(50.76)
PAT	5,904	12,134	(51.34)
Gross profit margin (%)	14.76	20.11	(5.35)
PBT margin (%)	7.61	16.03	(8.42)
PAT margin (%)	7.52	16.03	(8.51)
Our financial position			
Total non-current asset	5,867	6,375	(7.97)
Total current assets	60,116	46,036	30.58
Total non-current liability	1,295	1,434	(9.69)
Total current liabilities	29,163	21,713	34.31
Total shareholders' equity	35,525	29,264	21.40
Our production level			
Estimated units of glove-dipping lines manufactured	*14	9	

* *Including 6 glove-dipping lines manufactured for a local customer where the fabrication of relevant components was mainly undertaken at the said customer's factory, and hence did not utilise the production floor space of our factory.*

FINANCIAL PERFORMANCE *continued*

In general, notwithstanding that we have managed to achieve revenue growth of 3.68% for the FYE 2016 which was mainly attributed to the better performance of our Sale of New Lines segment in terms of the number of glove-dipping lines manufactured, our GP and GP margin for the FYE 2016 decreased by 23.90% and 5.35% respectively. The decreases in both of the GP and GP margin were mainly due to the 25.45% or RM3.82 million decrease in gross profit from the Sale of New Lines segment to RM11.19 million. The decrease in the Sale of New Lines segment profit notwithstanding an increase in its segment revenue was due to certain orders with lower gross profit margin implemented by our Sale of New Lines segment during the financial year under review. Such lower gross profit margin orders were secured by us having considered such orders have provided us with further business opportunities with the relevant customers in terms of repeat orders, which are expected to contribute positively to our business growth and financial performance in the forthcoming financial year.

Our PBT for the FYE 2016 reduced by 50.76% or RM6.16 million to RM5.98 million following a 23.90% decrease in our GP and higher administrative expenses incurred during the FYE 2016. The higher administrative expenses was mainly due to the incurrence of listing expenses and fair value recognition of options granted pursuant to the Company's Employees Share Option Scheme. On the same note, our PAT decreased at a similar rate of 51.34% or by RM6.23 million to RM5.90 million after the deduction of income tax expense of RM0.07 million.

We have not incurred material capital expenditure during the financial year under review. The decrease in non-current asset was mainly due to depreciation of property, plant and equipment during the financial year. The significant increase in total current assets was mainly attributed to the increase in amount owing by contract customers and trade receivables. The amount owing by contract customers represents the gross unbilled amount expected to be billed and collected from customers for contract work performed to date. Notwithstanding the significant increase in trade receivables, the management believes that the trade receivables are fully recoverable taking into consideration the long term business relationship with the customers and that the management has constantly been following up on the collections. The significant decrease in the cash and bank balances (excluding fixed deposits pledged to a licensed bank) was mainly due to slow collection of certain overdue trade receivables. The management at the request of the customers, may allow settlement of trade receivables owing to us over an extended period beyond the normal trade credit period granted with due consideration to the customers' cash flow positions amid their on-going expansion of manufacturing facilities. This is in line with the management's continuing effort in fostering long term business relationship with the customers so as to facilitate our business growth.

The total non-current liability represents the term loan to finance our current premises. The current liabilities increased by 34.31% as compared to FYE 2015. The increase was mainly attributed to the increase in amount owing to contract customers and trade payables. The amount owing to contract customers represents the down payment billed to a customer for contract work which is yet to be performed to date. The increase in trade payables was mainly due to slower settlement of creditors by us pending collection of outstanding trade receivables from customers.

Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while external source of funds comprises credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 30 to 120 days. The principal uses of these funds are for working capital requirements, such as payments for the purchase of materials and parts, subcontractors costs, selling and distribution expenses, and administrative expenses. The management believes that after taking into account our cash and bank balances as well as the funds envisaged to be generated from our business operations, we will have adequate working capital to meet our present and foreseeable day-to-day business operations requirements.

Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition and liquidity.

OPERATING ACTIVITIES

For the FYE 2016, our Sale of New Lines segment continued to be the main contributor of revenue where it accounted for 98.13% of our total revenue. Notwithstanding that the total value of new orders for glove-dipping lines secured in the FYE 2016 of RM87.28 million was lower than that of RM97.50 million for the FYE 2015, revenue from our Sale of New Lines segment for the FYE 2016 increased by RM7.11 million from RM69.90 million for the FYE 2015 due to larger amount of work undertaken for our glove-dipping line orders (consisting of orders brought forward from FYE 2015 as well as newly secured orders) during the FYE 2016. As at 31 December 2016, our outstanding value of orders to be recognised as revenue subsequent to the FYE 2016 amounted to RM45.63 million.

Revenue from our Upgrade and Modification segment and Supply and Trading segment accounted for 1.10% and 0.77% respectively of our total revenue for the FYE 2016.

For the FYE 2016, our new orders for glove-dipping lines were secured from two (2) local customers and comprised of a total of twenty-one (21) glove-dipping lines. Due to the production floor space constraint in our factory, we have procured the agreement from one of our local customers for us to carry out fabrication works for the relevant components of glove-dipping lines at the said customer's factory. By so doing, we managed to undertake larger amount of work for our glove-dipping line orders without being restricted by the floor space constraint in our factory, and this has in turn contributed to the revenue recognition based on the percentage of completion. Moving forward, we will work together with this customer on the same arrangement to carry out fabrication work at the customer's factory and utilise our factory's production floor space for the execution of other orders. Meanwhile, we are still in the midst of identifying appropriate land in area within the southern part of the Klang Valley for the new factory as per our expansion plan.

Our revenue was generated from a combination of local sales and foreign sales to countries such as Thailand and Indonesia. For the FYE 2016, our revenue was mainly generated from local sales to our customers in Malaysia, which is in line with the overall competitive landscape of the international rubber glove manufacturing industry with the Malaysian market being populated by some of the world's largest rubber glove manufacturers. The contribution from local and foreign sales were 70.67% and 29.33% respectively of our total revenue.

ANTICIPATED OR KNOWN RISKS

In line with Bursa Securities' regulatory framework on the new disclosure requirements, we highlight below the key anticipated or known risks that the Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below.

(i) Dependence on the rubber glove industry

Our Group is dependent on the rubber glove industry as our revenue is mainly derived from the supply of glove-dipping lines to rubber glove manufacturers. Thus, the financial performance of our Group will be affected by the growth of the rubber glove industry and technological advancement of glove-dipping lines.

Nevertheless, the management believes that the future prospects of our Group remain positive due to the anticipated growth in the rubber glove industry driven by the growth in demand for rubber gloves globally as well as domestically. With the advancement of technology in the design of glove-dipping lines, newer or more advanced glove-dipping lines are being installed by rubber glove manufacturers to achieve greater production efficiency which in turn will increase the demand for glove-dipping lines.

ANTICIPATED OR KNOWN RISKS *continued*

(ii) Absence of long-term contracts

We do not have any long-term contracts with our customers as our Group's sales are based on purchase orders. This is due to the nature of our business and the prevailing industry practice, where orders from customers are usually secured on a project-by-project basis. As the specifications and value of our products vary from order to order depending on our customers' requirements and hence, depending on the specifications, number and value of orders secured and implemented by us in a particular year, our Group's revenue may fluctuate from year to year. Such fluctuations may have a material adverse impact on our business operations and financial performance.

Notwithstanding the absence of long-term contracts, the management believes that our competitive strengths, particularly our design and manufacturing capabilities as well as the knowledge and experience of our management and technical teams had enabled us to secure orders from rubber glove manufacturers, which are either foreign-based or owned by multinational corporation or public listed company in Malaysia. Furthermore, our commitment in providing our customers with quality products and services, and our previous business dealings with customers would provide us with a platform for further business growth through repeat orders.

(iii) Fluctuation in raw material prices

The primary materials used in the fabrication of glove-dipping lines are steel materials such as steel beams, pipes and plates which are subject to continuing price fluctuations. The prices of steel materials are subject to market supply and demand conditions, prices of its raw materials (such as iron ore), prevailing energy costs and governmental regulations. Any material change in the conditions of the aforesaid factors may cause an increase in steel material prices which may lead to an increase in our manufacturing cost and may have a material adverse impact on our business operations and financial performance.

The management believes that the volatility in the cost of steel materials is manageable as our purchases are generally made upon receipt of confirmed orders from our customers so as to minimise the impact of any adverse price fluctuations in steel materials.

(iv) Fluctuations in our gross profit margin

The pricing of our glove-dipping lines vary from customer to customer as they are made to customers' specifications with different requirements. Accordingly, the gross profit margin of our orders for glove-dipping lines varies from order to order and is generally determined by us after taking into consideration the specifications of the subject glove-dipping lines with due regard to the material used, production parameters, dimensional measurement, process complexity and logistic arrangement as well as the potential repeat orders in the future. In view of the above, our gross profit margin fluctuates from year to year and for the FYE 2015 to FYE 2016, we experienced a decrease in our gross profit margin from 20.11% to 14.76%.

The decrease in gross profit margin is mainly due to certain orders were secured at a lower gross profit margin. These orders were secured by the management having considered the shorter implementation timeframe for an order whose specifications were similar to recently implemented orders and potential repeat orders to be secured from the same customers.

TREND AND OUTLOOK

Based on the Executive Summary of the Independent Market Research Report ("**IMR**") by Smith Zander International Sdn Bhd ("Smith Zander") in our prospectus dated 20 December 2016, the prospect for growth in the glove-dipping line industry in Malaysia are positive as the industry is expected to continue being driven by the growth in demand for rubber gloves globally as well as domestically. The rubber glove industry is a vibrant and growing industry, as evidenced by global rubber glove demand which has grown from 65.3 billion pairs in 2009 to an estimated 88.0 billion pairs in 2014, registering a Compound Annual Growth Rate ("**CAGR**") of 6.1%. In particular, Malaysia dominates the global rubber glove industry as the largest producer and exporter, producing 59.4 billion pairs and exporting 658,016 tonnes of rubber gloves in 2015.

Premised on the above, Smith Zander forecast the glove-dipping line industry in Malaysia to grow at a healthy CAGR of 15.2% from an estimated RM326.5 million in 2016 to RM575.9 million in 2020. We, as one of the key industry players in the glove-dipping line industry in Malaysia, we may potentially gain from the growing domestic and international demand. With our track record and technical capabilities, as well as strong position in the domestic market, we are poised to increase our presence in the glove-dipping line industry, as well as capture opportunities in the export markets.

DIVIDEND POLICY

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to shareholders' approval. Although we have not formulated a dividend policy or payout ratio, we recognise that it is important to reward our investors with dividends. Therefore, it is our intention to pay dividends to shareholders in the future to allow our shareholders to participate in our profits subject to various factors including, inter-alia, our financial performance, cash flow requirement, availability of distributable reserves and capital expenditure plans.

As our Company is an investment holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiary. The payment of dividends or other distributions by our subsidiary will depend upon its distributable profits, operating results, financial condition, capital expenditure plans and other factors that the Board of Directors deems relevant.

INTRODUCTION

The Board of Directors ("the Board") of HLT Global Berhad ("HLT Global" or "the Company") is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiary ("the Group") as a fundamental part of discharging its duties to enhance shareholders' value, consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 ("Code").

The Board is pleased to set out below the Corporate Governance Statement which describes the manner in which the Group has applied the principles of the Code and its corresponding recommendations during the financial year ended 31 December 2016. The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 10 January 2017.

A. THE BOARD

i. Composition and balance of the Board

The Board currently has five (5) members, comprising one (1) Independent Non-Executive Chairman, one (1) Deputy Chairman/Executive Director, one (1) Executive Director/Chief Executive Officer, one (1) Senior Independent Non-Executive Director and one (1) Independent Non-Executive Director. This composition ensures that at least one-third (1/3) of the Board comprise of Independent Directors in compliance with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities.

The size and composition of the Board is well balanced in its current constituted state to address any business challenges and to drive the business of the Group to greater heights. The Board comprises of a mixture of Executive and Non-Executive Directors from diverse professional backgrounds with a wealth of experience, skills and expertise to meet the Group's needs. The size and composition of the Board are reviewed from time to time to ensure its appropriateness.

There is a clear separation of functions between the Board and senior management. The role of the Chairman and the Executive Directors are distinct and separate to ensure there is a balance of power and authority.

The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the Executive Directors have overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Executive Directors are accountable to the Board for the overall organisation, management, and staffing of the Group, and for the procedures in financial and other matters, including conduct and discipline.

The Company has not implemented gender diversity policies and/or measures to meet the targets as both genders are given fair and equal treatment. The Board, through its Nomination Committee, believes that candidature to the Board should be based on a candidate's merits, capability, experience, skill-sets and integrity.

Furthermore, in view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board shall also accord due consideration to inculcate diversity policy in boardroom and workplace which encapsulates not only to gender, but also age and ethnicity. The Board currently has two (2) female representations, representing 40% of the Board members.

A. THE BOARD *continued*

ii. Board responsibilities

The Board collectively leads and is responsible for the performance and affairs of the Group, including practicing a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has the responsibility in leading and directing the Group towards realising long term corporate objectives and increasing shareholders' value. The Board retains full and effective control of the Group's strategic plans, implements an appropriate system of risk management and ensures the adequacy and integrity of the Group's system of internal control.

Broadly, the Board assumes, amongst others, the following responsibilities in discharging its fiduciary and leadership functions:

- Reviewing and adopting a strategic plan for the Group, including addressing the Group's business strategies on promoting sustainability;
- Overseeing and evaluating the conduct and sustainability of the Group;
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- Ensuring that all candidates appointed to the Board are of sufficient caliber, including having in place a process to provide for the orderly succession of the members of the Board; and
- Reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has also delegated certain responsibilities to the following Board Committees to assist in the execution of its responsibilities:

a. Audit Committee
b. Nomination Committee
c. Remuneration Committee

The role of the Board Committees is to advise and make recommendations to the Board. However, the ultimate responsibility for the final decision on all matters lies with the Board. The Chairman of these Committees will provide a verbal report on the outcome of their respective Committee meetings to the Board, and any further deliberation is made at the Board level, if required.

Each Committee operates in accordance with respective terms of reference approved by the Board. The Board appoints the members and Chairman of each Committee.

A. THE BOARD *continued*

iii. Board charter

A Board Charter was formalised on 4 January 2017. The Board Charter is intended to identify the role, structure and processes related to key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity to Directors and senior management with regard to the roles of the Board and its Committees, the role of the Chairman and Executive Directors, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.

A copy of the Board Charter is published on the corporate website of the Company at www.hltglobal.com.my.

The Board has also adopted a Whistle Blowing Policy to provide an avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group so that it can take appropriate action to resolve them effectively. The Board has also adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company.

iv. Board meetings

There was no Board meeting convened during the financial year ended 31 December 2016 as all resolutions were passed by way of circular resolution. Moving forward, the Board shall have at least four (4) scheduled quarterly Board meetings with additional meetings to be convened when necessary.

The Directors are to receive notices of meetings, typically at least five (5) working days prior to the date of the meeting, setting out the agenda for the meeting, complete with a full set of Board papers. The Board papers provide sufficient details of matters to be deliberated during the meeting and the information provided therein is not confined to financial data but also includes non-financial information, both quantitative and qualitative, which is deemed critical for the Directors' knowledge and information in arriving at sound and informed decisions. Any Director who has direct and/or indirect interest in the subject matter to be deliberated on shall declare his interest and abstain from deliberation and voting on the same.

Where necessary, senior management and/or external professionals may be invited to attend these meetings to clarify and/or explain matters being tabled.

Minutes of Board meetings together with decisions made by way of circular resolution passed are duly recorded and properly kept by the Company Secretary.

v. Access to information and independent advice

The Directors have unrestricted access to the advice and services of the Company Secretary and senior management to enable them to discharge their duties effectively. The Directors also have access to the Internal and External Auditors of the Group, with or without senior management present to seek explanations or additional information.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

A. THE BOARD *continued*

v. Access to information and independent advice *continued*

The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfills the functions for which she has been appointed. The Company Secretary, who is qualified, experienced and competent, advises the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary to the Board in the discharge of their functions.

vi. Appointment to the Board and re-election of Directors

The members of the Board are to be appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the Nomination Committee will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.

All Board members shall notify the Chairman of the Board before accepting any new directorships in other public listed companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if she has any new directorships or significant commitments outside the Company.

In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election at each Annual General Meeting ("AGM") provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. All Directors newly appointed by the Board are subject to re-election by the shareholders at the AGM of the Company following their appointment.

vii. Independent Directors

The presence of three (3) Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

The Company appointed a Senior Independent Non-Executive Director, who will attend to any query or concern raised by shareholders as and when deemed necessary.

viii. Tenure of Independent Director

The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a yearly basis.

A. THE BOARD *continued*

ix. Annual assessment of Independence

The Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company and/or the Group as all of the Independent Directors have satisfactorily demonstrated that they are independent from senior management and free from any business or other relationship with the Group that could materially affect or interfere with the exercise of objective, unfettered or independent judgement to act in the best interest of the Group.

The Company was listed on ACE Market of Bursa Securities on 10 January 2017, hence there was no assessment on independence carried out for the Independent Directors during the financial year ended 31 December 2016. The Board will conduct an evaluation on the level of independence of all the Independent Directors for each financial year.

x. Evaluation of the performance of the Directors and the Board's as a whole

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Board Committees. The Nomination Committee is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board Committees on an annual basis.

The Nomination Committee is required to report annually to the Board an assessment of the performance of the Board and the Board Committees. This will be discussed with the Board. The Nomination Committee will also evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board Committees.

Given the Company was listed on 10 January 2017, there was no evaluation of Directors' performance carried out for the financial year ended 31 December 2016. However, the Company has in February 2017 established the annual assessment criteria and implementation process to evaluate the performance of each Director, the Board as a whole and the Board Committees for next financial year ending 31 December 2017.

xi. Directors' training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual Directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

The Nomination Committee will assess the training needs of the Directors and ensure Directors have access to continuing education programmes.

All five (5) Directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Securities and will continue to attend other relevant training programmes as appropriate to enhance their skills and knowledge. The Board was also briefed on "Post Listing Obligations of a Public Listed Company and Directors of a Listed Company" by the Company Secretary prior to the listing of the Company.

A. THE BOARD *continued*

xi. Directors' training *continued*

Directors also attended the following trainings:-

Name of Directors	Title of Seminars/Training attended
Yau Ming Teck	- Financial Statements: Numbers Tell a Story, What to Look Out for - Management Discussion and Analysis Statement
Wong Koon Wai	- Fraud Risk Management Workshop for Directors of Listed Issuers - Launch of the AGM Guide & CG Breakfast Series: How to Leverage on AGMs for Better Engagement with Shareholders - Income Tax & GST Implication and Application Leveraging the New Companies Act 2016 - CG Breakfast Series with Directors: Anti-Corruption & Integrity - Foundation of Corporate Sustainability

xii. Directors' remuneration

The Board, through the Remuneration Committee, establishes formal and transparent remuneration policies and procedures to attract and retain Directors. The Directors' remuneration is structured so as to link rewards to their corporate and individual performance. The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors with the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee for the Executive Directors.

Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in the Board and Board Committees and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

Details of the remuneration of the Directors of the Company and the Group for the financial year under review are as follows:

The Company

Directors	Fees (RM)	Salaries & * other emoluments (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors	–	–	–	–
Non-Executive Directors	160,000	–	–	160,000
TOTAL	**160,000**	**–**	**–**	**160,000**

Range of remuneration	Executive	Non-Executive
Below RM50,000	–	1
RM50,001 to RM100,000	–	2

A. THE BOARD *continued*

xii. Directors' remuneration *continued*

The Group

Directors	Fees (RM)	Salaries & * other emoluments (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors	–	1,034,880	45,400	1,080,280
Non-Executive Directors	160,000	–	–	160,000
TOTAL	**160,000**	**1,034,880**	**45,400**	**1,240,280**

* other emoluments includes allowances, bonuses and the Company's contribution to the Employer Provident Fund.

Range of remuneration	Executive	Non-Executive
Below RM50,000	–	1
RM50,001 to RM100,000	–	2
RM500,001 to RM550,000	1	–
RM550,001 to RM600,000	1	–

The Board determines the fees of all Directors, including the Non-Executive Directors. The Director's fees are endorsed by the Board for approval by the shareholders of the Company at the AGM. Directors do not participate in the decisions regarding their own fees/ remuneration packages.

xiii. Investor relations and shareholders communication

The Board values the importance of dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner. Quarterly results, announcements, annual reports and circulars serve as the primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and development. The Company's corporate website at www.hltglobal.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communication. These include the supply of comprehensive and timely information to shareholders and encouraging active participation at the general meetings.

The AGM remains a principal forum used by the Group for communication with its shareholders. During the AGM, shareholders are accorded time and opportunity to query the Board on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. Shareholders are also invited to convey and share their inputs with the Board. Where applicable, the Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

All resolutions set out in the Notice of the AGM are put to vote by poll.

A. THE BOARD *continued*

xiv. Corporate disclosure policy

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

A Corporate Disclosure Policy was formalised on 4 January 2017 to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

B. BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees that operates under clearly defined terms of reference approved by the Board. These Committees are:

i. Audit Committee

The Audit Committee's objectives are, among others, providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, and establishing and maintaining internal control.

The composition of the Audit Committee is set forth in the Audit Committee Report in this Annual Report. As the Company was listed on ACE Market of Bursa Securities on 10 January 2017, there was no meeting carried out during the financial year under review.

ii. Nomination Committee

The Nomination Committee is responsible for overseeing the selection and assessment of Directors. The Nomination Committee will assess the candidates and recommend to the Board who will thereon assess the shortlisted candidates and arrive at a decision on the appointment of the director.

The Nomination Committee comprises of the following members, all being Non-Executive Directors with the Chairman being the Senior Independent Non-Executive Director identified by the Board:

Name	Designation
Yau Ming Teck, Chairman	Senior Independent Non-Executive Director
Wong Wai Tzing, Member	Independent Non-Executive Chairman
Wong Koon Wai, Member	Independent Non-Executive Director

The Nomination Committee meets as and when required. As the Company was listed on ACE Market of Bursa Securities on 10 January 2017, there was no meeting carried out during the financial year under review.

B. BOARD COMMITTEES *continued*

iii. Remuneration Committee

The Remuneration Committee is principally responsible for assessing and reviewing the remuneration policy and packages for the Directors of the Company. The Remuneration Committee also seeks to ensure that the remuneration packages commensurate with the expected responsibility and contribution by the Directors and subsequently recommending to the Board for adoption.

The Remuneration Committee comprises of the following members:

Name	Designation
Wong Koon Wai, Chairman	Independent Non-Executive Director
Chan Yoke Chun, Member	Executive Director/Chief Executive Officer
Yau Ming Teck, Member	Senior Independent Non-Executive Director

C. ACCOUNTABILITY AND AUDIT

i. Financial reporting

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both on a quarterly and full year basis, and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance with the applicable financial reporting standards.

The Audit Committee plays a crucial role in assisting the Board to scrutinise the information for disclosure to shareholders to ensure accuracy, adequacy, validity and timeliness of the financial statements.

ii. Internal control and risk management

The Board is responsible for maintaining a sound internal control system to safeguard shareholders' investments and the Company's assets and for reviewing the adequacy and integrity of the system.

Risk management is an integral part of the Group's business operations and it is subject to periodic reviews by the Board.

The senior management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The internal audit function is outsourced to an independent professional firm, which is independent of the activities and operations of the Group. Details on the Statement on Risk Management and Internal Control are furnished in this Annual Report.

The Board recognises that identification, evaluation and management of significant risks faced by the Group are an on-going process. The Board maintains continuing commitment to strengthen the Group's internal control environment and processes.

C. ACCOUNTABILITY AND AUDIT *continued*

iii. Relationship with Auditors

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance.

The internal audit function of the Group is outsourced to an independent third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the senior management.

The Audit Committee is responsible to undertake an annual review of the suitability and independence of the External Auditors. Having assessed their performance, the Audit Committee will make its recommendation to the Board for re-appointment, upon which the shareholders' approval will be sought at the AGM of the Company.

D. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company is committed to achieving high standards of corporate governance throughout the Group, and the highest level of integrity and ethical standards in all of its business dealings.

The Board will continue to strive for full compliance with the Code in the coming financial year.

This statement is made in accordance with a resolution of the Board dated 17 April 2017.

AUDIT COMMITTEE REPORT

INTRODUCTION

Pursuant to Rule 15.15 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2016.

OBJECTIVES

The primary objective of the Audit Committee ("**AC**") is to assist the Board in discharging its statutory duties and responsibilities, amongst others, providing additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, including establishing and maintaining internal controls.

The Terms of Reference of the AC can be accessed from the corporate website of the Company at www.hltglobal.com.my.

COMPOSITION

The AC comprises of three (3) members, all of whom are Independent Non-Executive Directors in compliance with the requirements of Rule 15.09 of the ACE Market Listing Requirements of Bursa Securities.

The members of the AC, who were appointed on 8 January 2016, prior to the listing of the Company comprises of the following Directors:

Name	Designation
Yau Ming Teck, Chairman	Senior Independent Non-Executive Director
Wong Wai Tzing, Member	Independent Non-Executive Chairman
Wong Koon Wai, Member	Independent Non-Executive Director

FUNCTIONS

The functions of the AC are as follows:-

i) to consider any matters concerning the appointment and re-appointment, the audit fee and any questions of resignation or dismissal of external auditors; and further ensure the suitability and independence of external auditors;

ii) to review with the external auditors:-

   a) their audit plan, scope and nature of the audit of the Group and of the Company;

   b) their evaluation and findings of the system of internal controls; and the audit reports on the financial statements;

   c) the management letter and management's response with regard to problems and reservations arising from their audits;

   d) the assistance given by the management and staff of the Group to the external auditors; and

   e) any other matters that the external auditors may wish to discuss (in the absence of management where necessary).

iii) to review and assess the adequacy of the scope, functions, competency and performance of the internal audit functions of which the internal auditors should report directly to the AC. The internal auditors must be an independent, objective assurance and must have the relevant qualification and be responsible for providing assurance to the AC that internal control is operating effectively;

iv) to review the adequacy and effectiveness of the Group's internal control systems and risk management framework as evaluated, identified and reported by the management, internal or external auditors as well as to review the appropriate and timely corrective actions undertaken to ratify the same;

v) to review the quarterly and the year end financial statements of the Group and of the Company, focusing particularly on any changes in or implementation of major accounting policies and practices, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirements;

vi) to review any related party transactions and conflicts of interest situations that may arise within the Company or Group including any transactions, procedures or course of conduct that raises questions of management integrity; and

vii) to carry out such other functions or assignments as may be delegated by the Board from time to time.

MEETING

As the Company was listed on ACE Market of Bursa Securities on 10 January 2017, there was no AC meeting carried out during the financial year ended 31 December 2016.

However, prior to the Company's listing on ACE Market of Bursa Securities, the AC has met once on 4 January 2017 to carry out, amongst others, the following activities:

i) reviewed with the external auditors, the audit planning memorandum and scope of the statutory audit of the Group and of the Company for the financial year ended 31 December 2016 before the commencement of the audit to ensure that the scope of the external audit is comprehensive;

ii) reviewed the unaudited quarterly financial results of the Group for the third quarter ended 30 September 2016 before recommending to the Board for approval and release of the announcement to Bursa Securities; and

iii) noted and confirmed the Terms of Reference and composition of the Audit Committee.

INTERNAL AUDIT FUNCTION

Prior to the listing of the Company and in preparation for the listing exercise, the Company had engaged a professional services firm as its Internal Control Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group.

Subsequent to the listing, the Group continued to outsource the internal audit function of the Group to the said professional services firm to provide internal audit services to the Group.

The Internal Auditors will undertake internal audit functions based on the operational, compliance and risk-based audit plan approved by the AC. The risk-based audit plans cover the review of the key operational and financial functions in accordance to the approved Internal Audit Plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes. Internal audit reports will be presented, together with management's response and proposed action plans to the AC on a quarterly basis.

INTRODUCTION

The Board is pleased to provide HLT Global Berhad Group's Statement on Risk Management and Internal Control ("Statement") which outlines the nature and scope of its risk management and internal control of the Group during the financial year ended 31 December 2016. This Statement has been prepared pursuant to Rule 15.26 (b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness. The Board has delegated the responsibility for reviewing the adequacy and effectiveness of the risk management and internal control systems to the Audit Committee.

Due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the Executive Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

1. RISK MANAGEMENT

The Board regards the management of risks as an integral aspect of the daily operations of the Group. Key management staff and heads of department are delegated the responsibility to manage identified risks. Risks are then deliberated at the periodic management meeting attended by the Executive Directors, Chief Financial Officer and heads of department. This is the process adopted to identify, evaluate and manage risks for the financial year under review and up to the date of this Statement.

The Board with the assistance of Executive Management is currently evaluating the abovementioned risk management process taking into consideration the recommendations of the Internal Control Consultants to further improve this process so that it continues to remain relevant to the Group's requirements.

2. INTERNAL AUDIT FUNCTION

The Company was listed on the ACE Market of Bursa Securities on 10 January 2017. In preparation for the listing exercise, the Company engaged a professional services firm as its Internal Control Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group.

On 28 February 2017, the Board approved for the Group to continue to outsource the internal audit function to the said professional services firm, to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The outsources internal auditors report directly to the Audit Committee.

Total professional fees paid on the review of the internal controls syatem as part of the listing exercise was RM90,000.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *continued*

3. INTERNAL CONTROL SYSTEM

The other key elements of the Group's internal control systems are as follows:

- **The Board and Audit Committee**

  Subsequent to our listing on ACE Market of Bursa Securities, the Board and Audit Committee will meet at least four (4) times during a financial year to ensure that the Directors maintain full and effective control on all significant and operational issues.

- **Organisation Structure and Authorisation Procedures**

  The Group has a formally defined organisation structure that sets out lines of accountability. The delegation of authority is documented and sets out the decisions that need to be taken and the appropriate authority levels of management, including matters that require the Board's approval. Key financial and procurement matters of the Group required the authorisation from the relevant level of management.

- **Human Resource Policy**

  Comprehensive guidelines on employment is in place to ensure that the Group has team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

- **Information and Communication**

  Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- **Monitoring and Review**

  Management accounts containing key financial results and operational performance are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Board for their review, consideration and approval.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirement, the External Auditors have reviewed this Statement on Risk Management & Internal Control for inclusion in the 2016 Annual Report. Their review was performed in accordance with recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respect, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Directors of Listed Issuers to be set out, nor is it factually inaccurate.

CONCLUSION

The Board is of the view that the risk management and internal control systems are functioning satisfactorily throughout the financial year under review up to the date of this Statement and have not resulted in any material losses, contingencies or uncertainties that would require separate disclosure in the Group's annual report. Nevertheless, the Board shall continue to take the appropriate and necessary measures to improve the Group's risk management and internal control systems in meeting the Group's corporate objectives.

This statement was approved by the Board of Directors on 17 April 2017.

1. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING ("IPO")

In conjunction with and as an integral part of the listing, the Company issued its Prospectus on 20 December 2016 and undertook a public issue of 39,591,000 new ordinary shares and offer for sale of 34,309,000 ordinary shares at an issue/offer price of RM0.45 per ordinary share. Relevant details of the listing were set out in the Prospectus issued by the Company.

Upon completion of the public issue and offer for sale, the entire enlarged issued share capital of RM26,392,100 comprising 263,921,000 ordinary shares was listed on the ACE Market of Bursa Securities on 10 January 2017.

The gross proceeds arising from the public issue amounting to RM17.816 million and the status of the utilisation of the proceeds as at 31 March 2017 is as follows:-

	Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation
(a)	Capital expenditure	9,000	–	–	9,000	24 months
(b)	R&D expenditure	1,500	–	–	1,500	18 months
(c)	Working capital	4,916	4,916	–	–	6 months
(d)	Estimated listing expenses	2,400	2,400	–	–	Immediate
	Total	17,816	7,316	–	10,500	

2. AUDIT FEE AND NON-AUDIT FEE

The amount of audit and non-audit fee paid/payable to the External Auditors by the Group and the Company for the financial year ended 31 December 2016 are as follows:-

	The Group RM	The Company RM
Audit fee	65,000	25,000
Non-Audit fee *	196,310	196,310
	261,310	221,310

Note:-

** The Non-Audit fee includes, amongst others, assurance services fees related to the Company's IPO.*

3. MATERIAL CONTRACTS INOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contract entered into by the Company and its subsidiary which involved Directors' or major shareholders' interests during the financial year under review.

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

There were no RRPT of a revenue or trading nature between the Company and its related parties during the financial year under review.

5. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company for eligible Directors or employees of the Company and its subsidiary ("Group") is governed by the ESOS By-Laws and is to be in force for a period of 5 years effective from 2 December 2016.

The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall be up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares) at any one time during the tenure of the ESOS, subject to the terms and conditions of the ESOS By-Laws.

In addition, the allocation to a Director or employee who, either singly or collectively through persons connected with the Director or employee, holds 20% or more of the issued shares (excluding treasury shares) of the Company, does not exceed 10% of the total number of shares to be issued under the ESOS.

During the financial year and prior to the IPO, the Company had granted 2,000,000 options pursuant to the ESOS ("ESOS Options") at an exercise price of RM0.45, of which 640,000 ESOS Options were granted to the Directors. The Company was listed on ACE Market of Bursa Securities on 10 January 2017, hence there was no exercise of ESOS Options during the financial year under review.

ESOS Options granted to the Non-Executive Directors of the Company during the financial year ended 31 December 2016 are as follows:-

	Amount of ESOS Options	
Non-Executive Directors	**Granted**	**Exercised**
Wong Wai Tzing	80,000	–
Yau Ming Teck	80,000	–
Wong Koon Wai	80,000	–
Total	**240,000**	**–**

6. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group recognises the importance of being a responsible corporate citizen to enhance and positively contribute to society. As such, the Group will, to its best endeavour, adopt CSR practice into its business operations.

The Group considers its people as the most valuable asset and encourages a work-life balance and harmony environment at work place. We offer career advancement, multicultural workplace and award employees for their outstanding performance during the financial year. We also encourage employees for continuous learning and development programmes to enhance individual competencies, skills and knowledge in work.

The Group will be looking at implementing the best of CSR in areas of environment, community, workplace and market place in the coming years.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible to ensure that the audited financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2016 and of the operations results and cash flow of the Group and of the Company for the financial year ended 31 December 2016 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

In preparing the financial statements for the financial year ended 31 December 2016, the Directors have ensured that appropriate accounting policies have been consistently applied, made reasonable and prudent judgments and estimates in accordance to applicable accounting standards and applied the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy financial position of the Group and the Company and to enable proper financial statements to be prepared in accordance with the applicable laws and regulations. The Directors also have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Directors' Report **37**

Statement by Directors **42**

Statutory Declaration..... **42**

Independent Auditors' Report..... **43**

Statements of Financial Position..... **49**

Financial STATEMENTS

Statements of Profit or Loss and Other Comprehensive Income **50**

Statements of Changes in Equity..... **51**

Statements of Cash Flows **53**

Notes to the Financial Statements..... **55**

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

On 7 January 2016, the Company converted from a private limited company to a public company limited by shares and altered its name from HLT Global Sdn. Bhd. to HLT Global Berhad.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	5,904,069	(2,065,433)
Attributable to:-		
Owners of the Company	5,904,069	(2,065,433)

DIVIDENDS

No dividend was paid since the end of the previous financial period and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its authorised share capital from RM400,000 to RM50,000,000 by the creation of 496,000,000 new ordinary shares of RM0.10 each;

(b) the Company increased its issued and paid-up share capital from RM10 to RM22,433,000 by the allotment of 224,329,900 new ordinary shares of RM0.10 each at par amounting to RM22,432,990 as full payment for the acquisition of HL Advance Technologies (M) Sdn. Bhd. ("HL Advance") during the financial year. The new ordinary shares issued rank *pari passu* in all respects with the then existing ordinary shares of the Company; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employee Share Option Scheme.

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 28 October 2016. The ESOS is to be in force for a period of 5 years effective from 2 December 2016.

The main features of the ESOS are disclosed in Note 15 to the financial statements.

During the financial year, the Company has granted 2,000,000 share options under the ESOS. These options will be expiring on 1 December 2021.

The option prices and the details in the movement of the share options granted are as follows:-

		← Number of Options over Ordinary Shares of RM0.10 Each →			
Date of Offer	**Exercise Price**	**At 1 January 2016**	**Granted**	**Exercised**	**At 31 December 2016**
2 December 2016	RM0.45	–	2,000,000	–	2,000,000

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts or the setting up of allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Chan Yoke Chun
Wong Kok Wah
Yau Ming Teck
Wong Koon Wai
Wong Wai Tzing

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over shares of the Company during the financial year are as follows:-

	← Number of Ordinary Shares of RM0.10 Each →			
	At 1.1.2016	Allotted	Sold	At 31.12.2016
Direct Interests in the Company				
Chan Yoke Chun	50	114,408,250	–	114,408,300
Wong Kok Wah	50	109,921,650	–	109,921,700
Indirect Interests in the Company				
Chan Yoke Chun #	50	109,921,650	–	109,921,700
Wong Kok Wah #	50	114,408,250	–	114,408,300

Deemed interested by virtue of his/her spouse's direct shareholdings in the Company.

	← Number of Options over Ordinary Shares of RM0.10 Each →			
	At 1.1.2016	Granted	Exercised	At 31.12.2016
Share Options of the Company				
Chan Yoke Chun	–	200,000	–	200,000
Wong Kok Wah	–	200,000	–	200,000
Yau Ming Teck	–	80,000	–	80,000
Wong Koon Wai	–	80,000	–	80,000
Wong Wai Tzing	–	80,000	–	80,000

By virtue of their shareholdings in the Company, Chan Yoke Chun and Wong Kok Wah are deemed to have interests in shares in its subsidiary during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than the benefits shown under the Directors' Remuneration section of our report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 27 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to the directors pursuant to the ESOS of the Company.

DIRECTORS' REMUNERATION

The details of the directors' remuneration are disclosed in Note 26 to the financial statements.

SUBSIDIARIES

The details of the Company's subsidiary are disclosed in Note 6 to the financial statements.

The auditors' reports on the financial statements of the subsidiary did not contain any qualification.

None of the subsidiary had any interest in shares in the Company during the financial year.

AUDITORS' REMUNERATION

During the financial year, the total amount paid to or receivable by the auditors as remuneration for their services rendered to the Group and the Company amounted to RM261,310 and RM221,310 respectively.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 30 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 17 April 2017.

Chan Yoke Chun

Wong Kok Wah

STATEMENT BY **DIRECTORS**

pursuant to Section 251(2) of the Companies Act 2016

We, Chan Yoke Chun and Wong Kok Wah, being two of the directors of HLT Global Berhad, state that, in the opinion of the directors, the financial statements set out on pages 49 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 33, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 17 April 2017.

Chan Yoke Chun **Wong Kok Wah**

STATUTORY **DECLARATION**

pursuant to Section 251(1)(b) of the Companies Act 2016

I, Chan Yoke Chun, I/C No. 630107-10-7614, being the director primarily responsible for the financial management of HLT Global Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 100 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.

Subscribed and solemnly declared by
Chan Yoke Chun, I/C No. 630107-10-7614,
at Kuala Lumpur in the Federal Territory
on this 17 April 2017

Chan Yoke Chun

Before me
Lai Din (No. W668)
Commissioner for Oaths

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HLT Global Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 99.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, 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 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *continued*

Key Audit Matters *continued*

We have determined the matters described below to be the key audit matters to be communicated in our report. *continued*

Revenue Recognition and Contract Accounting Refer to Note 9 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Revenue is one of the largest accounts in the financial statements and an important driver of the Group's operating results. We focus on this area as under ISA 240 there is presumption that there are risks of fraud in revenue recognition. There is a risk that Management could adopt accounting policies in such a way as to lead material misstatement in the reported revenue position and resulting profit. Given the significant risks involved when auditing revenue, revenue recognition and contract accounting is an area of audit emphasis as it require significant management judgement and estimate including amongst others:- (i) assessment of the stage of completion and timing of revenue recognition. (ii) determining cost budgets. (iii) determining project costs to complete. (iv) recognition of variation orders. (v) provision for foreseeable losses and liquidated ascertained damages.	Our audit procedures included, among others: • Conduct and understand the internal control procedures by performing walkthrough test; • Performing test of control; • Assessing basis used in determining the budgeted contract costs; • Assessing project status; • Verifying progress billings including any variation orders and contract costs incurred; • Testing percentage of completion which reflects contract costs incurred to-date; • Reviewing calculation of recognition of revenue, cost and profit to be consistent with the percentage of completion; and • Assessing reasonableness and adequacy of provision for foreseeable losses and liquidated ascertained damages.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *continued*

Key Audit Matters *continued*

We have determined the matters described below to be the key audit matters to be communicated in our report. *continued*

Revenue Recognition and Contract Accounting Refer to Note 9 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group carries significant trade receivables and is expose to credit risk, or the risk of counterparties defaulting. The assessment of the adequacy of the allowance for impairment losses involved judgement, which includes analysing historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms.	Our audit procedures included, among others: • Circularisation of receivables for confirmation on balances due; • Reviewing the ageing analysis of receivables and testing the reliability thereof; • Reviewing recoverability of major receivables including but not limited the review of subsequent collections; • Enquire with management on project/receivables status for major customers; • Reviewing collections and sales trends during the financial year for major receivables; • Compared and challenged management's view on the recoverability of overdue amounts to historical patterns collection; • Examine other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.; and • Reviewing management's basis of estimation on the adequacy of the Group's allowance for impairment loss on trade receivables.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *continued*

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *continued*

Auditors' Responsibilities for the Audit of the Financial Statements *continued*

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit report on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 33 on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
17 April 2017

Ung Voon Huay
Approval No: 03233/09/2018 J
Chartered Accountant

Kuala Lumpur

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
ASSETS					
NON CURRENT ASSET					
Investment in a subsidiary	6	–	–	22,432,990	–
Property, plant and equipment	7	5,866,878	6,374,939	–	–
		5,866,878	6,374,939	22,432,990	–
CURRENT ASSETS					
Inventories	8	4,057,535	2,615,744	–	–
Amount owing by contract customers	9	31,242,330	23,429,285	–	–
Trade receivables	10	16,896,468	8,182,221	–	–
Other receivables, deposits and prepayments	11	1,543,416	1,541,545	540,213	510,108
Tax recoverable		178,249	164,232	–	–
Fixed deposits with a licensed bank	12	5,364,066	6,198,167	–	–
Cash and bank balances		834,025	3,905,474	71,003	10
		60,116,089	46,036,668	611,216	510,118
TOTAL ASSETS		65,982,967	52,411,607	23,044,206	510,118
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	22,433,000	400,010	22,433,000	10
Merger deficit	14	(22,032,990)	–	–	–
Employee share option reserve	15	357,200	–	357,200	–
Retained earnings/ (Accumulated losses)		34,768,456	28,864,387	(2,108,189)	(42,756)
TOTAL EQUITY		35,525,666	29,264,397	20,682,011	(42,746)
NON-CURRENT LIABILITY					
Term loan	16	1,294,554	1,434,068	–	–
CURRENT LIABILITIES					
Amount owing to contract customers	9	3,653,251	4,049	–	–
Trade payables	17	22,730,028	19,916,912	–	–
Other payables and accruals	18	2,701,986	1,718,028	1,204,696	305,000
Amount owing to a subsidiary	19	–	–	1,157,499	247,864
Term loan	16	77,482	74,153	–	–
		29,162,747	21,713,142	2,362,195	552,864
TOTAL LIABILITIES		30,457,301	23,147,210	2,362,195	552,864
TOTAL EQUITY AND LIABILITIES		65,982,967	52,411,607	23,044,206	510,118

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

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the financial year ended 31 December 2016

	Note	The Group 1.1.2016 to 31.12.2016 RM	The Group 1.1.2015 to 31.12.2015 RM	The Company 1.1.2016 to 31.12.2016 RM	The Company 22.10.2015 (Date of incorporation) to 31.12.2015 RM
REVENUE	20	78,482,148	75,697,255	–	–
COST OF SALES		(66,897,908)	(60,473,909)	–	–
GROSS PROFIT		11,584,240	15,223,346	–	–
OTHER OPERATING INCOME		614,407	1,071,146	–	–
		12,198,647	16,294,492	–	–
SELLING AND DISTRIBUTION EXPENSES		(366,467)	(391,418)	–	–
ADMINISTRATIVE EXPENSES		(5,846,761)	(3,763,887)	(2,065,433)	(42,756)
FINANCE COSTS		(9,117)	(1,984)	–	–
PROFIT/(LOSS) BEFORE TAXATION	21	5,976,302	12,137,203	(2,065,433)	(42,756)
INCOME TAX EXPENSE	22	(72,233)	(3,181)	–	–
PROFIT/(LOSS) AFTER TAXATION		5,904,069	12,134,022	(2,065,433)	(42,756)
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR/PERIOD		5,904,069	12,134,022	(2,065,433)	(42,756)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		5,904,069	12,134,022	(2,065,433)	(42,756)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		5,904,069	12,134,022	(2,065,433)	(42,756)
EARNINGS PER SHARE (SEN):-					
Basic	23	2.63	5.41		
Diluted	23	2.63	5.41		

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

The Group	Note	Share Capital RM	Non-Distributable: Merger Deficit RM	Non-Distributable: Employee Share Option Reserve RM	Distributable: Retained Profits RM	Total Equity RM
Balance at 1.1.2015		400,000	–	–	21,730,365	22,130,365
Profit after taxation/Total comprehensive income for the financial year		–	–	–	12,134,022	12,134,022
Contributions by and distribution to owners of the Company:						
- Issuance of shares	13	10	–	–	–	10
- Dividends	24	–	–	–	(5,000,000)	(5,000,000)
Total transactions with owners		10	–	–	(5,000,000)	(4,999,990)
Balance at 31.12.2015/1.1.2016		400,010	–	–	28,864,387	29,264,397
Profit after taxation/Total comprehensive income for the financial year		–	–	–	5,904,069	5,904,069
Contributions by and distribution to owners of the Company:						
- Issuance of shares	13	22,432,990	–	–	–	22,432,990
- Adjustment on the acquisition of HL Advance		(400,000)	(22,032,990)	–	–	(22,432,990)
Total transactions with owners		22,032,990	(22,032,990)	–	–	–
Equity-settled share-based payment		–	–	357,200	–	357,200
Balance at 31.12.2016		22,433,000	(22,032,990)	357,200	34,768,456	35,525,666

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

The Company	Share Capital RM	Employee Share Option Reserve RM	Accumulated Losses RM	Total RM
At 22.10.2015 (Date of incorporation)	10	–	–	10
Loss after taxation/Total comprehensive expenses for the financial period	–	–	(42,756)	(42,756)
Balance at 31.12.2015/1.1.2016	10	–	(42,756)	(42,746)
Loss after taxation/Total comprehensive expenses for the financial year	–	–	(2,065,433)	(2,065,433)
Contributions by owner of the Company:				
- Issuance of shares	22,432,990	–	–	22,432,990
Equity-settled share-based payment	–	357,200	–	357,200
Balance at 31.12.2016	22,433,000	357,200	(2,108,189)	20,682,011

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

	Note	The Group 1.1.2016 to 31.12.2016 RM	The Group 1.1.2015 to 31.12.2015 RM	The Company 1.1.2016 to 31.12.2016 RM	The Company 22.10.2015 (Date of incorporation) to 31.12.2015 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		5,976,302	12,137,203	(2,065,433)	(42,756)
Adjustments for:-					
Depreciation of property, plant and equipment		765,241	660,953	–	–
Equity-settled share-based payment		357,200	–	357,200	–
Interest expense		9,117	1,984	–	–
Listing expenses		1,294,965	–	1,294,965	–
Unrealised (gain)/loss on foreign exchange		(425,627)	208,944	–	–
Gain on disposal of property plant and equipment		–	(43,972)	–	–
Interest income		(183,375)	(196,133)	–	–
Operating profit/(loss) before working capital changes		7,793,823	12,768,979	(413,268)	(42,756)
Increase in inventories		(1,441,791)	(513,002)	–	–
(Decrease)/Increase in amount owing by/(to) contract customers		(4,163,843)	(22,562,099)	–	–
(Increase)/Decrease in trade and other receivables		(8,654,667)	7,035,119	(30,105)	(510,108)
Increase/(Decrease) in trade and other payables		3,167,429	13,226,033	(39,765)	305,000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		(3,299,049)	9,955,030	(483,138)	(247,864)
Income tax paid		(86,250)	(105,413)	–	–
Interest received		183,375	196,133	–	–
Interest paid		(9,117)	(1,984)	–	–
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(3,211,041)	10,043,766	(483,138)	(247,864)

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

	Note	The Group 1.1.2016 to 31.12.2016 RM	The Group 1.1.2015 to 31.12.2015 RM	The Company 1.1.2016 to 31.12.2016 RM	The Company 22.10.2015 (Date of incorporation) to 31.12.2015 RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(257,180)	(1,706,215)	–	–
Net proceeds/(placement) of fixed deposits pledged to licensed bank		834,101	(6,198,167)	–	–
Proceeds from disposal of property, plant and equipment		–	58,000	–	–
NET CASH FROM/(FOR) INVESTING ACTIVITIES		576,921	(7,846,382)	–	–
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advances from a subsidiary		–	–	909,635	247,864
Proceeds from issuance of shares		–	10	–	10
Dividend paid		–	(5,000,000)	–	–
Payment of listing expenses		(355,504)	–	(355,504)	–
Repayment of hire purchase payables		–	(42,434)	–	–
Repayment of term loan		(136,185)	(149,460)	–	–
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(491,689)	(5,191,884)	554,131	247,874
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(3,125,809)	(2,994,500)	70,993	10
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		54,360	13,124	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		3,905,474	6,886,850	10	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	25	834,025	3,905,474	71,003	10

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

1. GENERAL INFORMATION

The Company was incorporated as a private company limited by shares under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Third Floor, No.79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor.
Principal place of business	:	No.6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 April 2017.

2. CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

On 7 January 2016, the Company converted from a private limited company to a public company limited by shares and altered its name from HLT Global Sdn. Bhd. to HLT Global Berhad.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The financial statements of the subsidiary, namely HL Advance Technologies (M) Sdn. Bhd. ("HL Advance") has been consolidated using the merger method of accounting as disclosed in Note 5.2 to the financial statements.

The implication of the merger method of accounting on the presentation of the consolidated financial statements is as follows:-

(a) The consolidated statements of financial position for the current reporting period comprise the consolidation of:-

  (i) the financial position of the subsidiary as at 31 December 2016; and
  (ii) the financial position of the Company as at 31 December 2016.

(b) The consolidated statements of financial position for the comparative period comprise the consolidation of:-

  (i) the financial position of the subsidiary as at 31 December 2015; and
  (ii) the financial position of the Company as at 31 December 2015.

4. BASIS OF PREPARATION *continued*

The implication of the merger method of accounting on the presentation of the consolidated financial statements is as follows:- *continued*

(c) The consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows for the current reporting period comprise the consolidation of:-

(i) the financial results and cash flows of the subsidiary for the financial year ended 31 December 2016; and
(ii) the financial results and cash flows of the Company for the financial year ended 31 December 2016.

(d) The consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows for the comparative period comprise the consolidation of:-

(i) the financial results and cash flows of the subsidiary for the financial year ended 31 December 2015; and
(ii) the financial results and cash flows of the Company for the financial period from 22 October 2015 (date of incorporation) to 31 December 2015.

(e) The consolidated statements of changes in equity for the current reporting period comprise:-

(i) the consolidated statements of changes in equity of the subsidiary for the financial year ended 31 December 2016; and
(ii) the equity transactions of the Company for the financial year ended 31 December 2016.

(f) The consolidated statements of changes in equity for the comparative period comprise:-

(i) the consolidated statement of changes in equity of the subsidiary for the financial year ended 31 December 2015; and
(ii) the equity transactions of the Company for the financial period from 22 October 2015 (date of incorporation) to 31 December 2015.

4.1 During the current financial year, the Group has adopted the following new accounting standard(s) and/ or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101: Disclosure Initiative
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

4. BASIS OF PREPARATION *continued*

4.2 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018 *
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

* *Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

4. BASIS OF PREPARATION *continued*

4.2 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- *continued*

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:- *continued*

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group anticipates that the application of MFRS 16 in the future may have a impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 16 until the Group performs a detailed review.

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(i) Contract Revenue

Construction contracts accounting requires variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(ii) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the probability of the contract on an individual basis at any particular time.

(c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(d) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *continued*

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(g) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Company has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(h) Fair Value Estimates for Certain Financial Assets and Liabilities

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in the fair value of these assets and liabilities would affect profit and/or equity.

(i) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to the end of the reporting period.

Subsidiary is entity controlled by the Group. 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 over the entity.

The acquisition of HL Advance by the Company has been accounted for as a business combination amongst entities under common control. Accordingly, the financial statements of the Group have been consolidated using the merger method of accounting.

Under the merger method of accounting, the result of the subsidiary is presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiary to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations of Entities Under Common Control

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented of, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity. Any excess or deficiency of the nominal value of the shares acquired is taken to shareholder's equity as a merger reserve or deficit.

(b) Business Combinations of Entities Under Non-Common Control

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.2 BASIS OF CONSOLIDATION *continued*

(b) Business Combinations of Entities Under Non-Common Control *continued*

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(c) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets, and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.3 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loan and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.3 FINANCIAL INSTRUMENTS *continued*

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

5.4 IMPAIRMENT OF FINANCIAL ASSETS

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.4 IMPAIRMENT OF FINANCIAL ASSETS *continued*

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

5.5 PROPERTY, PLANT AND EQUIPMENT

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

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold apartments	Over the lease period of 86 years
Leasehold land	Over the lease period of 85 years
Building	2%
Plant and machineries	10%
Air conditioners	10%
Computers	20%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	10%
Renovation	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-today servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.6 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting year whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.7 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 5.5 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

5.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less and the estimated costs necessary to make the sale.

5.9 AMOUNTS OWING BY/TO CONTRACT CUSTOMERS

Amount owing by contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity. For qualifying contracts, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Amount owing by contract customers is presented as part of total current assets in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount owing to contract customers which is part of the deferred income in the statement of financial position.

5.10 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.10 INCOME TAXES *continued*

(b) Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.11 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

5.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

5.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Company.

(b) Defined Contribution Plans

The Company's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.13 EMPLOYEE BENEFITS *continued*

(c) Share-based Payment Transactions *continued*

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital or share premium if new ordinary shares are issued.

5.14 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.15 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5.16 REVENUE AND OTHER INCOME

(a) Contract Income

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contracts cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the following:-

(i) the survey of work performed;

(ii) the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs; or

(iii) the completion of a physical proportion of contract work;

whichever is applicable.

(b) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(c) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

5. SIGNIFICANT ACCOUNTING POLICIES *continued*

5.17 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5.18 OPERATING SEGMENTS

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

5.19 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

6. INVESTMENT IN A SUBSIDIARY

	The Company	
	2016	**2015**
	RM	**RM**
Unquoted shares, at cost		
At 1 January 2016/22 October 2015	–	–
Addition during the financial year/period	22,432,990	–
At 31 December	22,432,990	–

The details of the subsidiary are as follows:-

Name of Subsidiary	**Principal Place of Business/ Country of Incorporation**	**Percentage of Issued Share Capital Held by Parent**		**Principal Activities**
		2016	**2015**	
		%	**%**	
HL Advance Technologies (M) Sdn. Bhd. (“HL Advance”)	Malaysia	100	–	Manufacture of glove dipping machines, fabrication works on metal and stainless steel products; and carry out all supporting services associated therewith.

7. PROPERTY, PLANT AND EQUIPMENT

The Group	AT 1.1.2016 RM	ADDITIONS RM	DEPRECIATION CHARGES RM	AT 31.12.2016 RM
2016				
Net Book Value				
Leasehold apartments	76,586	–	(957)	75,629
Leasehold land	1,905,882	–	(23,529)	1,882,353
Building	1,989,650	–	(43,253)	1,946,397
Plant and machineries	788,848	153,204	(136,128)	805,924
Air conditioners	12,829	–	(2,426)	10,403
Computers	131,288	11,626	(40,288)	102,626
Furniture and fittings	1,401	-	(1,175)	226
Motor vehicles	1,445,091	91,000	(512,696)	1,023,395
Office equipment	23,364	1,350	(4,789)	19,925
	6,374,939	257,180	(765,241)	5,866,878

	AT 1.1.2015 RM	ADDITIONS RM	DISPOSAL RM	DEPRECIATION CHARGES RM	AT 31.12.2015 RM
2015					
Net Book Value					
Leasehold apartments	77,543	–	–	(957)	76,586
Leasehold land	1,929,412	–	–	(23,530)	1,905,882
Building	2,032,903	–	–	(43,253)	1,989,650
Plant and machineries	528,875	382,625	(14,028)	(108,624)	788,848
Air conditioners	15,255	–	–	(2,426)	12,829
Computers	88,452	80,832	–	(37,996)	131,288
Furniture and fittings	7,286	–	–	(5,885)	1,401
Motor vehicles	635,498	1,242,758	–	(433,165)	1,445,091
Office equipment	28,130	–	–	(4,766)	23,364
Renovation	351	–	–	(351)	–
	5,343,705	1,706,215	(14,028)	(660,953)	6,374,939

7. PROPERTY, PLANT AND EQUIPMENT *continued*

	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
At 31.12.2016			
Leasehold apartments	82,330	(6,701)	75,629
Leasehold land	2,000,000	(117,647)	1,882,353
Building	2,162,663	(216,266)	1,946,397
Plant and machineries	1,474,169	(668,245)	805,924
Air conditioners	24,260	(13,857)	10,403
Computers	244,027	(141,401)	102,626
Furniture and fittings	53,254	(53,028)	226
Motor vehicles	3,151,065	(2,127,670)	1,023,395
Office equipment	49,017	(29,092)	19,925
Renovation	28,516	(28,516)	–
	9,269,301	(3,402,423)	5,866,878
At 31.12.2015			
Leasehold apartments	82,330	(5,744)	76,586
Leasehold land	2,000,000	(94,118)	1,905,882
Building	2,162,663	(173,013)	1,989,650
Plant and machineries	1,320,965	(532,117)	788,848
Air conditioners	24,260	(11,431)	12,829
Computers	232,401	(101,113)	131,288
Furniture and fittings	53,254	(51,853)	1,401
Motor vehicles	3,060,065	(1,614,974)	1,445,091
Office equipment	47,667	(24,303)	23,364
Renovation	28,516	(28,516)	–
	9,012,121	(2,637,182)	6,374,939

The leasehold land and building of the Group have been charged to a licensed bank as security for banking facilities granted to the Group.

8. INVENTORIES

	The Group	
	2016	**2015**
	RM	**RM**
Raw materials	3,323,714	1,711,494
Work-in-progress	316,599	548,850
Finished goods	417,222	355,400
	4,057,535	2,615,744

None of the inventories is carried at net realisable value.

The amount of inventories recognised as an expense in cost of sales was RM52,152,887 (2015 - RM50,300,234).

9. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	2016	**2015**
	RM	**RM**
Contract costs incurred	89,271,366	72,941,468
Attributable profits	22,488,039	22,406,166
	111,759,405	95,347,634
Progress billings	(84,170,326)	(71,922,398)
	27,589,079	23,425,236
Represented by:-		
Amount owing by contract customers	31,242,330	23,429,285
Amount owing to contract customers	(3,653,251)	(4,049)
	27,589,079	23,425,236

10. TRADE RECEIVABLES

The Group's normal trade credit terms range from 30 to 90 (2015 - 30 to 90) days.

Included in trade receivables of the Group are retention sums of RM2,359,051 (2015 - RM845,962). The retention sums are unsecured, interest-free and are expected to be collected within periods of 6 (2015 – 6) months.

Retention sums represent a portion of progress billings which are due and receivable upon expiry of the warranty period and the satisfaction of conditions specified in the relevant contracts.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables:-				
Third parties	212,625	108	–	108
Goods and services tax recoverable	573,569	577,418	–	–
	786,194	577,526	–	108
Deposits	81,950	99,180	–	–
Prepayments	675,272	864,839	540,213	510,000
	1,543,416	1,541,545	540,213	510,108

Included in prepayments of the Group and of the Company is an amount of RM540,213 (2015 – RM168,300) being expenses incurred for the issuance of new shares in conjunction with the Company's proposed listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). It will be written off against the share premium account of the Company under Section 60(3) of the Companies Act 1965 in Malaysia.

12. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of the Group at the end of the reporting period bore an effective interest rate of 2.95% (2015 - 3.15% to 4.28%) per annum. The fixed deposits have a maturity period of 30 (2015 - 30 to 120) days.

Included in the fixed deposits with a licensed bank of the Group at the end of the reporting period was an amount of RM5,364,066 (2015 - RM5,198,167) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

13. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Group and of the Company are as follows:-

	2016	2015	2016	2015
	Number of shares		RM	RM
Authorised				
Ordinary shares of RM0.10 each				
At 1 January 2016 / 22 October 2015 (Date of incorporation)	4,000,000	4,000,000	400,000	400,000
Created during the financial year/period	496,000,000	–	49,600,000	–
At 31 December	500,000,000	4,000,000	50,000,000	400,000
Issued and Fully Paid-Up				
Ordinary shares of RM0.10 each				
At 1 January 2016 / 22 October 2015 (Date of incorporation)	100	100	10	10
Issuance of new shares	224,329,900	–	22,432,990	–
At 31 December	224,330,000	100	22,433,000	10

During the financial year:-

(a) the Company increased its authorised share capital from RM400,000 to RM50,000,000 by the creation of 496,000,000 new ordinary shares of RM0.10 each; and

(b) the Company increased its issued and paid-up share capital from RM10 to RM22,433,000 by the allotment of 224,329,900 new ordinary shares of RM0.10 each at par amounting to RM22,432,990 as full payment for the acquisition of HL Advance during the financial year. The new ordinary shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

14. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of a subsidiary upon consolidation under the merger accounting principles.

15. EMPLOYEE SHARE OPTION RESERVE

The employee share option reserve represents the equity-settled share options granted to employees or directors of the Group and of the Company. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and approved by shareholders on 28 October 2016. The ESOS is to be in force for a period of 5 years effective from 2 December 2016.

The main features of the ESOS are as follows:-

(a) Eligible persons are employees or directors of the Group, who have been confirmed in the employment of the Group and have served for at least six (6) months before the date of the offer.

(b) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall be up to ten percent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) at the point in time when an offer is made. The Company will for the duration of the scheme make available sufficient number of new shares in the unissued share capital of the Company to satisfy all subsisting options which may be exercisable from time to time.

(c) The option price for the IPO ESOS Grant, shall be the initial public offering price. The option which is not granted as part of the IPO ESOS Grant, option price shall be determined by the ESOS Committee based on the five (5) day weighted average market price of ordinary shares immediately preceding the date of offer of the option, with a potential discount of not more than 10% in accordance with any prevailing guideline issued by Bursa Securities or any other relevant authorities as may be amended from time to time, or at the par value of ordinary shares of the Company, whichever is higher.

(d) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.

(e) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

The option price and the details in the movement of the options granted are as follows:-

			Number of Options over Ordinary Shares of RM0.10 Each			
Date of Offer	**Exercise Price**	**Remaining Contractual Life of Options**	**At 1 January 2016**	**Granted**	**Exercised**	**At 31 December 2016**
2 December 2016	RM0.45	5 Years	–	2,000,000	–	2,000,000

During the financial year, the Company has granted 2,000,000 share options under the ESOS. These options expire on 1 December 2021 and are exercisable within the Option Period.

15. EMPLOYEE SHARE OPTION RESERVE *continued*

The fair values of the share options granted were estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

	The Group / The Company 2016
Fair value of share options at the grant date (RM)	0.1786
Weighted average ordinary share price (RM)	0.45
Exercise price of share option (RM)	0.45
Expected volatility (%)	38.27%
Expected life (years)	5 years
Risk free rate (%)	3.885%
Expected dividend yield (%)	0%

16. TERM LOAN

	The Group	
	2016 RM	2015 RM
Current:		
- not later than 1 year	77,482	74,153
Non-current:		
- later than 1 year and not later than 2 years	80,961	77,482
- later than 2 years and not later than 5 years	265,353	253,951
- later than 5 years	948,240	1,102,635
	1,294,554	1,434,068
	1,372,036	1,508,221

The effective interest rate of the term loan at the end of the reporting year is 4.52% (2015 - 4.65%) per annum.

The term loan is secured by:-

(i) a deed of assignment cum loan agreement over the leasehold land and building of the Group; and

(ii) a joint and several guarantee of certain directors of the Group.

17. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 (2015 - 30 to 120) days.

18. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Advance payment from customer	211,046	211,046	–	–
Other payables	1,019,696	142,099	1,019,696	135,000
Accruals	1,471,244	1,364,883	185,000	170,000
	2,701,986	1,718,028	1,204,696	305,000

19. AMOUNT OWING TO A SUBSIDIARY

The amount owing is non-trade in nature, unsecured, interest-free advances and payments made on behalf. The amount is repayable on demand and is to be settled in cash.

20. REVENUE

	The Group	
	2016 RM	2015 RM
Contract revenue	77,009,505	69,896,943
Sale of goods	605,694	66,120
Rendering of services	866,949	5,734,192
	78,482,148	75,697,255

21. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	1.1.2016 to 31.12.2016 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	22.10.2015 (Date of incorporation) to 31.12.2015 RM
Profit /(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration				
- audit fees	65,000	35,000	25,000	3,000
- non-audit fees	196,310	–	196,310	–
Depreciation of property, plant and equipment	765,241	660,953	–	–
Directors' remuneration				
- Fees	160,000	–	160,000	–
- Non-fee emoluments	1,034,880	1,198,160	–	–
Equity-settled share-based payment	357,200	–	357,200	–
Interest expense				
- hire purchase payable	–	968	–	–
- term loan	9,117	1,016	–	–
Listing expenses (included non-audit fees)	1,294,965	–	1,294,965	–
Pre-operating expenses	–	2,900	–	2,900
Rental of equipment	116,260	113,344	–	–
Rental of premises	20,810	114,492	–	–
Staff costs (including other key management personnel as disclosed in Note 26):				
- salaries, bonuses and allowances	1,534,652	1,218,681	–	–
- defined contribution plan	285,756	119,513	–	–
- other benefits	–	10,515	–	–
(Gain)/Loss on foreign exchange				
- realised	327,024	(829,624)	–	–
- unrealised	(425,627)	208,944	–	–
Gain on disposal of property, plant and equipment	–	(43,972)	–	–
Interest income on financial assets not at fair value through profit or loss:				
- fixed deposit with a licensed bank	(183,375)	(196,133)	–	–

22. INCOME TAX EXPENSE

	The Group		The Company	
	1.1.2016 to 31.12.2016 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	22.10.2015 (Date of incorporation) to 31.12.2015 RM
Current tax expense:				
- for the financial year/period	36,674	3,668	–	–
- under/(over)provision in the previous financial year/period	35,559	(487)	–	–
	72,233	3,181	–	–

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	1.1.2016 to 31.12.2016 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	22.10.2015 (Date of incorporation) to 31.12.2015 RM
Profit/(Loss) before taxation	5,976,302	12,137,203	(2,065,433)	(42,756)
Tax at the statutory tax rate of 24% (2015: 25%)	1,434,312	3,034,301	(495,704)	(10,689)
Tax effects of:-				
Non-deductible expenses	586,013	206,641	495,704	10,689
Non-taxable income	(16,196)	–	–	–
Utilisation of previous temporary differences	(32,096)	(2,404)	–	–
Tax exemption on statutory business income under pioneer status	(1,910,359)	(3,209,870)	–	–
Effect of differential in tax rates	(25,000)	(25,000)	–	–
Under/(Over)provision in the previous financial year	35,559	(487)	–	–
Income tax expense for the financial year/period	72,233	3,181	–	–

22. INCOME TAX EXPENSE *continued*

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015 – 25%) of the estimated assessable profit for the financial year.

The current taxation of the Group is in respect of interest income. The Group is not subject to tax as it qualifies for the Pioneer Status incentive under the Promotion of Investments Act 1986. The Group will enjoy full exemption from income tax on its statutory income from pioneer activities for an extended period of 5 years, from 4 November 2014 to 3 November 2019.

At the end of the reporting period, the Group has unused tax losses (stated at gross) of approximately RM194,000 (2015 - RM328,000) that is available for offset against future taxable profits of the Group. No deferred tax assets are recognised in respect of this item as it is not probable that taxable profits of the Group will be available against which the deductible temporary differences can be utilised. The unused tax losses do not expire under current tax legislation.

23. EARNINGS PER SHARE

	The Group	
	1.1.2016 to 31.12.2016	**1.1.2015 to 31.12.2015**
Profit after taxation attributable to owners of the Company (RM)	5,904,069	12,134,022
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January 2016/22 October 2015 (Date of incorporation)	100	100
Acquisition of subsidiary*	224,329,900	224,329,900
Weighted average number of ordinary shares for basic earnings per share computation	224,330,000	224,330,000
Basic earnings per ordinary share attributable to equity holders of the Company (Sen)	2.63	5.41

Note:-

* - *In the calculation of earnings per share for the financial year ended 31 December 2015, it is assumed that 224,330,000 ordinary shares were in issue.*

23. EARNINGS PER SHARE *continued*

	The Group	
	1.1.2016 to 31.12.2016	**1.1.2015 to 31.12.2015**
Profit after taxation attributable to owners of the Company for diluted earnings per share computation (RM)	5,904,069	12,134,022
Weighted average number of ordinary shares for basic earnings per share:-	224,330,000	224,330,000
Shares deemed to be issued for no consideration:		
- employee share options in issue *	–	–
Weighted average number of ordinary shares for diluted earnings per share computation	224,330,000	224,330,000
Diluted earnings per ordinary share (Sen)	2.63	5.41

* *The potential conversion of employee share options are anti-dilutive as their exercise price is same as the issue price of the Company's new ordinary shares in conjunction with the Company's proposed listing on ACE Market of Bursa Securities as disclosed in Note 31(a). Accordingly, the exercise of employee share options have been ignored in the calculation of dilutive earnings per share.*

24. DIVIDEND

	The Group	
	1.1.2016 to 31.12.2016	**1.1.2015 to 31.12.2015**
Paid by the HL Advance:-		
Second interim dividend of RM12.50 per ordinary share in respect of the financial year ended 31 December 2014	–	5,000,000

25. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Fixed deposits with a licensed bank	5,364,066	6,198,167	–	–
Cash and bank balances	834,025	3,905,474	71,003	10
	6,198,091	10,103,641	71,003	10
Less: Fixed deposits for more than 3 months and/or pledged to licensed bank	(5,364,066)	(6,198,167)	–	–
	834,025	3,905,474	71,003	10

26. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group.

(a) The key management personnel compensation during the financial year/period are as follows:-

	The Group		The Company	
	1.1.2016 to 31.12.2016 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	22.10.2015 (Date of incorporation) to 31.12.2015 RM
Directors				
Directors of the Company				
Non-Executive Directors				
Short-term employee benefits:				
- fees	160,000	–	160,000	–
- employee share option expenses	42,864	–	42,864	–
	202,864	–	202,864	–
Executive Directors				
Short-term employee benefits				
- salaries, bonuses and allowances	924,000	1,124,000	–	–
- defined contribution plan	110,880	74,160	–	–
	1,034,880	1,198,160	–	–
- employee share option expenses	71,440	–	71,440	–
	1,106,320	1,198,160	71,440	–
	1,309,184	1,198,160	274,304	–

26. KEY MANAGEMENT PERSONNEL COMPENSATION *continued*

(a) The key management personnel compensation during the financial year/period are as follows:- *continued*

	The Group		The Company	
	1.1.2016 to 31.12.2016 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	22.10.2015 (Date of incorporation) to 31.12.2015 RM
Other Key Management Personnel				
Short-term employee benefits				
- salaries, bonuses and allowances	654,460	507,610	–	–
- defined contribution plan	68,649	46,975	–	–
	723,109	554,585	–	–
- employee share option expenses	121,448	–	121,448	–
	844,557	554,585	121,448	–

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Group		The Company	
	1.1.2016 to 31.12.2016 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	22.10.2015 (Date of incorporation) to 31.12.2015 RM
Non-executive directors				
Below RM 50,000	1	–	1	–
RM50,001 – RM 100,000	2	–	2	–
Executive directors				
RM500,001 – RM550,000	1	–	–	–
RM550,001 – RM600,000	1	1	–	–
RM600,001 – RM650,000	–	1	–	–
	5	2	3	–

27. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationship with its directors, significant investors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year/period:-

	The Group		The Company	
	1.1.2016 to 31.12.2016 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 31.12.2016 RM	22.10.2015 (Date of incorporation) to 31.12.2015 RM
Subsidiary:				
- advances from a subsidiary	–	–	1,157,499	247,864
Entities controlled by key management personnel, directors and/or substantial shareholders:				
- purchase of property, plant and equipment	–	22,625	–	–
- rental of property	–	9,900	–	–
- sub-contractor wages	–	1,144,749	–	–

28. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

Business Segments

The Group operates predominantly in one business segment. Accordingly, the information by business segment is not presented.

Geographical Information

Revenue is based on the country in which the customers are located.

	The Group	
	1.1.2016 to 31.12.2016	**1.1.2015 to 31.12.2015**
Revenue	**RM**	**RM**
Malaysia	55,460,071	40,610,210
Thailand	22,671,164	32,894,900
Indonesia	350,913	549,990
Others	–	1,642,155
	78,482,148	75,697,255

All non-current assets of the Group are located in Malaysia during the financial year.

Major Customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	Revenue		
	1.1.2016 to 31.12.2016	**1.1.2015 to 31.12.2015**	**Geographical Segment**
	RM	**RM**	
Customer A	26,141,179	13,440	Malaysia
Customer B	22,671,164	32,894,900	Thailand
Customer C	15,370,498	6,271,551	Malaysia
Customer D	12,020,130	9,410,929	Malaysia
Customer E	1,182,314	23,415,930	Malaysia

29. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

29.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Thai Baht ("THB"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currency for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	United States Dollar RM	Thai Baht RM	Ringgit Malaysia RM	Total RM
2016				
Financial Assets				
Trade receivables	2,100,332	–	14,796,136	16,896,468
Other receivables and deposits	–	–	868,144	868,144
Fixed deposit with a licensed bank	–	–	5,364,066	5,364,066
Cash and bank balances	362,123	–	471,902	834,025
	2,462,455	–	21,500,248	23,962,703
Financial Liabilities				
Term loan	–	–	1,372,036	1,372,036
Trade payables	2,301,296	27,914	20,400,818	22,730,028
Other payables and accruals	–	–	2,701,986	2,701,986
	2,301,296	27,914	24,474,840	26,804,050
Net financial assets/(liabilities)	161,159	(27,914)	(2,974,592)	(2,841,347)
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	–	2,974,592	2,974,592
Currency Exposure	161,159	(27,914)	–	133,245

29. FINANCIAL INSTRUMENTS *continued*

29.1 FINANCIAL RISK MANAGEMENT POLICIES *continued*

(a) Market Risk *continued*

(i) Foreign Currency Risk *continued*

***Foreign Currency Exposure** continued*

The Group	United States Dollar RM	Ringgit Malaysia RM	Total RM
2015			
Financial Assets			
Trade receivables	1,321,381	6,860,840	8,182,221
Other receivables and deposits	–	676,706	676,706
Fixed deposits with licensed banks	–	6,198,167	6,198,167
Cash and bank balances	677,387	3,228,087	3,905,474
	1,998,768	16,963,800	18,962,568
Financial Liabilities			
Term loan	–	1,508,221	1,508,221
Trade payables	2,478,958	17,437,954	19,916,912
Other payables and accruals	–	1,718,028	1,718,028
	2,478,958	20,664,203	23,143,161
Net financial liabilities	(480,190)	(3,700,403)	(4,180,593)
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	3,700,403	3,700,403
Currency exposure	(480,190)	–	(480,190)

29. FINANCIAL INSTRUMENTS *continued*

29.1 FINANCIAL RISK MANAGEMENT POLICIES *continued*

(a) Market Risk *continued*

(i) Foreign Currency Risk *continued*

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2016	**2015**
	RM	**RM**
Effects on Profit After Taxation		
USD/RM – strengthened by 5%	6,124	(18,007)
– weakened by 5%	(6,124)	18,007
THB/RM – strengthened by 5%	(1,061)	–
– weakened by 5%	1,061	–
Effects on Other Comprehensive Income		
USD/RM – strengthened by 5%	6,124	(18,007)
– weakened by 5%	(6,124)	18,007
THB/RM – strengthened by 5%	(1,061)	–
– weakened by 5%	1,061	–

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowing with variable rate. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with a licensed bank are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 29.1(c) to the financial statements.

Any reasonably possible change in the interest rates of floating rate term loan at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, is not exposed to equity price risk.

29. FINANCIAL INSTRUMENTS *continued*

29.1 FINANCIAL RISK MANAGEMENT POLICIES *continued*

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit Risk Concentrates Profile

The Group's major concentration of credit risk relates to the amount owing by a customer which constituted approximately 64% of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company.

29. FINANCIAL INSTRUMENTS *continued*

29.1 FINANCIAL RISK MANAGEMENT POLICIES *continued*

(b) Credit Risk *continued*

(iii) Ageing Analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2016			
Not past due	10,441,002	–	10,441,002
Past due:			
- less than 3 months	1,465,201	–	1,465,201
- 3 to 6 months	4,628,975	–	4,628,975
- more than 6 months	14,355	–	14,355
- more than 1 year	346,935	–	346,935
	16,896,468	–	16,896,468
2015			
Not past due	6,883,271	–	6,883,271
Past due:			
- less than 3 months	385,784	–	385,784
- 3 to 6 months	33,357	–	33,357
- more than 6 months	34,000	–	34,000
- more than 1 year	845,809	–	845,809
	8,182,221	–	8,182,221

The Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

29. FINANCIAL INSTRUMENTS *continued*

29.1 FINANCIAL RISK MANAGEMENT POLICIES *continued*

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1- 5 Year RM	Over 5 years RM
2016						
Trade payables	–	22,730,028	22,730,028	22,730,028	–	–
Other payables and accruals	–	2,701,986	2,701,986	2,701,986	–	–
Term loan	4.52	1,372,036	2,005,502	150,543	602,173	1,252,786
		26,804,050	27,437,516	25,582,557	602,173	1,252,786
2015						
Trade payables	–	19,916,912	19,916,912	19,916,912	–	–
Other payables and accruals	–	1,718,028	1,718,028	1,718,028	–	–
Term loan	4.65	1,508,221	2,308,332	150,543	602,173	1,555,616
		23,143,161	23,943,272	21,785,483	602,173	1,555,616
The Company						
2016						
Other payables and accruals	–	1,204,696	1,204,696	1,204,696	–	–
Amount owing to a subsidiary	–	1,157,499	1,157,499	1,157,499	–	–
		2,362,195	2,362,195	2,362,195	–	–
2015						
Other payables and accruals	–	305,000	305,000	305,000	–	–
Amount owing to a subsidiary	–	247,864	247,864	247,864	–	–
		552,864	552,864	552,864	–	–

29. FINANCIAL INSTRUMENTS *continued*

29.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period is as follows:-

	2016 **RM**
Group	
Term loan	1,372,036
Less: Cash and cash equivalents	(834,025)
Net debt	538,011
Total shareholders' equity	35,525,666
Debt-to-equity ratio	0.02

In the previous financial period, the debt-to-equity ratio of the Group at the end of the reporting period was not presented as its cash and cash equivalents exceeded the total borrowings.

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

29. FINANCIAL INSTRUMENTS *continued*

29.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial Assets				
Loans and Receivables Financial Assets				
Trade receivables	16,896,468	8,182,221	–	–
Other receivables and deposits	868,144	676,706	–	108
Fixed deposits with a licensed bank	5,364,066	6,198,167	–	–
Cash and bank balances	834,025	3,905,474	71,003	10
	23,962,703	18,962,568	71,003	118
Financial Liabilities				
Other Financial Liabilities				
Trade payables	22,730,028	19,916,912	–	–
Other payables and accruals	2,701,986	1,718,028	1,204,696	305,000
Amount owing to a subsidiary	–	–	1,157,499	247,864
Term loan	1,372,036	1,508,221	–	–
	26,804,050	23,143,161	2,362,195	552,864

29.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
The Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total Fair Value RM**	**Carrying Amount RM**
2016								
Term loan	–	–	–	–	1,372,036	–	1,372,036	1,372,036
2015								
Term loan	–	–	–	–	1,508,221	–	1,508,221	1,508,221

There were no transfer between level 1 and level 2 during the financial year.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 28 December 2015, the Company entered into a conditional Share Sale and Purchase Agreement with the vendors of HL Advance to acquire the entire issued and paid-up share capital of HL Advance of RM400,000 comprising 400,000 ordinary shares of RM1.00 each for a total purchase consideration of RM22,432,990 which will be wholly satisfied by the issuance and allotment of 224,329,900 new ordinary shares at an issue price of RM0.10 per share.

The purchase consideration of HL Advance of RM22,432,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the net assets position of HL Advance as at 31 July 2015 of RM22,434,029. The purchase consideration represents a price to book ratio of approximately 1.0 time.

The acquisition of HL Advance was completed on 20 October 2016 and HL Advance became a wholly-owned subsidiary of the Company.

(b) On 28 April 2016, the Company obtained conditional approval from Bursa Securities to list the Company on the ACE Market of Bursa Securities.

(c) On 2 December 2016, the Company's employee share option scheme ("ESOS") came into effect ("Effective Date"). The ESOS, which shall be in force for a period of 5 years from its Effective Date, entails the issuance of up to 10% of the Company's issued and paid-up share capital (excluding treasury shares) at any one time during the tenure of the ESOS, subject to the terms and conditions of the by-laws governing the ESOS.

(d) On 20 December 2016, the Company launched its Prospectus and undertook the following Listing Scheme:

(i) a public issue of 39,591,000 new ordinary shares of RM0.10 each ("Public Issue Shares") at an issue price of RM0.45 per Public Issue Share ("IPO Price") allocated in the following manner ("Public Issue"):

(aa) 13,199,000 Public Issue Shares made available for application by the Malaysian Public; and

(bb) 26,392,000 Public Issue Shares made available for application by Bumiputera investors approved by the Ministry of International Trade and Industry via private placement.

(ii) an offer for sale of 34,309,000 ordinary shares of RM0.10 each ("Offer Shares") at an offer price of RM0.45 per Offer Share allocated in the following manner ("Offer for Sale"):

(aa) 2,000,000 Offer Shares made available for application by the eligible directors and employees of the Company and its subsidiary; and

(bb) 32,309,000 Offer Shares made available for application by selected investors via private placement.

31. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) The listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM26,392,100 comprising 263,921,000 ordinary shares of RM0.10 each in the Company at an issue price of RM0.45 each on the ACE Market of Bursa Securities was completed on 10 January 2017.

(b) The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Group and of the Company upon its initial adoption are:-

(i) Removal of the authorised share capital;
(ii) Ordinary shares will cease to have par value; and
(iii) Share premium account will become part of the share capital.

The adoption of the Companies Act 2016 is to be applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial adoption will be disclosed in the financial statements of the Group and of the Company for the financial year ending 31 December 2017.

32. COMPARATIVE FIGURES

The comparative figures of the Group were presented based on the financial statements of the subsidiary accounted for using the merger method of accounting, as the subsidiary were under common control by the same parties both before and after the acquisition by the Company, and that control is not transitory.

The comparative figures of the Company covered the financial period from 22 October 2015 (date of incorporation) to 31 December 2015. Consequently, the comparatives figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that of the current 12 month period ended 31 December 2016.

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Company	
	As Restated RM	**As Previously Reported RM**
Statement of Financial Position (Extract):-		
Amount owing to a subsidiary	247,864	–
Amount owing to a related party	–	247,864
Statement of Cash Flows (Extract):-		
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Advances from a subsidiary	247,864	–
Advances from a related party	–	247,864

33. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/ LOSSES

The breakdown of the retained earnings or accumulated losses of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings/ (accumulated losses):				
- realised	34,342,829	29,073,331	(2,108,189)	(42,756)
- unrealised	425,627	(208,944)	–	–
	34,768,456	28,864,387	(2,108,189)	(42,756)

LIST OF PROPERTIES

as at 31 December 2016

No.	Address/Title	Description	Land Area/ Gross Floor Area/Built-up Area (Sq. Ft.)	Existing Use	Tenure	Net Book Value as at 31 December 2016 (RM)	Approximate Age of Building (Years)	Acquisition Date
1.	No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor PM 4518, Lot 36522, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan	Three (3)-storey office building with annexed single storey detached factory	Land area - 40,688 Gross floor area - 30,388	Office-cum-factory	Leasehold for a period of 99 years expiring on 11 August 2096	3,828,749	7	22 December 2011
2.	Unit No. 52-25-B4, 4th Floor, Pangsapuri Jati, Jalan Dagang Mas 5, Taman Mas Sepang, 47100 Puchong, Selangor Darul Ehsan PM 6368, Lot 46226, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan	Apartment	Built-up area - 829	Staff accommodation	Leasehold for a period of 99 years expiring on 11 August 2096	46,624	10	15 December 2010
3.	Unit No. 30-02-I6, Spring Court 1, Jalan Dagang Mas 1, Taman Mas, 47100 Puchong, Selangor Darul Ehsan. PM 6340, Lot 46218, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Apartment	Built-up area - 710	Staff accommodation	Leasehold for a period of 99 years expiring on 11 August 2096	29,005	9	23 December 2010

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2017

Total number of Issued Shares	:	263,921,000 Ordinary Shares
Class of Equity Securities	:	Ordinary Shares ("Shares")
Voting rights by show of hand	:	One vote for every member
Voting rights by poll	:	One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	3	0.34	98	#
100 - 1,000 shares	70	7.91	38,002	0.01
1,001 - 10,000 shares	428	48.36	2,631,400	1.00
10,001 - 100,000 shares	302	34.12	11,907,600	4.51
100,001 - less than 5% of issued shares	80	9.04	59,322,900	22.48
5% and above of issued shares	2	0.23	190,021,000	72.00
Total	**885**	**100.00**	**263,921,000**	**100.00**

 # Negligible

DIRECTORS' SHAREHOLDINGS
(As per the Register of Directors' Shareholdings)

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Chan Yoke Chun	96,911,000	36.72	93,110,000 (1)	35.28
Wong Kok Wah	93,110,000	35.28	96,911,000 (2)	36.72
Yau Ming Teck	200,000	0.08	–	–
Wong Wai Tzing	150,000	0.06	–	–
Wong Koon Wai	100,000	0.04	–	–

Notes:

(1) *Deemed interested by virtue of the shares held by her spouse, Wong Kok Wah's shareholdings in HLT Global Berhad.*

(2) *Deemed interested by virtue of the shares held by his spouse, Chan Yoke Chun's shareholdings in HLT Global Berhad.*

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per the Register of Substantial Shareholders)

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Chan Yoke Chun	96,911,000	36.72	93,110,000 (1)	35.28
Wong Kok Wah	93,110,000	35.28	96,911,000 (2)	36.72

Notes:

(1) *Deemed interested by virtue of the shares held by her spouse, Wong Kok Wah's shareholdings in HLT Global Berhad.*

(2) *Deemed interested by virtue of the shares held by his spouse, Chan Yoke Chun's shareholdings in HLT Global Berhad.*

30 LARGEST SECURITIES ACCOUNT HOLDERS

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares held	%
1	Chan Yoke Chun	96,911,000	36.72
2	Wong Kok Wah	93,110,000	35.28
3	Lin, Kuo-Tang	6,072,000	2.30
4	Law Chee Kheong	5,154,800	1.95
5	RHB Nominees (Tempatan) Sdn. Bhd.	4,298,000	1.63
	- Pledged Securities Account for Iskandar Zurkanain Bin Mohamed		
6	David Tan Chao Hsiung	3,756,500	1.42
7	RHB Nominees (Tempatan) Sdn. Bhd.	3,598,000	1.36
	- Pledged Securities Account for Abdul Wahid Bin Abdul Ghani		
8	Tan Wei Beoh	2,780,900	1.05
9	Ng Kim Keong	1,925,400	0.73
10	Ang Boon Guan	1,730,000	0.66
11	Cimsec Nominees (Tempatan) Sdn. Bhd.	1,580,000	0.60
	- CIMB for Lim Loi Heng		
12	Wong Wei Cheong	1,520,000	0.58
13	Lee Kong Wing	1,390,900	0.53
14	Affin Hwang Nominees (Tempatan) Sdn. Bhd.	1,330,000	0.50
	- Pledged Securities Account for Yong Loong Chen		
15	Saravana Kumar A/L Narayanan	1,120,000	0.42
16	Leong How Luan	930,200	0.35
17	Maybank Securities Nominees (Tempatan) Sdn. Bhd.	917,000	0.35
	- Pledged Securities Account for Wong Kok Mun		
18	Kenanga Nominees (Tempatan) Sdn. Bhd.	916,500	0.35
	- Pledged Securities Account for Chin Lih Lih		
19	Yap Ban Foo	829,100	0.31
20	Tan Han Tiong	817,000	0.31
21	AllianceGroup Nominees (Tempatan) Sdn. Bhd.	742,300	0.28
	- Pledged Securities Account for Yong Loong Chen		
22	Sarbjit Singh A/L Sarban Singh	600,000	0.23
23	Augustine Kok Hwai Nam	560,000	0.21
24	Khoo Chooi Boey	560,000	0.21
25	Lee Cheng Cheng	560,000	0.21
26	Lee Yee Meng	560,000	0.21
27	Lim Mei Kong	560,000	0.21
28	Moh Ung Nang	560,000	0.21
29	Ng Li Moi	560,000	0.21
30	Ong Jock Bong @ Joeh Bang	560,000	0.21

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PROXY **FORM**

HLT GLOBAL BERHAD
(1163324-H)
(Incorporated in Malaysia)

I/We* _____ NRIC/Company No.*_____
(full name in capital letters)

of _____
(full address)

being (a) member(s) of **HLT GLOBAL BERHAD** hereby appoint_____

_____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

and/or* , _____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Second Annual General Meeting of the Company to be held at Tioman Room, First Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Friday, 19 May 2017 at 10.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her* discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees of RM160,000 for the financial year ended 31 December 2016.		
2.	To approve the payment of Directors' fees up to RM160,000 for the financial year ending 31 December 2017.		
3.	To re-elect Ms. Wong Wai Tzing as Director of the Company.		
4.	To re-elect Mr. Wong Kok Wah as Director of the Company.		
5.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company.		
6.	To approve the authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

** delete whichever not applicable*

CDS Account No.	
No. of Shares Held	

Dated this _____ day of _____ 2017.

Percentage of shareholdings to be represented by the proxies:		
	No. of Shares	**%**
Proxy 1		
Proxy 2		
TOTAL		100

_____
Signature/ Common Seal of Member(s)

Notes:

a) A member who is entitled to attend and vote at the Second Annual General Meeting ("the Meeting") shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

b) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63 of the Company's Constitution to issue a General Meeting Record of Depositors as at 12 May 2017. Only members whose names appear in the General Meeting Record of Depositors as at 12 May 2017 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

c) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

e) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

f) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

g) To be valid, the instrument appointing a proxy must be deposited at the Share Registrar Office of the Company at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll.

Fold this flap for sealing

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Stamp

The Share Registrar
INSURBAN CORPORATE SERVICES SDN BHD (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

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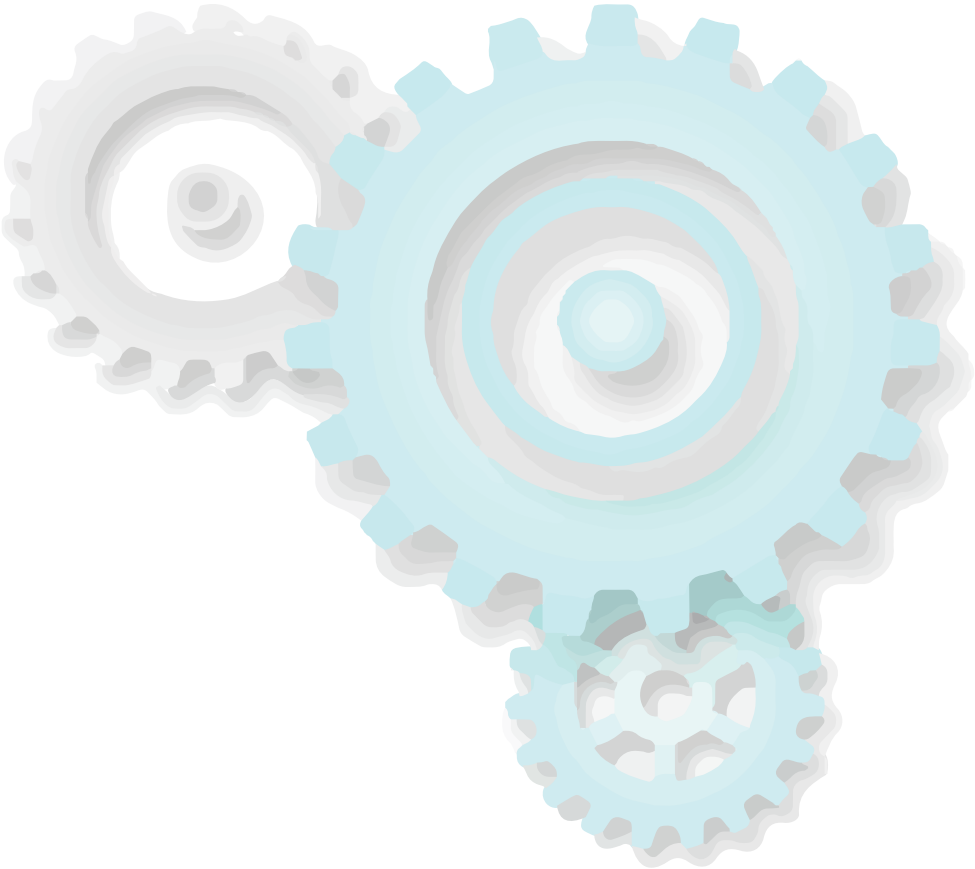

HEAD OFFICE
No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor Darul Ehsan, Malaysia.
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