



## **HLT GLOBAL BERHAD**

(Company No. 1163324-H)

(Incorporated in Malaysia)



# Annual Report **2018**

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## TABLE OF

# CONTENTS

Corporate Information.....	2
Notice of Fourth Annual General Meeting.....	3
Financial Highlights .....	8
Corporate Structure.....	9
Profile of Directors .....	10
Profile of Key Senior Management .....	15
Management Discussion and Analysis .....	18
Sustainability Statement .....	25
Corporate Governance Overview Statement.....	27
Audit Committee Report .....	39
Statement on Risk Management and Internal Control .....	43
Additional Compliance Information .....	45
Statement of Directors' Responsibility.....	48
Financial Statements .....	49
List of Properties .....	130
Analysis of Shareholdings .....	131
Analysis of Warrant Holdings .....	133

### **Proxy Form**





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Wong Wai Tzing

*Independent Non-Executive Chairperson*

Chan Yoke Chun

*Executive Director / Chief Executive Officer*

Yau Ming Teck

*Non-Independent Non-Executive Director*

Wong Kok Wah

*Deputy Chairman / Executive Director*

Chui Mee Chuen

*Executive Director / Chief Financial Officer  
(Appointed on 26 September 2018)*

Wong Koon Wai

*Independent Non-Executive Director*



### COMPANY SECRETARY

Tea Sor Hua (MACS 01324)

### AUDIT COMMITTEE

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

### NOMINATION COMMITTEE

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

### REMUNERATION COMMITTEE

Wong Koon Wai (Chairman)  
Yau Ming Teck  
Wong Wai Tzing  
(Appointed on 16 April 2019)

### EMPLOYEE SHARE OPTION SCHEME COMMITTEE

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

### REGISTERED OFFICE

Third Floor, No. 77, 79 & 81  
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

Securities Services (Holdings)  
Sdn Bhd (36869-T)  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel No: 03-2084 9000  
Fax No: 03-2094 9940

### AUDITORS

Crowe Malaysia PLT  
(LLP0018817-LCA) (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 OF FOURTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fourth Annual General Meeting (“AGM” or “the Meeting”) of HLT GLOBAL BERHAD (“the Company”) will be held at Langkawi Room, First Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 30 May 2019 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 2018 together with the Reports of the Directors and Auditors thereon.                            | <i><b>Please refer to<br/>Explanatory Note 1</b></i> |
| 2. | To approve the payment of Directors’ fees and benefits of up to RM300,000.00 for the financial year ending 31 December 2019.  | <i><b>(Ordinary Resolution 1)</b></i>                |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Clause 89 of the Company’s Constitution:-  |  |
|    | i. Mr. Wong Kok Wah   | <i><b>(Ordinary Resolution 2)</b></i>                |
|    | ii. Mr. Wong Koon Wai   | <i><b>(Ordinary Resolution 3)</b></i>                |
| 4. | To re-elect Ms. Chui Mee Chuen as Director who retires pursuant to Clause 96 of the Company’s Constitution.   | <i><b>(Ordinary Resolution 4)</b></i>                |
| 5. | To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | <i><b>(Ordinary Resolution 5)</b></i>                |

#### AS SPECIAL BUSINESS:

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

- |    |   |                                       |
|----|---|---------------------------------------|
| 6. | <b>GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016</b> | <i><b>(Ordinary Resolution 6)</b></i> |
|----|---|---------------------------------------|

“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 ten per centum (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.”



## NOTICE OF FOURTH ANNUAL GENERAL MEETING (CONT'D)

7. **PROPOSED SHAREHOLDERS' RATIFICATION OF RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE**

*(Ordinary Resolution 7)*

"THAT all the recurrent related party transactions of a revenue and/or trading nature entered or to be entered into by the Company and/or its subsidiaries ("the Group") from 1 December 2018 up to the date of the AGM as set out in Section 2.8 of the Circular to Shareholders dated 30 April 2019 which are necessary for the day-to-day operations of the Group and within the ordinary course of business of the Group, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company, be and are hereby accepted, confirmed and ratified.

AND THAT all the action taken and execution of all necessary documents by the Directors and/or any person(s) authorised by the Directors for and on behalf of the Company as they had considered expedient or deemed fit in the interest of the Company, be and are hereby accepted, confirmed and ratified."

8. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

*(Ordinary Resolution 8)*

"THAT, authority be and is hereby given in line with Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company and/or its subsidiaries ("the Group") to enter into any of the recurrent related party transactions with the related parties as set out in Section 2.8 of the Circular to Shareholders dated 30 April 2019 which are necessary for the day-to-day operations of the Group within the ordinary course of business of the Group, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which the ordinary resolution for the Proposed Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next Annual General Meeting; or
- (ii) the expiration of the period within which the next Annual General Meeting after that date it is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.



NOTICE OF FOURTH ANNUAL GENERAL MEETING  
(CONT'D)

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company."

9. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY**

*(Special Resolution)*

"THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in "Appendix A" with immediate effect AND THAT the Directors and/or the Secretary of the Company be authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

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

By order of the Board

**TEA SOR HUA (MACS 01324)**  
Company Secretary

Petaling Jaya, Selangor Darul Ehsan  
30 April 2019

## NOTICE OF FOURTH ANNUAL GENERAL MEETING (CONT'D)

### Notes:

- (a) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint up to two (2) proxies to attend, participate, speak 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 24 May 2019. Only members whose names appear in the General Meeting Record of Depositors as at 24 May 2019 shall be regarded as members and entitled to attend, participate, 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 office of the Share Registrar of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 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.
- (h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.

### EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

#### 1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2018

This Agenda 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, this Agenda is not put forward for voting.

#### 2. Item 2 of the Agenda – Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016 which came into force on 31 January 2017, the fee and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, Ordinary Resolution 1, if approved, will allow the Company to pay Directors' fees and benefits to the Non-Executive Directors for the financial year ending 31 December 2019.



## NOTICE OF FOURTH ANNUAL GENERAL MEETING (CONT'D)

### 3. **Item 6 of the Agenda – General Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The Ordinary Resolution 6 is a renewal of the general mandate for issuance and allotment of shares by the Company pursuant to 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 in total 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 the issuance and allotment of such shares. This authority, unless revoked or varied by the Company at a general meeting, will 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 earlier.

This general mandate will provide flexibility to the Company for issuance and 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).

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the Third Annual General Meeting held on 31 May 2018 which will lapse at the conclusion of the Fourth AGM.

### 4. **Item 7 of the Agenda – Proposed Shareholders' Ratification of Recurrent Related Party Transactions of a Revenue and/or Trading Nature**

The Ordinary Resolution 7, if passed, will ratify all the recurrent related party transactions entered or to be entered into by the Group from 1 December 2018 up to the date of the Fourth AGM.

Please refer to the Circular to Shareholders dated 30 April 2019 for further information.

### 5. **Item 8 of the Agenda – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature**

The Ordinary Resolution 8, if passed, will allow the Group to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to the Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Circular to Shareholders dated 30 April 2019 for further information.

### 6. **Item 9 of the Agenda – Proposed Amendments to the Constitution of the Company**

The Special Resolution proposed under item 9 of the Agenda in relation to the proposed amendments to the existing Constitution of the Company are made mainly for the following purposes:-

- (a) To ensure compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad; and
- (b) To provide clarity and consistency with the amendments that arise from the Companies Act 2016 and other relevant regulatory provisions.

This Special Resolution if passed, will allow the Company to alter or amend the whole of the existing Constitution by the replacement with the proposed new Constitution as per "Appendix A" in accordance with Section 36(1) of the Companies Act 2016. The "Appendix A" on the proposed new Constitution of the Company, which is circulated together with the Notice of AGM dated 30 April 2019, shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Fourth AGM.

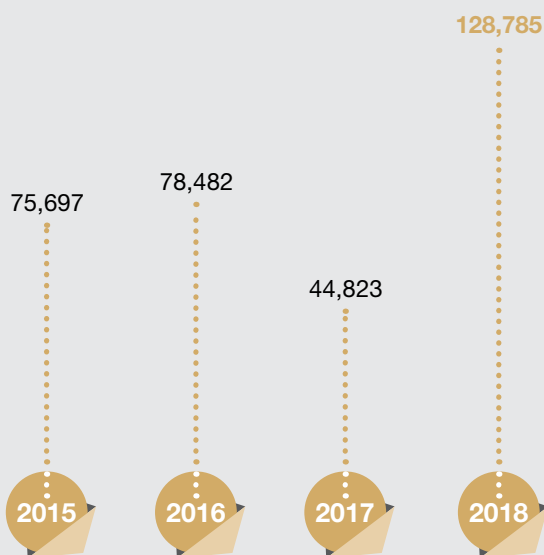




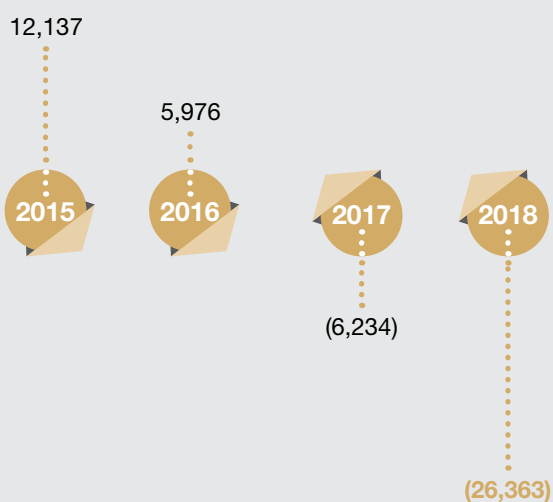
## FINANCIAL HIGHLIGHTS

	2015	2016	2017	2018
Revenue (RM'000)	75,697	78,482	44,823	128,785
Profit/(Loss) before taxation (RM'000)	12,137	5,976	(6,234)	(26,363)
Earnings/(Loss) per share (sen)	5.41	2.63	(2.34)	(5.56)
Net assets per share (sen)	13.05	15.83	11.12	9.36

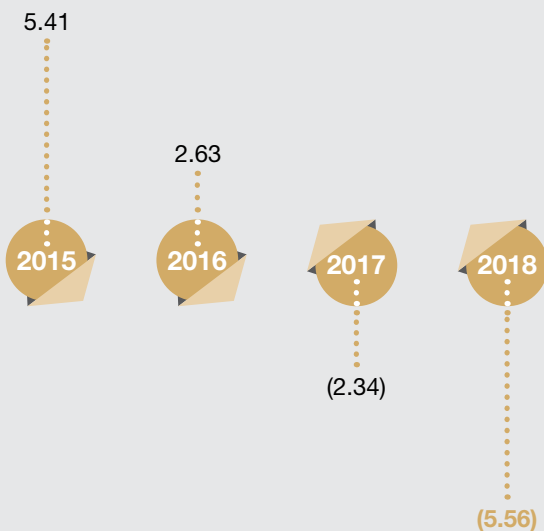
**Revenue**  
(RM'000)



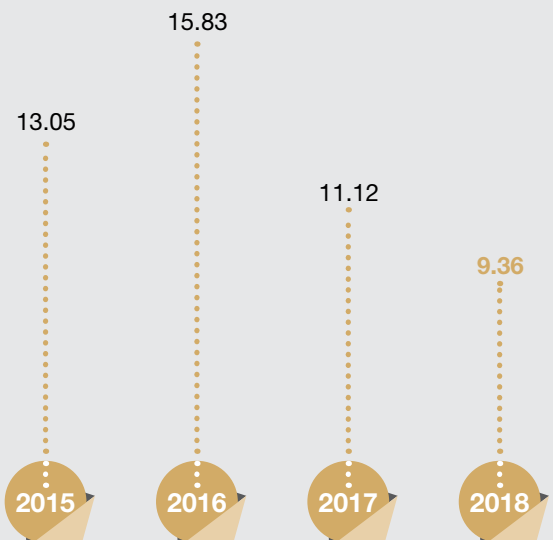
**Profit/(Loss) After Tax**  
(RM'000)



**Earnings/(Loss) Per Share**  
(Sen)

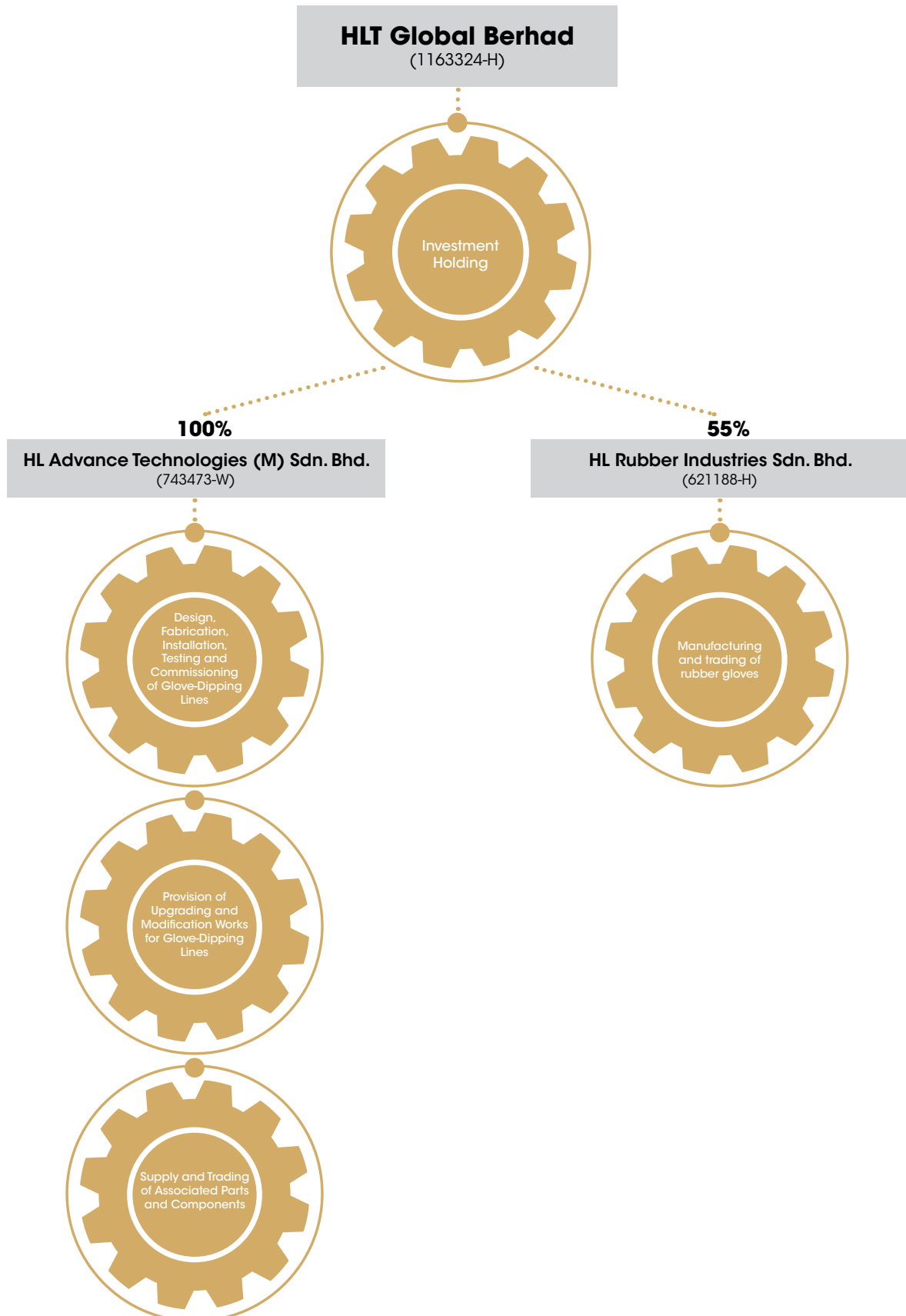


**Net Assets Per Share**  
(Sen)



# CORPORATE STRUCTURE

AS AT 19 APRIL 2019





## PROFILE OF DIRECTORS

### Wong Wai Tzing

*Independent Non-Executive  
Chairperson*

Ms. Wong Wai Tzing, a Malaysian female aged 62, is our Independent Non-Executive Chairperson. She was appointed to our Board on 8 January 2016 and is a member of the Audit Committee, Nomination Committee and Remuneration 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.

She does not hold directorship in other public companies and listed corporations.

She attended all five (5) Board Meetings held during the financial year ended 31 December 2018.

### Wong Kok Wah

*Deputy Chairman /  
Executive Director and  
Key Senior Management*

Mr. Wong Kok Wah, a Malaysian male aged 53, 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 does not hold directorship in other public companies and listed corporation but hold directorship in several private limited companies.

He attended four (4) out of five (5) Board Meetings held during the financial year ended 31 December 2018.



## PROFILE OF DIRECTORS (CONT'D)

### **Chan Yoke Chun**

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

Ms. Chan Yoke Chun, a Malaysian female aged 56, 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. 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.

She does not hold directorship in other public companies and listed corporation but holds directorship in several private limited companies.

She attended all five (5) Board Meetings held during the financial year ended 31 December 2018.



## PROFILE OF DIRECTORS (CONT'D)

### **Chui Mee Chuen**

*Executive Director /  
Chief Financial Officer ("CFO")  
and Key Senior Management*

Ms. Chui Mee Chuen, a Malaysian female aged 40, is the Executive Director/ CFO of our Group. She was appointed to our Board on 26 September 2018. 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 as well as several private limited companies.

She attended one (1) Board Meeting held during the financial year ended 31 December 2018 since she was appointed to the Board on 26 September 2018.

PROFILE OF DIRECTORS  
(CONT'D)**Yau Ming Teck***Non-Independent  
Non-Executive Director*

Mr. Yau Ming Teck, a Malaysian male aged 48, is our Non-Independent Non-Executive Director. He was appointed to our Board on 30 October 2015 and is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr. Yau graduated from Monash University, Melbourne with an Economic Degree in 1993. He is a qualified Certified Practising 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.

He attended all five (5) Board Meetings held during the financial year ended 31 December 2018.





## PROFILE OF DIRECTORS (CONT'D)

### Wong Koon Wai

*Independent  
Non-Executive Director*

Mr. Wong Koon Wai, a Malaysian male aged 44, is our Independent Non-Executive Director. He was appointed to our Board on 8 January 2016 and he is the Chairman of the Audit Committee, Nomination Committee and Remuneration 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.

He does not hold directorship in other public companies and listed corporation.

He attended all five (5) Board Meetings held during the financial year ended 31 December 2018.

#### 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 2018.*



## PROFILE OF KEY SENIOR MANAGEMENT

### GLOVE-DIPPING LINES

#### **Muhammad Idris Yap Bin Abdullah**

*General Manager of  
Operations of HL  
Advance Technologies  
(M) Sdn. Bhd. ("HLA")*

En. Muhammad Idris Yap Bin Abdullah, a Malaysian male aged 54, 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.

#### **Yam Chee Leong**

*Project Manager of HLA*

Mr. Yam Chee Leong, a Malaysian male aged 58, is the Project Manager of our Group since 2014. He is responsible for managing and overseeing on-site operations for our Group.

Mr. Yam completed his studied at Sekolah Menengah Rendah Kampar, Perak, after which he 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.



## PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

### **Choong Siew Meng**

*Factory Manager of HLA*

Mr. Choong Siew Meng, a Malaysian male aged 48, is the Factory Manager of our Group since 2014. He is responsible for overseeing all fabrication works performed at our factory.

Mr. Choong studied at Sekolah Menengah Kebangsaan San Peng until 1986 after which he 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 Factory Manager, bringing with him over 20 years of experience in the manufacturing industry.

### **Chin Shiao Wan**

*Purchasing and Logistics  
Manager of HLA*

Ms. Chin Shiao Wan, a Malaysian female aged 41, 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.

## **RUBBER GLOVES**

### **Lin, Kuo-Tang**

*Executive Director of  
HL Rubber Industries  
Sdn. Bhd. ("HLRI")*

Mr. Lin, Kuo-Tang, a Taiwanese male aged 57, who is the Executive Director of HLRI since his appointment on 17 April 2007. He is also the indirect major shareholder of HLT and HLRI through Suntel International Co. Ltd. He is responsible for overseeing the sales and marketing and day-to-day operations of HLRI.

Mr. Lin obtained his Global Executive MBA from University of Southern California, United States of America in the year 2014.

He has over 30 years of experience since 1986 in the rubber gloves manufacturing industry through his involvement as Chief Executive Officer/director in the Precious Mountain Enterprise Group of Taiwan ("PM Glove"), a global rubber gloves manufacturer which was established nearly 40 years ago with production facilities based in Taiwan, China and Vietnam.



## PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

### **Bong Swee Chin**

*Quality Assurance  
Manager of HLRI*

Mr. Bong Swee Chin, a Malaysian male aged 46, is the Quality Assurance Manager of HLRI since 2016. He is responsible for overseeing all the factory quality process activities and other production supporting activities which assigned to him.

Mr. Bong graduated from University Kebangsaan Malaysia with Bachelor of Arts (Hons) degree majoring in Economics in 1998. He joined several companies such as SGS (M) Sdn Bhd, KESM Industries Bhd, The Nomad Group Bhd and Smart Glove Corporation Sdn Bhd before joining HLRI in year 2016.

Mr. Bong having around 20 years working experience in which 9 years in rubber glove industry.

### **Rizal Bin Arof**

*Production Manager  
of HLRI*

Mr. Rizal Bin Arof, a Malaysian male aged 47, is the Production Manager of HLRI since 2014. He is responsible for overseeing the production activities of HLRI.

Mr. Rizal completed his studies at Sekolah Menengah Kebangsaan Syed Ahmad, Arau Perlis, after which he began his career at Cardinal Healthcare in 1990 as process specialist. He left Cardinal Healthcare in 2003 to join Terang Nusa Sdn Bhd ("Terang Nusa") in Kelantan and Johor from 2007 to 2014 as Assistant Technical Manager.

He left Terang Nusa in 2014 to join HLRI as Production Manager, bringing with him over 20 years of experience in the rubber glove industry.

#### **Notes:**

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

- a) any directorship in public companies and listed corporations;*
- b) any family relationship with any Directors and/or major shareholders of the Company;*
- c) any conflict of interest with the Company; and*
- d) 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 2018.*



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF THE GROUP'S BUSINESS

HLT Global Berhad ("**HLT**") is an investment holding company, whilst its two subsidiaries, HL Advance Technologies (M) Sdn Bhd ("**HLA**") is in the business of fabrication of glove-dipping lines ("**Glove-Dipping Lines Segment**") and HL Rubber Industries Sdn Bhd ("**HLRI**") is in the business of manufacturing and trading of rubber gloves ("**Rubber Gloves Segment**").

#### Glove-Dipping Lines Segment

HLA 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.

#### Rubber Gloves Segment

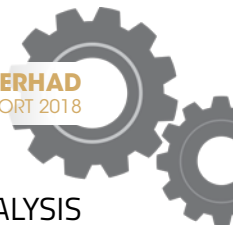
HLT completed the acquisition of the 55% issued share capital of HLRI on 17 May 2018. HLRI commenced operations in 2003 and since its established has proven track record on delivering quality products and services to its multinational customers.

The rubber glove products include, amongst others, natural rubber gloves such as powdered and powder-free latex examination gloves, and synthetic rubber gloves such as powdered and powder-free nitrile examination gloves. Over the recent financial years, our products have been sold within Malaysia, and to other countries such as Taiwan, United States of America, Spain, New Zealand and Japan.

In addition, HLRI is also certified to comply with the ISO 13485 : 2003 and EN ISO 13485 : 2012 requirements on medical devices quality management system for manufacture of non-sterile latex and nitrile examination gloves and ISO 9001 : 2008 requirements on quality management system for manufacture of non-sterile latex and nitrile examination gloves, both accredited by the United Kingdom Accreditation Service. HLRI is also certified to comply with ISO 13845 : 2003 accredited by the Standards Council of Canada under the Canadian Medical Devices Conformity Assessment System (CMDCAS) for manufacturing medical devices (including gloves) under a certified quality management system.

### FINANCIAL PERFORMANCE

For the financial year ended 31 December 2018 ("**FYE 2018**"), we reported a loss after taxation ("**LAT**") of RM26.07 million as compared to RM6.25 million in the financial year ended 31 December 2017 ("**FYE 2017**"). The increase in the LAT for the FYE 2018 was mainly attributed to the compensation claim from a foreign customer relating to the performance of the glove-dipping lines manufactured, impairment losses on trade receivables and on contact assets.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL PERFORMANCE (CONT'D)

Certain financial and non-financial indicators pertaining to our financial performance and financial position for the FYE 2018 vis-à-vis the FYE 2017 are as follows:-

	FYE 2018 RM'000	FYE 2017 RM'000	% Change
<b>Our financial performance</b>			
Revenue	128,785	44,823	187.32
Gross profit/(loss) ("GP/GL")	8,858	(678)	(1,406.49)
Loss before taxation ("LBT")	(26,363)	(6,234)	322.89
Loss after taxation ("LAT")	(26,075)	(6,247)	317.40
Gross profit/(loss) margin (%)	6.88	(1.51)	8.39
LBT margin (%)	(20.47)	(13.91)	(6.56)
LAT margin (%)	(20.25)	(13.94)	(6.31)
<u>Revenue</u>			
Glove-Dipping Lines	50,251	44,823	12.11
Rubber Gloves	78,534	–	100.00
Corporate	–	–	–
<u>GP/(GL)</u>			
Glove-Dipping Lines	6,727	(678)	1,092.18
Rubber Gloves	2,131	–	100.00
Corporate	–	–	–
<u>LBT</u>			
Glove-Dipping Lines	(25,261)	(5,648)	347.26
Rubber Gloves	(370)	–	100.00
Corporate	(732)	(586)	24.91
<u>(LAT)/Profit After Tax ("PAT")</u>			
Glove-Dipping Lines	(25,542)	(5,661)	351.19
Rubber Gloves	222	–	100.00
Corporate	(755)	(586)	28.84
	<b>As at 31 December 2018 RM'000</b>	<b>As at 31 December 2017 RM'000</b>	<b>% Change</b>
<b>Our financial position</b>			
Total non-current assets	35,234	5,382	554.66
Total current assets	85,229	66,213	28.72
Total non-current liabilities	4,278	1,155	270.39
Total current liabilities	45,865	26,150	75.39
Total equity attributable to owners of the Company	47,900	44,290	8.15
<b>Our production level</b>			
Estimated units of glove-dipping lines manufactured	9	8	





## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL PERFORMANCE (CONT'D)

During the financial year under review, our revenue increased by 187.32% or RM83.96 million which was mainly attributable to the revenue contribution from newly acquired subsidiary, HLRI as well as the increase in the revenue from Glove-Dipping Lines Segment. The GP and GP margin of RM8.86 million and 6.88% respectively for the FYE 2018 as compared to GL and GL margin of RM0.68 million and 1.51% for the FYE 2017. The improved in the GP and GP margin was mainly attributable to better performance from the Glove-Dipping Lines Segment as compared to previous financial year.

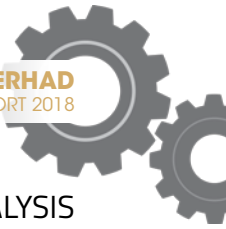
Our LBT of RM26.36 million for the FYE 2018 as compared to RM6.23 million has increased by 322.89%. The Group had recognised impairment loss on trade receivables of RM16.27 million, impairment loss on contract assets of RM2.49 million and compensation claims from a foreign customer of RM9.01 million. The above expenses have led to significant increase in LBT for the FYE 2018. The decrease in the LAT of RM0.29 million as compared to LBT was mainly due to the deferred tax income recognised by HLRI.

The significant increase in the non-current assets was mainly due to consolidation of the newly acquired subsidiary and goodwill arising from the said acquisition. Besides, the Group had incurred RM2.04 million capital expenditure during the financial year under review. The increase in total current assets was mainly attributed to the increase in inventories and other receivables but partly off-set by the decrease in contract assets and short-term investment. The increase in inventories was mainly from HLRI which represent RM18.81 million as at 31 December 2018. Increase in other receivables was mainly attributable to profit guarantee given by the vendors of HLRI of RM10 million. The decrease in the contract assets mainly due to acknowledgment of the completion for contract work performed which was in turn billings were raised to the customers. The decrease in short-term investment mainly due to the approved proposed variation on the balance unutilised Initial Public Offering ("IPO") proceeds where RM2.40 million has been utilised for the day-to-day working capital requirements of HLA. Notwithstanding a slight decrease in the trade receivables of RM2.43 million, the management had recognised an allowance for impairment loss of RM16.27 million in which partly off-set by the trade receivables balance of RM15.55 million from HLRI. The management believes that the remaining trade receivables are fully recoverable taking into consideration the long term business relationship with the customers.

The non-current liabilities represents the term loans and deferred tax liabilities of the Group. The current liabilities increased by 75.39% as compared to the balance as at 31 December 2017. The increase was mainly attributed to the increase in trade payables, other payables and short-term borrowings from the newly acquired subsidiary, HLRI. The other payables of HLRI mainly consists of amounts owing to shareholders and other creditors. The short-term borrowings mainly consists of term loans, bankers' acceptances and bank overdraft.

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 bank borrowings such as term loans, bankers' acceptances and bank overdraft and credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 7 to 120 days. The principal uses of these funds are for working capital requirements, such as payments for the purchase of raw materials, materials and parts, sub-contractors 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 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.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### OPERATING ACTIVITIES

#### Glove-Dipping Lines Segment

For the FYE 2018, our Sale of New Lines continued to be the main contributor of revenue where it accounted for 95.52% of our total revenue for Glove-Dipping Lines Segment. The total value of new orders for glove-dipping lines secured in the FYE 2018 of RM37.85 million was lower than that of RM75.41 million for the FYE 2017. The revenue from our Sale of New Lines segment for the FYE 2018 increased by RM6.25 million from the RM41.75 million for the FYE 2017 mainly attributable to revenue contribution from both outstanding FYE2017's orders and new orders secured during the year. As at 31 December 2018, our outstanding value of orders to be recognised as revenue subsequent to the FYE 2018 amounted to RM23.33 million.

Revenue from our Upgrade and Modification and Supply and Trading accounted for 4.21% and 0.27% respectively of our total revenue for Glove-Dipping Lines Segment for the FYE 2018.

For the FYE 2018, our new orders for glove-dipping lines were secured from four (4) customers, were made up of a combination of one (1) local order for one (1) glove-dipping lines and three (3) foreign orders for eight (8) glove-dipping lines.

Our revenue was generated from a combination of local sales and foreign sales to countries such as Vietnam, Thailand and Indonesia. For the FYE 2018, our revenue from Glove-Dipping Lines Segment continued to be contributed by both local sales and foreign sales, which contributed 49.73% and 50.27% respectively of our total revenue.

#### Rubber Gloves Segment

The Rubber Gloves Segment contributed RM78.53 million or 60.98% revenue to the Group's total revenue. Export sales contributed 95.78% of the total revenue of Rubber Gloves Segment. The export market mainly consists of Taiwan, United States of America, New Zealand and Spain.

The Rubber Gloves Segment recorded a gross profit of RM2.13 million with a gross profit margin of 2.71%. The operating expenses for Rubber Gloves Segment were RM2.50 million which make up the loss before taxation of RM0.37 million. The Rubber Gloves Segment achieved a PAT of RM0.22 million due to recognised of the deferred tax income.

Currently, HLRI operates sixteen (16) glove-dipping lines at the manufacturing plant covering an area of approximately 388,501 square feet at Kuala Pilah and with a total production capacity of approximately 1.1 billion pieces of gloves.

### ANTICIPATED OR KNOWN RISKS

In line with Bursa Securities' regulatory framework on the 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.

#### a) Glove-Dipping Lines Segment

##### (i) Dependence on the rubber glove industry

Our Glove-Dipping Lines Segment 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 this segment will be affected by the growth of the rubber glove industry and technological advancement of glove-dipping lines.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### ANTICIPATED OR KNOWN RISKS (CONT'D)

#### a) Glove-Dipping Lines Segment (Cont'd)

##### (i) Dependence on the rubber glove industry (Cont'd)

Nevertheless, the management believes that the future prospects of this segment 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.

##### (ii) Absence of long-term contracts

We do not have any long-term contracts with our customers as our Glove-Dipping Line Segment'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 Glove-Dipping Line Segment'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 enable 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.

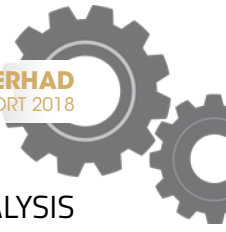
##### (iii) Fluctuation in raw material prices

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 2017 to FYE 2018, we experienced an increase in our gross profit margin from gross loss margin of 1.51% to a gross profit margin of 13.39%.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### ANTICIPATED OR KNOWN RISKS (CONT'D)

#### b) Rubber Gloves Segment

##### (i) Competition

Rubber glove manufacturers in Malaysia face stiff competition from both local and foreign players. Nevertheless, the management believes that through the integration with the Group, particularly leveraging on fellow subsidiary, HLA's core expertise and track record in fabrication of glove-dipping lines, HLRI would be able to improve the production efficiency and effectiveness of the existing glove-dipping lines as well as the new glove-dipping line to be installed. Thereby, strengthening the rubber gloves manufacturing processes of HLRI and eventually, the competitiveness of HLRI in the rubber glove industry.

##### (ii) Foreign exchange fluctuations

A significant portion of HLRI's revenue is denominated in foreign currencies and hence, it is exposed to potential losses on foreign currency exchange rates, particularly arising from fluctuations in the exchange rate of the United States Dollar ("USD") against the Ringgit Malaysia ("RM"). However, through prudent forex management, HLRI has not encountered any material loss on foreign exchange that has resulted in a material adverse impact to the financials of HLRI.

##### (iii) Disruption of business operations

The manufacturing process of HLRI is supported by glove-dipping lines, which may, on occasion, be out of service as a result of unanticipated failures or damages sustained during operations. Further, the manufacturing plant of HLRI may also subject to catastrophic loss due to natural disasters such as floods and outbreak of fires. These unpredictable events may cause interruptions to, or prolonged suspension of, a substantial part of the manufacturing facilities of HLRI, or may cause damage to, or destruction of, all or part of its manufacturing plant. In addition, as the manufacturing process is dependent on continuous supply of electricity, any major disruptions to the supply of electricity may also result in interruptions to HLRI's business operations.

Any prolonged interruptions in the business operations of HLRI due to the aforementioned factors will affect its production schedules and timely execution of orders secured from customers. This could in turn have an adverse impact on the business operations, financial performance and industry reputation of HLRI. Nevertheless, with scheduled maintenance being carried out periodically on its glove-dipping lines as well as its factory premises, HLRI has not experienced any occurrence of sudden and unexpected equipment failures and natural disasters in the past.

##### (iv) Fluctuation in raw material prices

Although Malaysia is a producer of natural rubber, the cost of sourcing raw material, particularly latex, for the production of rubber gloves is subject to fluctuations in world prices. However, as all the rubber glove manufacturers are and will be equally affected by the increase in prices of raw materials, rubber glove manufacturers are generally able to pass on the higher cost of raw materials to their customers.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### TREND AND OUTLOOK

The Malaysian economy grew by 4.7% in the fourth quarter of 2018 (3Q 2018: 4.4%), supported by continued expansion in domestic demand and positive growth in net exports. Private sector expenditure remained the main driver of domestic demand, while a rebound in real exporters of goods and services (+1.3%; 3Q 2018: -0.8%) contributed towards the positive growth of net exports. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.4% (3Q 2018: 1.6%). For the year 2018 as a whole, the economy expanded by 4.7%. (Source: *Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, Bank Negara Malaysia*)

Malaysia is globally renowned for its high quality and competitively priced rubber products. Malaysian rubber products manufacturers comprise multinationals and joint ventures from various countries including USA, Europe and Japan, as well as locally-owned enterprises. Malaysia remain the world's leading supplier for medical gloves (examination and surgical gloves), satisfying more than 50% of global demand. The rubber glove industry in Malaysia is a vibrant and growing industry, as evidenced by the growth in the Malaysian exports of rubber gloves from RM9.9 billion in 2011 to RM15.9 billion in 2017, registering a compound annual growth rate of 8.2%. During the first 6 months of 2018, Malaysia exported approximately RM10 billion worth of rubber gloves or RM20 billion on an annualised basis. (Source: *Malaysia Rubber Export Promotion Council Website, [www.mrepc.com](http://www.mrepc.com)*)

The prospect for growth in the rubber glove industry are positive as the industry is expected to continue to be driven by growth in the global and domestic healthcare industry, increasing demand arising from other end-user markets such as manufacturing, continued growth in the global economy, and availability of raw materials utilised in the manufacturing of rubber gloves. Given the vibrant and growing rubber glove industry in Malaysia, the prospect of our Rubber Gloves Segment would seem promising.

Nevertheless, 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. We, as one of the key industry players in the glove-dipping line industry in Malaysia, shows potential to 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.



# SUSTAINABILITY STATEMENT

## INTRODUCTION

HLT Global Berhad and its subsidiaries (“**the Group**”) recognises the importance of sustainability as a key driver for long-term business growth where success is defined by more than financial profits. We are mindful of the need to develop our business in a sustainable and responsible manner and endeavor to practice, preserve and promote activities that will continually contribute to and benefit the economic, environment and society today and in the future.

The Board of Directors (“**the Board**”) are pleased to present the first Sustainability Statement which has been prepared in accordance with the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This Statement covers the activities carried out during the reporting period, unless specified otherwise.

## GOVERNANCE STRUCTURE

Sustainability is embedded in our organisation’s culture and is led from the top. The Group’s governance structure support and drives the sustainable development journey. We are guided by our code of conduct and ethics established to promote healthy corporate culture, ethical business practices and sustainability.

Currently, our sustainability initiatives are led by the Executive Directors, who report directly to the Board and provide stewardship towards incorporating sustainability into the Group’s business strategies with participation from the management team.

## KEY SUSTAINABILITY AREAS

### 1. ECONOMIC

The Group is committed to ensure high standards of good corporate governance throughout all levels of organisation. We adopt and adhere to the ethical standards of business conduct in dealing with our stakeholders.

The Group is pleased to report that our subsidiary, HL Rubber Industries Sdn. Bhd. (“**HLRI**”) had been certified under ISO 9001 : 2008 Quality Management System for manufacture of non-sterile latex and nitrile examination gloves. HLRI had demonstrate its ability to consistently provide product that meets customer and applicable regulatory requirements. HLRI aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements.

### 2. ENVIRONMENT

The Group is dedicated to upholding environmentally-friendly practises and will continue to pursue the initiatives in reducing wastage in our manufacturing processes.

The Group had ensured all permits, approvals and licenses from Department of Environmental are obtained, maintained and strictly adhered to according to the law and regulations. Waste are identified and segregated for reuse and recycle whenever possible. Wastewater generated are managed, treated and disposed according to environmental regulations.





## SUSTAINABILITY STATEMENT (CONT'D)

### KEY SUSTAINABILITY AREAS (CONT'D)

#### 3. SOCIAL

We recognised that our employees are our greatest assets and managing talent and staff retention is our key priority. At the most basic level, we treat our employees fairly and help them develop their talents. We believe in good work-life balance for our employees as well as to create a healthy and safe workplace for all.

The Group had organised several social activities such as Annual Lunch and Chinese New Year Open House to foster greater spirit amongst employees that will contribute to a harmonious working environment. The Group had also organised external and internal trainings, seminars and workshops to upgrade and enhance the skill sets, knowledge and technical expertise of the employees.

The Group intends to play a positive role in the communities where it operates. During the financial year under review, the Group had organised a visit together with the Directors and employees to Persatuan Insan Istimewa Cheras Selangor. In addition, the Group also made charitable contributions to various non-profitable organisation.

The Group had made some progress towards formalising sustainability within our business. We acknowledge that there are always room for improvement in terms of initiatives undertaken and our current reporting structure. The management will continue measuring sustainability matters that are material to our businesses.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 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 subsidiaries (“**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 (“**MCCG**”), the ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the Corporate Governance Guide.

The Board is pleased to set out below the Corporate Governance Overview Statement which describes the manner in which the Group has applied the following principles of the Code during the financial year ended 31 December 2018 (“**FYE 2018**”):

- A. Board leadership and effectiveness;
- B. Effective audit and risk management; and
- C. Integrity in corporate reporting and meaningful relationship with stakeholders.

This Corporate Governance Overview Statement should be read together with Corporate Governance Report 2018 which is available on the Company’s corporate website at [www.hltglobal.com.my](http://www.hltglobal.com.my) as well as via an announcement on the website of Bursa Securities.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### PART I – BOARD RESPONSIBILITIES

#### 1.1 Board and Board Committees

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 to support long-term value creation, 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;
- Ensuring the senior management has the necessary skills and knowledge to lead the Group and there are measures in place to provide for succession of the senior management.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

##### 1.1 Board and Board Committees (Cont'd)

- 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.
- Ensuring the Group has in place procedures to enable effective communication with stakeholders.

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
- d. Employees' Share Option Scheme Committee

The Board Committees' Terms of Reference can be accessed via the Company's corporate website, [www.hltglobal.com.my](http://www.hltglobal.com.my).

The role of the Board Committees is to advise and make recommendations to the Board. Notwithstanding, 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.

##### 1.2 The Chairperson

The Independent Non-Executive Chairperson of the Board, Madam Wong Wai Tzing is primarily responsible for the leadership, effectiveness, conduct and governance of the Board. The roles of the Chairperson, amongst others, including the following:

- to lead the Board to perform their duties and responsibilities effectively;
- to lead the Board in establishing and monitoring good corporate governance practices in the Company;
- to lead in discussion at meetings and ensure efficient and effective conduct of the Board meetings and encouraging active participation and allowing dissenting view to be freely expressed;
- to managing interface between the Board and management; and
- to facilitate effective communication between the Board and the stakeholders.

##### 1.3 The Chairperson and Chief Executive Officer ("CEO")

The roles and responsibilities of the Chairperson and the CEO are distinct and separate to ensure there is a balance of power and authority to prevent any single individual from dominating deliberation all the decision-making process.

The Chairperson is responsible for the leadership, effectiveness, conduct and governance of the Board. The CEO has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The CEO is accountable to the Board for the overall organisation, management, and staffing of the Group as well as the procedures in financial and other matters, including conduct and discipline.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

##### 1.4 Qualified and Competent Company Secretary

The Board is supported by a qualified and competent Company Secretary. Our Company Secretary is a member of the Malaysian Association of Companies Secretaries and is holding a professional certificate as qualified Company Secretary under the Companies Act 2016. She possesses over 25 years of experience in corporate secretarial practices.

The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.

The Company Secretary ensures minutes of all meetings are properly recorded and reflected the correct proceedings of the meetings, including whether any Director abstained from voting or deliberating on a particular matter.

The Company Secretary plays an advisory role in supporting the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company, particularly Companies Act 2016, AMLR of Bursa Securities, MCCG, Company's Constitution and Board Charter.

During the FYE 2018, all Board and Board Committees meetings were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the service and support rendered by our Company Secretary to the Board in the discharge of her functions.

##### 1.5 Access to information and independent advice

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.

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 Notice and meeting materials are sent to Directors at least five (5) working days prior to the date of the meeting, setting out the agenda for the meeting. 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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

##### 2.1 Board Charter

The Board Charter was formalised on 4 January 2017 and it was reviewed and revised by the Board on 24 August 2018. The Board Charter is intended to identify the role, structure and processes related to the 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 regards to the roles of the Boards and its Committees, the role of the Chairperson 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.

The Board Charter will be periodically reviewed and updated to ensure the Board Charter remains consistent with the Board's objectives, current law and practices.

The Board Charter is available on the Company's corporate website at [www.hltglobal.com.my](http://www.hltglobal.com.my).

##### 3.1 Code of Conduct and Ethics

The Board has established the Code of Ethics and Conduct for all Directors and employees of the Group. The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.

The Code of Ethics and Conduct is incorporated in the Board Charter of the Company and available on the Company's corporate website at [www.hltglobal.com.my](http://www.hltglobal.com.my). The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group.

##### 3.2 Whistle Blowing Policy

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 Whistle Blowing Policy is available on the Company's corporate website at [www.hltglobal.com.my](http://www.hltglobal.com.my).

#### PART II – COMPOSITION OF THE BOARD

##### 4.1 Composition and Board Balance

The Board currently has six (6) members, comprising the following:-

- one (1) Independent Non-Executive Chairperson;
- one (1) Deputy Chairman/Executive Director;
- one (1) Executive Director/Chief Executive Officer;
- one (1) Executive Director/Chief Financial Officer;
- one (1) Independent Non-Executive Director; and
- one (1) Non-Independent Non-Executive Director.

This Board composition complies with Rule 15.02 of the AMLR of Bursa Securities which requires at least one-third (1/3) of the Board comprises Independent Directors.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II – COMPOSITION OF THE BOARD (CONT'D)

##### 4.1 Composition and Board Balance (Cont'd)

The Independent Non-Executive Directors and the Non-Independent Non-Executive Directors form half of the Board size, make a positive contribution and development of the Company's strategy and policies through independent, constructive and informed comments.

The presence of 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.

##### 4.2 Tenure of Independent Directors

As stated in the Board Charter, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) year term, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.

There is no Independent Director of the Company whose tenure has exceeded a cumulative term of nine (9) years.

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. The Board is fully aware that if the Board intends to retain an Independent Director beyond twelve years, the Board should seek annual shareholders' approval through a two-tier voting process.

##### 4.3 Appointment of Board and Senior Management

The Nomination Committee is tasked with the delegated authority of the Board to evaluate candidates and recommend new appointment to the Board.

The members of the Board are to be appointed in a formal and transparent practice. 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.

In searching suitable candidates, the Nomination Committee may receive suggestions from existing Board Members, Management and major shareholders. The Nomination Committee is also open to referrals from external sources available or independent search firms.

##### 4.4 Gender Diversity

In view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has established a Gender Diversity Policy on 24 August 2018 which provides a framework for the Company to improve its gender diversity at Board level.

The Board currently has three (3) female Board member, Madam Wong Wai Tzing, Madam Chan Yoke Chun and Ms. Chui Mee Chuen, representing 50% of the Board members.





## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II – COMPOSITION OF THE BOARD (CONT'D)

##### 4.5 Nomination Committee

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

Name	Designation
Wong Koon Wai, <i>Chairman</i>	Independent Non-Executive Director
Wong Wai Tzing, <i>Member</i>	Independent Non-Executive Chairperson
Yau Ming Teck, <i>Member</i>	Non-Independent Non-Executive Director

The Nomination Committee is responsible to recommend to the Board the suitable candidates for new appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills, expertise and experiences which the Directors would bring to the Board. Any new nomination received is recommended to the Board for assessment and endorsement.

The Nomination Committee has developed certain criteria used in assessing the effectiveness of the Board and the Committees of the Board annually to ensure that the Board has an appropriate balance of skills, expertise and core competencies.

The activities undertaken by the Nomination Committee during the FYE 2018 were as follows:

- Reviewed and assessed the Executive Directors' and Non-Executive Directors' Annual Performance Evaluation Forms for the FYE 2018;
- Reviewed and assessed the performance of the Audit Committee;
- Reviewed and assessed the effectiveness of the Board as a whole;
- Assessed evaluated the independence of the Independent Directors; and
- Considered and recommended to the Board for consideration, the re-election of Directors who retired at the last AGM.

##### 5.1 Annual Evaluation of the Board and Board Committees 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. In evaluating performance of Non-Executive Directors, certain criteria were established and adopted, amongst others, attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committee as a whole.

In evaluating performance of Executive Directors, assessment was carried out against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, stakeholders' relation, employee training and development, succession planning and personal input to the role.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II – COMPOSITION OF THE BOARD (CONT'D)

##### 5.2 Board and Board Committee Meetings

The Board meets at least four (4) times a year with additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. The Board of Directors' and Board Committees' meetings are scheduled in advance to facilitate the Directors in planning ahead and to ensure that the dates of the Board and Board Committees meetings are booked in their respective schedules.

Attendance of the Directors at Board and Board Committees' meetings are as follows:

Type of Meetings	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee
Name of Directors	No. of Meetings Attended			
Wong Wai Tzing	5/5	4/4	2/2	N/A
Wong Kok Wah	4/5	N/A	N/A	N/A
Chan Yoke Chun	5/5	N/A	N/A	2/2
Yau Ming Teck	5/5	4/4	2/2	2/2
Wong Koon Wai	5/5	4/4	2/2	2/2
Chui Mee Chuen (appointed on 26 September 2018)	1/1	N/A	N/A	N/A

##### 5.3 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 Directors have attended the following trainings during the FYE 2018:

Directors	Seminar/Training attended
Wong Wai Tzing	<ul style="list-style-type: none"> <li>The New Constitution under the Companies Act 2016</li> </ul>
Wong Kok Wah	<ul style="list-style-type: none"> <li>The New Constitution under the Companies Act 2016</li> </ul>
Chan Yoke Chun	<ul style="list-style-type: none"> <li>9<sup>th</sup> International Rubber Glove Conference</li> <li>The New Constitution under the Companies Act 2016</li> </ul>
Chui Mee Chuen	<ul style="list-style-type: none"> <li>9<sup>th</sup> International Rubber Glove Conference</li> <li>The New Constitution under the Companies Act 2016</li> </ul>
Yau Ming Teck	<ul style="list-style-type: none"> <li>The New Constitution under the Companies Act 2016</li> </ul>
Wong Koon Wai	<ul style="list-style-type: none"> <li>The New Constitution under the Companies Act 2016</li> </ul>



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Part III – REMUNERATION

##### 6.1 Remuneration policy

The Board had established a formal and transparent Remuneration Policy on 24 August 2018 to attract and retain Directors and Senior Management of the Company.

The Board, through the Remuneration Committee is responsible for determining the remuneration of the Executive Directors and/or Senior Management. The Remuneration Committee also reviews the fee and/or remuneration packages of the Directors on annual basis before tabling their recommendation to the Board for further deliberation/approval.

The Remuneration Policy is available on the Company's corporate website at [www.hltglobal.com.my](http://www.hltglobal.com.my).

##### 6.2 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:

Remuneration Committee	Designation
Wong Koon Wai, <i>Chairman</i>	Independent Non-Executive Director
Yau Ming Teck, <i>Member</i>	Non-Independent Non-Executive Director
Wong Wai Tzing, <i>Member</i> (appointed on 16 April 2019)	Independent Non-Executive Chairperson

##### 7.1 Remuneration of Directors

The remuneration of the Non-Executive Directors of the Company and of the Group for the FYE 2018 are as follows:-

##### The Company

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Total RM'000
Wong Wai Tzing	60	-	-	-	-	60
Yau Ming Teck	60	-	-	-	-	60
Wong Koon Wai	40	-	-	-	-	40
<b>TOTAL</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160</b>



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Part III – REMUNERATION (CONT'D)

##### 7.1 Remuneration of Directors (Cont'd)

###### The Group

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Total RM'000
Wong Wai Tzing	60	-	-	-	-	60
Yau Ming Teck	60	-	-	-	-	60
Wong Koon Wai	40	-	-	-	-	40
<b>TOTAL</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160</b>

The Board is of the opinion that besides confidentiality and personal security concern, the detail disclosure of remuneration of Executive Directors on a named basis may be detrimental to its business interest, given the industry's competitiveness. Alternatively, the disclosure of Executive Directors' remuneration in bands of RM50,000 will be included in the disclosure of remuneration of key senior management.

The remuneration of Directors commensurate with their experience, contribution and commitment in discharging their responsibilities, taken into consideration the Group's performance. Their remuneration packages are reviewed by the Remuneration Committee and endorsed by the Board. Furthermore, all fees, allowances and benefits payable to Non-Executive Directors are subject to shareholders' approval at the AGM.

##### 7.2 Remuneration of Key Senior Management (including Executive Directors of the Company)

The remuneration of the Key Senior Management of the Group is as follows: -

Range of Remuneration	Company	Group
	No. of Key Senior Management Officer	No. of Key Senior Management Officer
RM50,001 to RM100,000	-	4
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	1
RM300,001 to RM350,000	-	1
RM600,001 to RM650,000	-	-
RM650,001 to RM700,000	-	2

Due to confidentiality and sensitivity of the remuneration package of the key senior management as well as security concerns, the Board is of the view that such disclosure would not be in the best interest of the Company given the competitive human resources environment.

The Board believes that the non-disclosure of the information on a named basis of the key senior management's remuneration would not affect the interest of the shareholders.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### PART I – AUDIT COMMITTEE

##### 8.1 Effective and Independent Audit Committee

The Audit Committee is chaired by an Independent Director who is distinct from the Chairman of the Board. All members of the Audit Committee are financially literate. The Audit Committee has full access to both the internal and external auditors, who, in turn, have access at all times to the Chairman of the Audit Committee.

The composition of the Audit Committee is set forth in the Audit Committee Report in this Annual Report.

The Terms of Reference of the Audit Committee was reviewed and revised to specify the policy which requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee. None of the members of the Audit Committee is a former key audit partner.

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.

The Audit Committee is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group.

The Audit Committee is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to the independence of the External Auditors.

The Audit Committee, having assessed the External Auditor's performance, will make its recommendation to the Board for re-appointment, upon which the shareholders' approval will be sought at the AGM of the Company.

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

#### PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

##### 9.1 Risk Management and Internal Control

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

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

Further details on the Risk Management and Internal Control of the Group are set out in the Statement on Risk Management and Internal Control of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

##### 10.1 Effective Governance, Risk Management and Internal Control

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 from the activities and operations of the Group.

The Internal Auditor reports directly 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 empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of Internal Auditors and review and evaluate factors relating to the independence of the Internal Auditors.

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.

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

#### PART I – COMMUNICATION WITH STAKEHOLDERS

##### 11.1 Continuous Communication with Stakeholders

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.

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](http://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, Board Charter and policies, announcements, news and events relating to the Group.

##### 11.2 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.

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



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

#### PART II – CONDUCT OF GENERAL MEETINGS

##### 12.1 Annual General Meeting (“AGM”)

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 Third AGM were voted by poll.

The notice of AGM is despatched to shareholders at least 28 days before the AGM to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice for convening the forthcoming Fourth AGM of the Company to be held on 30 May 2019 was sent to the shareholders on 30 April 2019, which is more than 28 days before the date of AGM.

##### 12.2 Directors’ Attendance at General Meetings

All the Directors were present at the Third AGM and Extraordinary General Meeting of the Company held on 31 May 2018 and 6 April 2018 respectively and responded to queries raised by the shareholders.

### STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company shall continue to strive for high standards of corporate governance throughout the Group, and the highest level of integrity and ethical standards in all of its business dealings.

The Company has in all material aspects satisfactory complied with the principles and practices set out in the Code, except for the departures set out in the Corporate Governance Report.





## AUDIT COMMITTEE REPORT

### INTRODUCTION

Pursuant to Rule 15.15 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), the Board is pleased to present the Audit Committee Report which lays out the activities held for the financial year ended 31 December 2018 (“**FYE 2018**”).

### OBJECTIVES

The primary objective of the Audit Committee (“**AC**” or “**the Committee**”) 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](http://www.hltglobal.com.my).

### COMPOSITION

The AC comprises three (3) members, all of them being Non-Executive Directors with a majority of them being Independent Non-Executive Directors, which is in compliance with the requirements of Rule 15.09 of the Listing Requirements of Bursa Securities.

The members of the AC comprise the following Directors:

Name of Committee Members	Designation	Directorship
Wong Koon Wai	Chairman	Independent Non-Executive Director
Wong Wai Tzing	Member	Independent Non-Executive Chairperson
Yau Ming Teck	Member	Non-Independent Non-Executive Director

### ATTENDANCE AT MEETINGS

A total of four (4) meetings were held during the FYE 2018 and the attendance record of each of the AC member at the Committee meetings were as follows:-

Name of Committee Members	Attendance
Wong Koon Wai, Chairman	4/4
Wong Wai Tzing, Member	4/4
Yau Ming Teck, Member	4/4

The Company Secretary was in attendance at all the meetings. The Executive Directors, Sponsor and Chief Financial Officer were present by invitation at all the meetings. The Internal and External Auditors were present by invitation at certain meetings. In addition, the Committee met once with the External Auditors without the presence of the Executive Directors and the Management, to discuss any matters which the External Auditors may wish to discuss.



## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The Committee carried out its duties and responsibilities as set out in the Terms of Reference and carried out the following works for the FYE 2018:-

#### 1. Financial Statements and Reporting Review

- a) Reviewed and discussed four (4) unaudited quarterly results of the Group. The review included the comparative quarterly and year-to-date results.
- b) Reviewed the adequacy and appropriateness of disclosure of the unaudited quarterly financial statements before recommendation to the Board of Directors ("**Board**") for consideration, approval and release to Bursa Securities. When reviewing these financial statements, the Committee had obtained reasonable assurance that the condensed interim financial statements were prepared in accordance with the applicable financial reporting standards and the Listing Requirements.
- c) Reviewed the audited financial statements of the Group and of the Company as well as the statutory auditors' report thereon prior to the submission to the Board for their consideration and approval, upon being satisfied that, inter alia, the financial statements were drawn up in accordance with the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards and the requirements of Companies Act 2016. The Committee's review has included an intelligent scrutiny of the statutory financial statements based on an analytical approach whilst at the same time obtaining assurance from Management and the External Auditors that the financial statements were in compliance with the relevant statutory requirements, accounting standards and Malaysian Financial Reporting Standards to ensure it presented a true and fair view of the Company's financial performance.
- d) Reviewed the Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control and Additional Compliance Information to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report.

#### 2. Matters Relating to External Audit

- a) Reviewed and discussed the Audit Planning Memorandum covering inter-alia, audit approaches, areas of audit emphasis, significant events during the financial year and timetable, before commencement of the annual audit.
- b) Reviewed and discussed the Audit Review Memorandum upon completion of the annual audit, covering significant audit findings, significant deficiencies in internal control, status of audit and on the matter of independence of the external auditors.
- c) Met with the external auditors once during the AC meeting which was held on 19 November 2018 without the presence of the Executive Directors and Management to discuss any issues arising from the annual audit or any other matters the External Auditors may wish to discuss. There were no major issue raised during the meeting.
- d) Considered and recommended the re-appointment of Crowe Malaysia PLT as the External Auditors and their audit fee to the Board for consideration based on competency, efficiency and transparency as demonstrated by the External Auditors during their audit.
- e) Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis based on normal commercial terms.



## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF WORKS OF THE AUDIT COMMITTEE (CONT'D)

#### 3. Matters Relating to Internal Audit

- a) Reviewed and approved the Internal Audit Plan presented by the outsourced Internal Auditors to ensure adequate scope and resources of the internal audit function and coverage on the activities of the Group taking into consideration the assessment of key risk areas.
- b) Reviewed and discussed the Internal Audit Report which consist of the findings, recommendations and the Management responses to ensure that all key risks will be addressed and adequate controls put in place on timely basis.
- c) Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work.

#### INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to Axcelasia Columbus Sdn Bhd and they report directly to the AC. The Engagement Director is Mr. Mah Siew Hoong who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr. Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).

The number of staff deployed for the internal audit reviews ranges from 4 to 5 per visit including the Engagement Director. The staff involved in the internal audit reviews possess professional qualification and/or a university degree. Certain staffs are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk based approach and were guided by the International Professional Practice Framework.

During the financial year under review, the activities undertaken by the outsourced Internal Auditors are summarised as follows:

- (a) Prepared the risk based internal audit plan for the review and approval of the AC.
- (b) Carried out reviews in accordance with the risk based internal audit plan reviewed and approved by the AC. Details of the reviews carried out are as follows:

Name of Entity Audited	Audited Areas
HL Advance Technologies (M) Sdn. Bhd.	<ul style="list-style-type: none"> <li>Procurement</li> <li>Fixed Assets Management and Maintenance</li> <li>Follow-up on findings previously reported in November 2017</li> </ul>
HL Advance Technologies (M) Sdn. Bhd.	<ul style="list-style-type: none"> <li>Financial Statement Close Process</li> <li>Management Information System</li> <li>Follow-up on findings previously reported in August 2018</li> </ul>



## AUDIT COMMITTEE REPORT (CONT'D)

### INTERNAL AUDIT FUNCTION (CONT'D)

Findings from the internal audit reviews conducted were discussed with the Management and subsequently presented together with the Management's response and proposed action plans, to the AC for their review and approval. The outsourced internal audit function also carried out a follow up review and reported to the AC on the status of implementation of action plans by the Management pursuant to the recommendations highlighted in the audit report.

Notwithstanding the above, although a number of internal control deficiencies were identified during the internal audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

The total costs incurred for the outsourcing of the internal audit function for the FYE 2018 was RM46,931.70.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (**“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 2018. This Statement has been prepared pursuant to Rule 15.26 (b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Listing Requirements”**), Malaysian Code on Corporate Governance (**“MCCG”**) 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 (**“AC”**).

Due to inherent limitations in any risk management and internal control system, such system put into effect by the 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 Directors and Chief Financial Officer that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects during the financial year under review.

## 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 have delegated the responsibility to manage identified risks. The Executive Directors, Chief Financial Officer and heads of department monitor the Group’s risk exposures by meeting on an annual basis to review the risk rating, key risk profile and controls in place to mitigate or manage those risks.

During the meeting, the status of the Group’s major risks such as finance, operation, regulatory compliance and sustainability is evaluated and deliberated to the Management. This is the process adopted to identify, assess and monitor risks to safeguard shareholders’ investments and company’s assets. Such risk management process has been in place for the financial year under review and up to the date of this Statement.

### 2. INTERNAL AUDIT FUNCTION

The Group’s outsourced Internal Auditors assists the Board and the AC by providing an independent assessment of the adequacy and effectiveness of the Group’s internal control system. Further details of the Internal Audit Function are set out in the Audit Committee Report on pages 39 to 42 of this Annual Report.

### 3. INTERNAL CONTROL SYSTEM

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

#### - The Board and AC

The Board and AC meet at least four (4) times during the financial year, with additional meetings to be convened whenever necessary to ensure that the Directors maintain full and effective control on all significant and operational issues.



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

### KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

#### 3. INTERNAL CONTROL SYSTEM (CONT'D)

- 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 a 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 Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their reviews were performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3: 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 reviews, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, nor is 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 controls systems in meeting the Group's corporate objectives.

This statement is made accordance with the resolution of the Board of Directors dated 19 April 2019.



## ADDITIONAL COMPLIANCE INFORMATION

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

The Company has yet to fully utilise the IPO proceeds during the financial year ended 31 December 2018 ("FYE 2018").

At the Extraordinary General Meeting held on 6 April 2018, shareholders of the Company had approved the Proposed Variation, whereby the unutilised balance of IPO proceeds of RM10.5 million, which was originally earmarked for capital expenditure (relating to the acquisition of land and factory construction costs) and research and development expenditure, shall be reallocated to finance the upgrading of eight (8) of the sixteen (16) existing glove-dipping lines and the setting up of one (1) new glove-dipping line at the existing factory premises of the newly acquired subsidiary, HL Rubber Industries Sdn. Bhd. ("HLRI").

On 16 November 2018, the Board has resolved to extend the timeframe for the utilisation of the IPO proceeds for an additional of 24 months ("**Extension of Time**"). The proceeds arising from the public issue amounting to RM17.816 million and the status of the utilisation of the proceeds were as follows:-

Purposes	Proposed Utilisation RM'000	Proposed Variation RM'000	Actual Utilisation RM'000	Balance RM'000	Estimated Timeframe for Utilisation	Extended Timeframe for Utilisation
(a) Capital expenditure	9,000	–	–	–	–	–
(b) R&D expenditure	1,500	–	–	–	–	–
(c) Working capital	4,916	7,316	(7,316)	–	–	–
(d) Estimated listing expenses	2,400	2,400	(2,400)	–	–	–
(e) Upgrading <sup>(1)</sup>	–	3,600	–	3,600	<sup>(3)</sup> 6 months	<sup>(3)</sup> Additional 24 months
(f) New line <sup>(2)</sup>	–	4,500	–	4,500	<sup>(4)</sup> 12 months	<sup>(4)</sup> Additional 24 months
<b>Total</b>	<b>17,816</b>	<b>17,816</b>	<b>(9,716)</b>	<b>8,100</b>		

(1) *Upgrading* – Finance the upgrading of eight (8) of the sixteen (16) existing glove-dipping lines of the newly acquired subsidiary, HLRI. The combined production capacity of the eight (8) existing glove-dipping lines are expected to improve by approximately 30% from the existing 480 million pieces of glove to 624 million pieces of glove per annum.

(2) *New line* – Finance the setting up of one (1) new glove-dipping line at the existing factory premises of HLRI. The new glove-dipping line will be a single former glove-dipping line, caters for the production of special industrial gloves, with a proposed production output of up to 12 thousand pieces of glove per hour.

(3) *Based on the completion date of the diversification and acquisition exercise of 17 May 2018, the timeframe for utilisation will end on 17 November 2018. Pursuant to the Extension of Time, it shall be extended to 17 November 2020.*

(4) *Based on the completion date of the diversification and acquisition exercise of 17 May 2018, the timeframe for utilisation will end on 17 May 2019. Pursuant to the Extension of Time, it shall be extended to 17 May 2021.*





## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 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 FYE 2018 are as follows:-

	The Group RM	The Company RM
Audit fee	103,000	35,000
Non-audit fee	5,000	5,000
	108,000	40,000

### 3. MATERIAL CONTRACTS INVOLVING 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")

The details of the Proposed Shareholders' Ratification and Shareholders' Mandate for the RRPTs are set out in the Circular to Shareholders dated 30 April 2019 which was despatched together with this Annual Report.

Details of the RRPTs occurred during the FYE 2018 are disclosed in Note 34 to the Financial Statements set out on page 110 of this Annual Report.

### 5. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company for eligible Directors or employees of the Company and its subsidiary ("the Group") is governed by the ESOS By-Laws and is 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.

On 2 December 2016, 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. There were no options granted under the ESOS during the FYE 2018.

As at 31 December 2018, 66% of the ESOS Options has been granted to the Directors and Senior Management since the commencement date to 31 December 2018.



## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 5. EMPLOYEE SHARE OPTION SCHEME ("ESOS") (CONT'D)

ESOS Options granted and exercised by the Non-Executive Directors of the Company since effective date to 31 December 2018 are as follows:-

Non-Executive Directors	Amount of ESOS Options	
	Granted	Exercised
Wong Wai Tzing	80,000	(80,000)
Yau Ming Teck	80,000	(80,000)
Wong Koon Wai	80,000	(80,000)
<b>Total</b>	<b>240,000</b>	<b>(240,000)</b>

The total number of options granted, exercised and outstanding (as adjusted) under the ESOS since commencement date to 31 December 2018, are set out as follow:

	Total	Executive Directors	Non-Executive Directors	Senior Management	Other Employees
Number of options granted	2,232,500*	400,000	240,000	770,000	822,500
Number of options exercised	(1,535,000)	(400,000)	(240,000)	(500,000)	(395,000)
Number of options outstanding	697,500	–	–	270,000	427,500

\* Adjustment has been made arising from the bonus issue and in accordance with the ESOS By-Laws.



## 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, the operations results and cash flow of the Group and of the Company for the financial year ended 31 December 2018 ("**FYE 2018**") in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

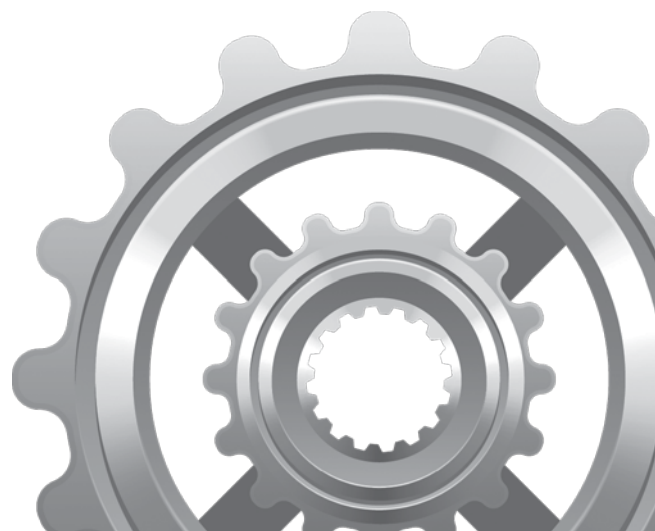
In preparing the financial statements for the FYE 2018, the Directors have ensured that appropriate accounting policies have been consistently applied, made reasonable and prudent judgments and estimates in accordance to applicable accounting standards and applied the going concern basis for the preparation 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.

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# FINANCIAL STATEMENTS

Directors' Report .....	50
Statement by Directors .....	55
Statutory Declaration .....	55
Independent Auditors' Report.....	56
Statements of Financial Position .....	62
Statements of Profit or Loss and Other Comprehensive Income .....	64
Statements of Changes in Equity .....	66
Statements of Cash Flows .....	69
Notes to the Financial Statements .....	71





## **DIRECTORS' REPORT**

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 2018.

### **PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### **RESULTS**

	<b>The Group RM</b>	<b>The Company RM</b>
Loss after taxation for the financial year	(26,074,569)	(379,182)
Attributable to:-		
Owners of the Company	(26,101,741)	(379,182)
Non-controlling interests	27,172	–
	(26,074,569)	(379,182)

### **DIVIDENDS**

No dividend was recommended by the directors for the financial year.

### **RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### **ISSUES OF SHARES AND DEBENTURES**

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM40,465,039 to RM73,465,039 by way of an issuance of 113,793,100 new ordinary shares at RM0.29 each as purchase consideration for the acquisition of 55% of the issued share capital of HL Rubber Industries Sdn. Bhd. ("HLRI") as disclosed in Note 16 to the financial statements; and
- (b) 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 below.

DIRECTORS' REPORT  
(CONT'D)**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 details of the ESOS are disclosed in Note 18 to the financial statements.

**WARRANTS**

At the Extraordinary General Meeting held on 20 November 2017, the shareholders of the Company have approved the bonus issue of warrants. Based on the issued share capital of the Company as at 22 December 2017, a total of 199,091,998 Warrants were issued by the Company on 28 December 2017 with 5 years tenure ending 27 December 2022. The Warrants are listed and quoted on the ACE Market of Bursa Securities with effect from 2 January 2018. The issue price, entitlement basis and exercise price of the Warrants are as follows:-

- (a) bonus issue of free Warrants on the basis of three (3) Warrants for every four (4) existing ordinary shares; and
- (b) each Warrant is exercisable into one (1) ordinary share at the exercise price of RM0.20 per share.

Warrant holders are not entitled to vote in any general meeting of shareholders of the Company or to participate in any distribution and/or offer of further securities in the Company unless and until the Warrant holder becomes a shareholder of the Company by exercising the Warrants.

**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 adequate allowance had been made for impairment losses on receivables.

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 additional 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.



## DIRECTORS' REPORT (CONT'D)

### 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 their 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 other than the acquisition of a new subsidiary as disclosed in the Note 30 to the financial statements.

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 names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Chan Yoke Chun  
Wong Kok Wah  
Yau Ming Teck  
Wong Koon Wai  
Wong Wai Tzing  
Chui Mee Chuen (Appointed on 26.09.2018)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Lin, Kuo-Tang  
Kan Mei Yoong (Resigned on 08.08.2018)  
Lee Sow Yin (Resigned on 08.08.2018)





## DIRECTORS' REPORT (CONT'D)

### 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 warrants of the Company during the financial year are as follows:-

	← Number Of Ordinary Shares →			
	At 1.1.2018/ Date of Appointment	Bought	Sold	At 31.12.2018
<i>Direct Interests in the Company</i>				
Chan Yoke Chun	137,748,900	16,413,100	(14,000,000)	140,162,000
Wong Kok Wah	139,965,000	—	—	139,965,000
Yau Ming Teck	8,337,600	—	—	8,337,600
Wong Koon Wai	270,000	—	—	270,000
Wong Wai Tzing	345,000	—	—	345,000
Chui Mee Chuen	217,500	—	—	217,500

#### *Indirect Interests in the Company*

Chan Yoke Chun <sup>#</sup>	139,965,000	—	—	139,965,000
Wong Kok Wah <sup>#</sup>	137,748,900	16,413,100	(14,000,000)	140,162,000

<sup>#</sup> Deemed interested through spouse's shareholding in the Company.

	← Number Of Warrants →			
	At 1.1.2018/ Date of Appointment	Allotted	Sold	At 31.12.2018
<i>Warrants in the Company</i>				
<i>Direct Interests in the Company</i>				
Chan Yoke Chun	68,874,450	—	—	68,874,450
Wong Kok Wah	69,982,500	—	—	69,982,500
Yau Ming Teck	4,168,800	—	—	4,168,800
Wong Koon Wai	135,000	—	(60,000)	75,000
Wong Wai Tzing	172,500	—	—	172,500
Chui Mee Chuen	108,750	—	—	108,750
<i>Indirect Interests in the Company</i>				
Chan Yoke Chun <sup>#</sup>	69,982,500	—	—	69,982,500
Wong Kok Wah <sup>#</sup>	68,874,450	—	—	68,874,450

<sup>#</sup> Deemed interested through spouse's shareholding in the Company.

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



## **DIRECTORS' REPORT (CONT'D)**

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 34 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 Warrants as disclosed above.

### **DIRECTORS' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 33 to the financial statements.

### **INDEMNITY AND INSURANCE COST**

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company and of the Group were RM5,000,000 and RM690 respectively. No indemnity was given to or insurance effected for auditors of the Company.

### **SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

### **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The significant event during the financial year is disclosed in Note 38 to the financial statements.

### **AUDITORS**

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 27 to the financial statements.

Signed in accordance with a resolution of the directors dated 19 April 2019.

**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 62 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 19 April 2019.

**Chan Yoke Chun**

**Wong Kok Wah**

## STATUTORY DECLARATION

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

I, Chan Yoke Chun, 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 62 to 129 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Chan Yoke Chun, NRIC Number: 630107-10-7614,  
at Kuala Lumpur  
in the Federal Territory  
on this 19 April 2019

**Chan Yoke Chun**

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



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HLT GLOBAL BERHAD

### 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 2018 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 62 to 129.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF HLT GLOBAL BERHAD  
(CONT'D)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

**Key Audit Matters (Cont'd)**

We have determined the matters described below to be the key audit matters to be communicated in our report. (Cont'd)

<b>Revenue recognition for contract accounting</b> Refer to Note 25 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>The Group recognises contract revenue and the corresponding contract cost by reference to the progress towards complete satisfaction of the performance obligations stipulated in the contracts. The percentage of completion is determined by reference to the contract costs incurred for work performed to date against the estimated total construction costs.</p> <p>This is an area of focus given the significant judgement by the Management is required in the estimation of total construction costs. Significant changes to contract revenue and cost estimates may lead to significant effects in the reported revenue position and resulting profits.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Conduct and understand the internal control procedures by performing walkthrough test;</li> <li>• Reviewing major single contracts (or combined contracts) at contract inception and identifying the distinct performance obligations;</li> <li>• Assessing basis used in determining the budgeted contract costs;</li> <li>• Reviewing the reasonableness and basis of estimation of the contract works awarded and comparing to the actual costs incurred to date reflects each performance obligation is recognised as revenue when control of the asset is transferred over time; and</li> <li>• Reviewing calculation of recognition of revenue, cost and profit to be consistent with the percentage of completion.</li> </ul>



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HLT GLOBAL BERHAD (CONT'D)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.  
(Cont'd)

<b>Goodwill impairment</b> Refer to Note 7 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>The Group recognises goodwill of RM2,785,364 arising from the acquisition of HL Rubber Industries Sdn. Bhd. ("HLRI") during the financial year.</p> <p>This is an area of focus given the materiality of the Group's goodwill balance and the inherent subjectivity in impairment testing.</p> <p>Management's assessment of the 'value in use' of the Group's cash generating unit ("CGU") involves significant judgement and estimates about the future results of the business and key assumptions applied to future cash flow projections.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"><li>• Making enquiries of and challenging the management on the key assumptions made, particularly profit margin, revenue growth rate, discount rate in the business at the end of the projection periods;</li><li>• Evaluating the reasonableness of management's estimates of expected future cash flows by taking into consideration the past performances of HLRI;</li><li>• Performing sensitivity analysis on the key assumptions to assess the impact on the recoverable amount of CGU; and</li><li>• Reviewing the adequacy of disclosure of goodwill in the financial statements.</li></ul>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HLT GLOBAL BERHAD (CONT'D)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

#### Responsibilities of the Directors for the Financial Statements

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

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

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

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





## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HLT GLOBAL BERHAD (CONT'D)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF HLT GLOBAL BERHAD  
(CONT'D)

**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 Malaysia PLT**  
LLP0018817-LCA & AF 1018  
Chartered Accountants

Kuala Lumpur

19 April 2019

**Ung Voon Huay**  
03233/09/2020 J  
Chartered Accountant



## STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2018

		The Group		The Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	–	–	52,963,123	22,432,990
Property, plant and equipment	6	32,448,583	5,382,437	–	–
Goodwill	7	2,785,364	–	–	–
		35,233,947	5,382,437	52,963,123	22,432,990
<b>CURRENT ASSETS</b>					
Inventories	8	23,712,622	5,763,127	–	–
Trade receivables	9	24,031,278	26,464,446	–	–
Other receivables, deposits and prepayments	10	15,512,731	1,548,158	1,000	1,000
Contract assets	11	2,434,061	–	–	–
Amount owing by contract customers	12	–	12,726,054	–	–
Amount owing by related parties	13	1,682,484	–	–	–
Amount owing by a subsidiary	14	–	–	11,925,503	9,925,503
Short-term investment	15	6,165,180	10,201,622	6,165,180	10,201,622
Current tax assets		1,007,074	123,062	13,596	19,710
Cash and bank balances		10,683,904	9,386,040	2,070,474	936,416
		85,229,334	66,212,509	20,175,753	21,084,251
<b>TOTAL ASSETS</b>		<b>120,463,281</b>	<b>71,594,946</b>	<b>73,138,876</b>	<b>43,517,241</b>

The notes on pages 71 to 129 are an integral part of these financial statements.



STATEMENTS OF FINANCIAL POSITION  
AT 31 DECEMBER 2018  
(CONT'D)

		The Group		The Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	16	73,465,039	40,465,039	73,465,039	40,465,039
Merger deficit	17	(22,032,990)	(22,032,990)	–	–
Employee share option reserve	18	83,049	83,049	83,049	83,049
(Accumulated losses)/ Retained profits		(3,614,962)	25,774,904	(765,096)	2,559,975
Equity attributable to owners of the Company		47,900,136	44,290,002	72,782,992	43,108,063
Non-controlling interests	5	22,420,652	–	–	–
<b>TOTAL EQUITY</b>		<b>70,320,788</b>	<b>44,290,002</b>	<b>72,782,992</b>	<b>43,108,063</b>
<b>NON-CURRENT LIABILITIES</b>					
Term loans	19	1,760,943	1,154,720	–	–
Deferred tax liabilities	20	2,516,688	–	–	–
		4,277,631	1,154,720	–	–
<b>CURRENT LIABILITIES</b>					
Trade payables	21	26,523,792	15,428,047	–	–
Other payables and accruals	22	14,275,547	3,755,621	355,884	409,178
Contract liabilities	11	2,390,010	–	–	–
Amount owing to contract customers	12	–	6,885,595	–	–
Term loans	19	342,298	80,961	–	–
Bank overdraft	23	330,555	–	–	–
Bankers' acceptances	24	1,849,000	–	–	–
Current tax liabilities		153,660	–	–	–
		45,864,862	26,150,224	355,884	409,178
<b>TOTAL LIABILITIES</b>		<b>50,142,493</b>	<b>27,304,944</b>	<b>355,884</b>	<b>409,178</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>120,463,281</b>	<b>71,594,946</b>	<b>73,138,876</b>	<b>43,517,241</b>

The notes on pages 71 to 129 are an integral part of these financial statements.



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
REVENUE	25	128,785,181	44,823,463	–	8,000,000
COST OF SALES		(119,927,641)	(45,500,970)	–	–
GROSS PROFIT/(LOSS)		8,857,540	(677,507)	–	8,000,000
OTHER OPERATING INCOME		1,888,296	347,457	300,047	298,060
		10,745,836	(330,050)	300,047	8,298,060
SELLING AND DISTRIBUTION EXPENSES		(2,059,445)	(360,389)	–	–
ADMINISTRATIVE EXPENSES		(6,647,132)	(4,512,606)	(656,793)	(883,784)
OTHER EXPENSES		(9,557,364)	(761,002)	–	–
FINANCE COSTS		(91,078)	(8,796)	–	–
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	26	(18,754,019)	(261,297)	–	–
(LOSS)/PROFIT BEFORE TAXATION	27	(26,363,202)	(6,234,140)	(356,746)	7,414,276
INCOME TAX CREDIT/(EXPENSE)	28	288,633	(13,300)	(22,436)	–
(LOSS)/PROFIT AFTER TAXATION		(26,074,569)	(6,247,440)	(379,182)	7,414,276
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(26,074,569)	(6,247,440)	(379,182)	7,414,276

The notes on pages 71 to 129 are an integral part of these financial statements.



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

		The Group		The Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
<b>(LOSS)/PROFIT AFTER TAXATION</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company		(26,101,741)	(6,247,440)	(379,182)	7,414,276
Non-controlling interests		27,172	–	–	–
		(26,074,569)	(6,247,440)	(379,182)	7,414,276
<b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company		(26,101,741)	(6,247,440)	(379,182)	7,414,276
Non-controlling interests		27,172	–	–	–
		(26,074,569)	(6,247,440)	(379,182)	7,414,276
<b>LOSS PER SHARE (SEN):-</b>					
	29				
Basic		(5.56)	(2.34)		
Diluted		(5.56)	(2.34)		

The notes on pages 71 to 129 are an integral part of these financial statements.



## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Group	Note	Non-Distributable				Distributable		Total Equity RM
		Share Capital RM	Share Premium RM	Merger Deficit RM	Employee Share Option Reserve RM	Retained Profits RM		
Balance at 1.1.2017		22,433,000	–	(22,032,990)	357,200	34,768,456		35,525,666
Loss after taxation/Total comprehensive expenses for the financial year		–	–	–	–	(6,247,440)		(6,247,440)
Contributions by and distribution to owners of the Company:								
Issuance of ordinary shares pursuant to:								
- Public issue		3,959,100	13,856,850	–	–	–		17,815,950
- ESOS exercised		964,901	–	–	(274,151)	–		690,750
- Bonus issue		13,272,800	(13,176,748)	–	–	(96,052)		–
Share issuance expenses in relation to:								
- Public issue		–	(680,102)	–	–	–		(680,102)
- Bonus issue		(164,762)	–	–	–	–		(164,762)
Dividend	31	–	–	–	–	(2,650,060)		(2,650,060)
Total transactions with owners		18,032,039	–	–	(274,151)	(2,746,112)		15,011,776
Balance at 31.12.2017		40,465,039	–	(22,032,990)	83,049	25,774,904		44,290,002

The notes on pages 71 to 129 are an integral part of these financial statements.



STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

		◀ Non-Distributable ▶			Distributable			
		Share	Merger	Employee	Retained	Attributable to	Non-	Total
	Note	Capital	Deficit	Share	Profits/	Owners of	Controlling	Equity
		RM	RM	Option	(Accumulated	the Company	Interests	RM
				Reserve	Losses)	RM	RM	
				RM	RM			
Balance at 1.1.2018		40,465,039	(22,032,990)	83,049	25,774,904	44,290,002	–	44,290,002
Changes in accounting policies	39	–	–	–	(342,236)	(342,236)	–	(342,236)
Balance at 1.1.2018 (restated)		40,465,039	(22,032,990)	83,049	25,432,668	43,947,766	–	43,947,766
(Loss)/Profit after taxation/ Total comprehensive (expenses)/income for the financial year		–	–	–	(26,101,741)	(26,101,741)	27,172	(26,074,569)
Contributions by and distribution to owners of the Company:								
Issuance of ordinary shares pursuant to:								
- Acquisition of a subsidiary	30(a)(i)	33,000,000	–	–	(2,844,828)	30,155,172	22,393,480	52,548,652
- Share issuance expenses		–	–	–	(101,061)	(101,061)	–	(101,061)
Total transactions with owners		33,000,000	–	–	(2,945,889)	30,054,111	22,393,480	52,447,591
Balance at 31.12.2018		73,465,039	(22,032,990)	83,049	(3,614,962)	47,900,136	22,420,652	70,320,788

The notes on pages 71 to 129 are an integral part of these financial statements.





**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

The Company	Note	← Non-Distributable →			Distributable Retained Profits/ Losses) RM	Total Equity RM
		Share Capital RM	Share Premium RM	Employee Share Option Reserve RM		
At 1.1.2017		22,433,000	–	357,200	(2,108,189)	20,682,011
Profit after taxation/Total comprehensive income for the financial year		–	–	–	7,414,276	7,414,276
Contributions by owner of the Company:						
Issuance of ordinary shares pursuant to:						
- Public issue		3,959,100	13,856,850	–	–	17,815,950
- ESOS exercised		964,901	–	(274,151)	–	690,750
- Bonus issue		13,272,800	(13,176,748)	–	(96,052)	–
Share issuance expenses in relation to:						
- Public issue		–	(680,102)	–	–	(680,102)
- Bonus issue		(164,762)	–	–	–	(164,762)
Dividend	31	–	–	–	(2,650,060)	(2,650,060)
Total transactions with owners		18,032,039	–	(274,151)	(2,746,112)	15,011,776
Balance at 31.12.2017/ 1.1.2018		40,465,039	–	83,049	2,559,975	43,108,063
Loss after taxation/Total comprehensive expenses for the financial year		–	–	–	(379,182)	(379,182)
Contributions by owner of the Company:						
Issuance of ordinary shares pursuant to:						
- Acquisition of a subsidiary	30(a)(i)	33,000,000	–	–	(2,844,828)	30,155,172
- Share issuance expenses		–	–	–	(101,061)	(101,061)
Total transactions with owners		33,000,000	–	–	(2,945,889)	30,054,111
Balance at 31.12.2018		73,465,039	–	83,049	(765,096)	72,782,992

The notes on pages 71 to 129 are an integral part of these financial statements.



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Note	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(26,363,202)	(6,234,140)	(356,746)	7,414,276
Adjustments for:-				
Depreciation of property, plant and equipment	3,143,670	579,345	-	-
Plant and equipment written off	4,288	-	-	-
Impairment loss on trade receivables	16,266,069	261,297	-	-
Impairment loss on contract assets	2,487,950	-	-	-
Interest expense	91,078	8,796	-	-
Listing expenses	-	295,416	-	295,416
Unrealised loss on foreign exchange	450,335	347,822	-	-
Loss on disposal of plant and equipment	6,523	-	-	-
Fair value loss/(gain) on short-term investment	7,840	(26,427)	7,840	(26,427)
Dividend income	(300,047)	(175,196)	(300,047)	(8,175,196)
Interest income	(907,377)	(142,187)	-	(96,437)
Operating loss before working capital changes	(5,112,873)	(5,085,274)	(648,953)	(588,368)
Decrease/(Increase) in inventories	289,175	(1,705,592)	-	-
Decrease in contract assets	3,308,458	21,748,620	-	-
(Increase)/Decrease in trade and other receivables	(8,812,528)	(9,853,958)	-	539,213
Increase/(Decrease) in trade and other payables	4,526,193	(5,384,498)	(53,294)	(3,760)
Increase in amount owing by related parties	(1,703,202)	-	-	-
CASH FLOWS FOR OPERATIONS	(7,504,777)	(280,702)	(702,247)	(52,915)
Income tax paid	(212,824)	(76,660)	(16,322)	(19,710)
Income tax refunded	45,159	138,257	-	-
Interest received	907,377	142,187	-	96,437
Interest paid	(91,078)	(8,796)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(6,856,143)	(85,714)	(718,569)	23,812

The notes on pages 71 to 129 are an integral part of these financial statements.



**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**  
**(CONT'D)**

		<b>The Group</b>		<b>The Company</b>	
	<b>Note</b>	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>CASH FLOWS FROM/(FOR)</b>					
<b>INVESTING ACTIVITIES</b>					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	30(c)	5,582,562	–	–	–
Payment of share issuance transaction cost		(101,061)	–	(101,061)	–
Payment of acquisition-related costs		–	–	(374,961)	–
Advances to a subsidiary		–	–	(2,000,000)	(9,925,503)
Dividend received		292,207	201,623	292,207	8,201,623
Purchase of property, plant and equipment	32(a)	(2,041,497)	(94,904)	–	–
Proceeds from disposal of plant and equipment		944	–	–	–
Withdrawal of fixed deposits pledged to licensed banks		–	5,364,066	–	–
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>		<b>3,733,155</b>	<b>5,470,785</b>	<b>(2,183,815)</b>	<b>(1,723,880)</b>
<b>CASH FLOWS FROM</b>					
<b>FINANCING ACTIVITIES</b>					
Repayment to a subsidiary		–	–	–	(1,157,499)
Proceeds from exercise of ESOS		–	690,750	–	690,750
Proceeds from issuance of shares		–	17,815,950	–	17,815,950
Dividend paid		–	(2,650,060)	–	(2,650,060)
Payment of share issuance transaction costs		–	(164,762)	–	(164,762)
Payment of listing expenses		–	(1,767,276)	–	(1,767,276)
Repayment of term loans	32(b)	(291,483)	(136,355)	–	–
Repayment of hire purchase payables	32(b)	(22,263)	–	–	–
Drawdown of bankers' acceptances	32(b)	383,453	–	–	–
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>69,707</b>	<b>13,788,247</b>	<b>–</b>	<b>12,767,103</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3,053,281)</b>	<b>19,173,318</b>	<b>(2,902,384)</b>	<b>11,067,035</b>
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>		<b>(15,852)</b>	<b>(419,681)</b>	<b>–</b>	<b>–</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>19,587,662</b>	<b>834,025</b>	<b>11,138,038</b>	<b>71,003</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	32(c)	<b>16,518,529</b>	<b>19,587,662</b>	<b>8,235,654</b>	<b>11,138,038</b>

The notes on pages 71 to 129 are an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	: Third Floor, No. 77, 79 & 81 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.
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 19 April 2019.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. 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 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 3. BASIS OF PREPARATION (CONT'D)

3.1 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

- (i) MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.
- (ii) MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

The changes in accounting policies as a consequence of the adoption of above accounting standards and interpretation (including the consequential amendments, if any) are presented in Note 39 to the financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (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 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 is currently assessing the financial impact that may arise from the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES**

**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

*Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

**(a) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant 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 Group 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. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

**(b) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 7 to the financial statements.

**(c) Impairment of Property, Plant and Equipment**

The Group determines whether its property, plant and equipment are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

**(d) 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. The carrying amount of inventories as at the reporting date is disclosed in Note 8 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Key Sources of Estimation Uncertainty (Cont'd)*

##### **(e) Impairment of Trade Receivables and Contract Assets**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 9 and 11 to the financial statements.

##### **(f) Impairment of Non-Trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables, amount owing by related parties and amount owing by a subsidiary as at the reporting date are disclosed in Notes 10, 13 and 14 respectively to the financial statements.

##### **(g) Revenue Recognition for Construction Contracts**

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 11 to the financial statements.

##### **(h) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group 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.

##### **(i) Purchase Price Allocation**

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impact the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

*Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

**(a) 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 Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

**(b) Contingent Liabilities**

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

**(c) 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.

**4.2 BASIS OF CONSOLIDATION**

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

Subsidiaries are entities 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.2 BASIS OF CONSOLIDATION (CONT'D)

##### (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.

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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.2 BASIS OF CONSOLIDATION (CONT'D)

##### (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 9 (2017 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### 4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

#### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

##### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

##### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group 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 Group 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 (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). 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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

##### *Debt Instruments*

##### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

##### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets (Cont'd)

##### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

##### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

##### (b) Financial Liabilities

##### (i) Financial Liabilities at 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. The changes in fair value of these financial liabilities are recognised in profit or loss.

##### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

##### Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

##### Accounting Policies Applied Until 31 December 2017

As disclosed in Note 39 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives were also classified as held for trading unless they were designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.
- Non-derivative financial assets with fixed or determinable payments and fixed maturities that the management had the positive intention and ability to hold to maturity were classified as held-to-maturity. The held-to-maturity investments were measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### Accounting Policies Applied Until 31 December 2017 (Cont'd)

As disclosed in Note 39 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:- (Cont'd)

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.
- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

#### 4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries including the fair value adjustments at inception date or the share options granted to employees of the subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction cost.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

#### 4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses.

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 Group 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-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a 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 lands	Over the lease periods of 76 - 85 years
Buildings	1% - 2%
Factory equipment	10%
Plant and machineries	10%
Air conditioners	10% - 20%
Computers	20%
Electrical installation	20%
Furniture and fittings	20%
Lab equipment	20%
Motor vehicles	20%
Office equipment	10% - 20%
Renovation	20%
Tools and utensils	50%

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. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

#### 4.8 LEASED ASSETS

##### (a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.8 LEASED ASSETS (CONT'D)

##### (b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

#### 4.9 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. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

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

#### 4.10 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

#### 4.11 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

#### 4.12 IMPAIRMENT

##### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.12 IMPAIRMENT (CONT'D)

##### (a) Impairment of Financial Assets (Cont'd)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

##### Accounting Policy Applied Until 31 December 2017

As disclosed in Note 39 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information on the impairment of Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

##### (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 using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

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. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.12 IMPAIRMENT (CONT'D)

##### (b) Impairment of Non-financial Assets (Cont'd)

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.

#### 4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

#### 4.14 EMPLOYEE BENEFITS

##### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses 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 Group.

##### (b) Defined Contribution Plans

The Group'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.

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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.15 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).

##### (b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill 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 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 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 the related tax benefits will be realised.

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.

#### 4.16 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 Group. 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.17 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.

#### 4.18 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.

#### 4.19 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised recognised in profit or loss using the effective interest method.

#### 4.20 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

##### (a) Manufacturing of Glove-Dipping Machine

Revenue from manufacturing of glove-dipping machine is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

##### (b) Rendering of 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.

##### (c) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.22 REVENUE FROM OTHER SOURCE AND OTHER OPERATING INCOME

##### (a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

##### (b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

### 5. INVESTMENTS IN SUBSIDIARIES

	<b>The Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost		
At 1 January	22,432,990	22,432,990
Addition during the financial year	30,530,133	–
At 31 December	52,963,123	22,432,990

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2018 %	2017 %	
HL Advance Technologies (M) Sdn. Bhd. ("HLA")	Malaysia	100	100	Manufacture of glove-dipping machines, fabrication works on metal and stainless steel products and carry out all supporting services associated therewith.
HL Rubber Industries Sdn. Bhd. ("HLRI")	Malaysia	55	–	Manufacture and trading of rubber gloves.

- (a) During the current financial year, the Company has acquired 55% equity interest in HLRI. The details of the acquisition are disclosed in Note 30 to the financial statements.
- (b) The non-controlling interests at the end of the reporting period comprise the following:-

	<b>Effective Equity Interest 2018 %</b>	<b>The Group 2018 RM</b>
HLRI	45	22,420,652



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

- (c) The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interests that are material to the Group is as follows:-

	<b>HLRI The Group 2018 RM</b>
<u>At 31 December</u>	
Non-current assets	19,621,157
Current assets	41,293,524
Non-current liabilities	(1,303,271)
Current liabilities	(26,030,768)
<hr/> Net assets	<hr/> 33,580,642
 <u>Financial year ended 31 December</u>	
Revenue	78,534,089
Profit for the financial year	97,282
Total comprehensive income	97,282
<hr/>	
Total comprehensive income attributable to non-controlling interests	27,172
<hr/>	
Net cash flows for operating activities	(3,354,440)
Net cash flows for investing activities	(2,584,742)
Net cash flows from financing activities	1,845,507
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

**6. PROPERTY, PLANT AND EQUIPMENT**

The Group	At 1.1.2018 RM	Additions (Note 32(a)) RM	Disposal RM	Write Off RM	Depreciation Charges RM	Acquisition of A Subsidiary (Note 30) RM	At 31.12.2018 RM
<b>2018</b>							
<i>Carrying Amount</i>							
Leasehold apartments	74,672	–	–	–	(957)	–	73,715
Leasehold lands	1,858,824	–	–	–	(45,071)	2,340,000	4,153,753
Buildings	1,903,144	–	–	–	(125,592)	11,160,000	12,937,552
Factory equipment	–	36,200	–	(4,288)	(179,566)	1,306,193	1,158,539
Plant and machineries	658,507	899,883	–	–	(1,899,949)	12,634,005	12,292,446
Air conditioners	7,977	11,096	–	–	(8,642)	21,371	31,802
Computers	79,300	19,168	–	–	(47,904)	42,572	93,136
Electrical installation	–	108,181	–	–	(20,324)	37,764	125,621
Furniture and fittings	113	–	–	–	(507)	1,974	1,580
Lab equipment	–	13,073	–	–	(510)	332	12,895
Motor vehicles	784,877	44,583	(7,467)	–	(356,611)	31,501	496,883
Office equipment	15,023	8,443	–	–	(14,401)	42,688	51,753
Renovation	–	50,820	–	–	(12,744)	41,837	79,913
Tools and utensils	–	850,050	–	–	(430,892)	519,837	938,995
	5,382,437	2,041,497	(7,467)	(4,288)	(3,143,670)	28,180,074	32,448,583

The Group	At 1.1.2017 RM	Additions (Note 32(a)) RM	Depreciation Charges RM	At 31.12.2017 RM
<b>2017</b>				
<i>Carrying Amount</i>				
Leasehold apartments	75,629	–	(957)	74,672
Leasehold land	1,882,353	–	(23,529)	1,858,824
Building	1,946,397	–	(43,253)	1,903,144
Plant and machineries	805,924	–	(147,417)	658,507
Air conditioners	10,403	–	(2,426)	7,977
Computers	102,626	19,134	(42,460)	79,300
Furniture and fittings	226	–	(113)	113
Motor vehicles	1,023,395	75,770	(314,288)	784,877
Office equipment	19,925	–	(4,902)	15,023
	5,866,878	94,904	(579,345)	5,382,437





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	<b>At Cost RM</b>	<b>Accumulated Depreciation RM</b>	<b>Carrying Amount RM</b>
<b>At 31.12.2018</b>			
Leasehold apartments	82,330	(8,615)	73,715
Leasehold lands	4,488,065	(334,312)	4,153,753
Buildings	13,982,161	(1,044,609)	12,937,552
Factory equipment	3,101,804	(1,943,265)	1,158,539
Plant and machineries	34,148,996	(21,856,550)	12,292,446
Air conditioners	130,036	(98,234)	31,802
Computers	433,071	(339,935)	93,136
Electrical installation	170,429	(44,808)	125,621
Furniture and fittings	130,438	(128,858)	1,580
Lab equipment	52,164	(39,269)	12,895
Motor vehicles	3,633,418	(3,136,535)	496,883
Office equipment	133,153	(81,400)	51,753
Renovation	149,792	(69,879)	79,913
Tools and utensils	3,107,691	(2,168,696)	938,995
	<b>63,743,548</b>	<b>(31,294,965)</b>	<b>32,448,583</b>
<b>At 31.12.2017</b>			
Leasehold apartments	82,330	(7,658)	74,672
Leasehold land	2,000,000	(141,176)	1,858,824
Building	2,162,663	(259,519)	1,903,144
Plant and machineries	1,474,169	(815,662)	658,507
Air conditioners	24,260	(16,283)	7,977
Computers	263,161	(183,861)	79,300
Furniture and fittings	53,254	(53,141)	113
Motor vehicles	3,226,835	(2,441,958)	784,877
Office equipment	49,017	(33,994)	15,023
Renovation	28,516	(28,516)	–
	<b>9,364,205</b>	<b>(3,981,768)</b>	<b>5,382,437</b>

The leasehold lands and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 19, 23 and 24 to the financial statements.

**7. GOODWILL**

	<b>The Group 2018 RM</b>
Cost:-	
At 1 January	–
Acquisition of a subsidiary (Note 30(d))	2,785,364
<b>At 31 December</b>	<b>2,785,364</b>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

**7. GOODWILL (CONT'D)**

- (a) The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amount of the cash-generating unit is determined using the value in use approach, and this is derived from the present value of the future cash flows from the cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

	<b>Gross Profit Margin 2018 %</b>	<b>Growth Rate 2018 %</b>	<b>Discount Rate 2018 %</b>
HLRI	4.00 - 6.00	8.00	11.40

- |       |                              |  |
|-------|------------------------------|--|
| (i)   | Budgeted gross profit margin | Average gross margin achieved in 5 financial years immediately before the budgeted period increased for expected efficiency improvements and cost saving measures. |
| (ii)  | Growth rate                  | Based on the expected projection of the rubber gloves sector.  |
| (iii) | Discount rate (pre-tax)      | Reflects specific risks relating to the relevant cash-generating unit.   |

- (b) Sensitivity to changes in assumptions

The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

**8. INVENTORIES**

	<b>The Group 2018 RM</b>	<b>2017 RM</b>
Raw materials	9,725,673	4,728,962
Work-in-progress	6,897,636	333,065
Finished goods	7,089,313	701,100
	23,712,622	5,763,127

None of the inventories is carried at net realisable value.

The amount of inventories recognised as an expense in cost of sales was RM61,381,871 (2017 - RM29,304,416).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**9. TRADE RECEIVABLES**

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Trade receivables	40,900,880	26,725,743
Allowance for impairment losses	(16,869,602)	(261,297)
	<b>24,031,278</b>	<b>26,464,446</b>
Allowance for impairment losses:-		
At 1 January		
- As previously reported	(261,297)	-
- Effects on adoption of MFRS 9	(342,236)	-
- Amount reported under MFRS 9 (2017 – MFRS 139)	(603,533)	-
Addition during the financial year (Note 26)	(16,266,069)	(261,297)
At 31 December	(16,869,602)	(261,297)

The Group's normal trade credit terms range from 30 to 90 (2017 - 30 to 90) days.

Included in trade receivables of the Group in the previous financial year were retention sums of RM1,332,167. The retention sums were unsecured, interest free and were collected within a period of 6 to 12 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.

**10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

		<b>The Group</b>		<b>The Company</b>	
	<b>Note</b>	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Other receivables:-					
Third parties	(a)	10,268,044	52,075	-	-
Goods and services tax recoverable		3,263,638	666,112	-	-
		13,531,682	718,187	-	-
Deposits		462,705	86,661	1,000	1,000
Prepayments		904,076	743,310	-	-
Advance payment	(b)	614,268	-	-	-
		<b>15,512,731</b>	<b>1,548,158</b>	<b>1,000</b>	<b>1,000</b>

(a) Included in other receivables of the Group is a profit guarantee receivable of RM10,000,000 (2017 - Nil) from the acquisition of a subsidiary.

(b) The amount owing will be recovered against future purchases from the suppliers.

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
 (CONT'D)

**11. CONTRACT ASSETS/(LIABILITIES)**

	<b>The Group 2018 RM</b>
<b>Contract Assets</b>	
Contract assets relating to construction contracts	4,922,011
Allowance for impairment losses	(2,487,950)
	2,434,061
Allowance for impairment losses:-	
At 1 January	—
Addition during the financial year (Note 26)	(2,487,950)
At 31 December	(2,487,950)
<b>Contract Liabilities</b>	
Contract liabilities relating to construction contract	(2,390,010)
(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 6 (2017 - 6) months.	
(b) The contract liabilities primarily relates to advance considerations received from few customers for construction contracts of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 3 to 6 months.	
(c) The changes to contract asset and contract liability balances during the financial year are summarised below:-	
	<b>The Group 2018 RM</b>
At 1 January	5,840,459
Revenue recognised in profit or loss during the financial year	48,001,174
Billings to customers during the financial year	(51,309,632)
Impairment loss on contract assets	(2,487,950)
At 31 December	44,051
Represented by:-	
Contract assets	2,434,061
Contract liabilities	(2,390,010)
	44,051



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**12. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS**

	<b>The Group 2017 RM</b>
Contract costs incurred	85,508,839
Attributable profits	15,038,089
	<hr/>
Progress billings	100,546,928 (94,706,469)
	<hr/>
	5,840,459
	<hr/>
Represented by:-	
Amount owing by contract customers	12,726,054
Amount owing to contract customers	(6,885,595)
	<hr/>
	5,840,459
	<hr/>

**13. AMOUNT OWING BY RELATED PARTIES**

The amount owing is trade in nature and subject to the normal trade credit terms of 30 days (2017 - Nil). The amount owing is to be settled in cash.

**14. AMOUNT OWING BY A SUBSIDIARY**

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

**15. SHORT-TERM INVESTMENT**

	<b>The Group/The Company</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Carrying Amount RM</b>	<b>Market Value RM</b>	<b>Carrying Amount RM</b>	<b>Market Value RM</b>
Money market fund, at fair value (Note 32(c))	6,165,180	6,165,180	10,201,622	10,201,622
	<hr/>			

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
 (CONT'D)

**16. SHARE CAPITAL**

	Note	2018 Number of shares	The Group/The Company 2017 2018 RM	2017 RM
<b>Issued and Fully Paid-Up</b>				
Ordinary shares				
At 1 January		398,183,999	224,330,000	40,465,039
New shares issued pursuant to:				22,433,000
- Acquisition of a subsidiary	30(a)	113,793,100	–	–
- Public issue		–	39,591,000	–
- ESOS exercised		–	1,535,000	–
- Bonus issue		–	132,727,999	–
Expenses in relation to issuance of shares		–	–	–
				13,272,800
At 31 December		511,977,099	398,183,999	73,465,039
				40,465,039

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

**17. 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 18. 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:-

Date of Offer	Exercise Price	Contractual Life of Options	← Number of Options over Ordinary Shares →			
			At 1 January 2018	Granted	Exercised	At 31 December 2018
2 December 2016	RM0.30*	5 Years	697,500	—	—	697,500

\* Arising from the bonus issue and in accordance with the ESOS By-Laws, adjustments have been made to both the number of options and the subscription price of options.

On 2 December 2016, 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.



NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
 (CONT'D)

**18. EMPLOYEE SHARE OPTION RESERVE (CONT'D)**

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:-

	<b>The Group/ The Company 2018</b>
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)	0.30
Expected volatility (%)	38.27
Expected life (years)	5
Risk free rate (%)	3.885
Expected dividend yield (%)	0

^ Adjusted for the alteration in the capital structure of the Company during the option period.

**19. TERM LOANS**

	<b>The Group 2018 RM</b>	<b>2017 RM</b>
Current liabilities	342,298	80,961
Non-current liabilities	1,760,943	1,154,720
	<b>2,103,241</b>	<b>1,235,681</b>

The interest rate profile of the term loans is summarised below:-

	<b>Effective Interest Rate %</b>	<b>The Group 2018 RM</b>	<b>2017 RM</b>
Floating rate term loans	4.77- 5.17	2,103,241	1,235,681

The term loans are secured by:-

- (i) a deed of assignment cum loan agreement over the leasehold land and building of the Group as disclosed in Note 6 to the financial statements;
- (ii) a joint and several guarantee of certain directors of the Group;
- (iii) a first charge over the long leasehold land and building of the Group;
- (iv) a basic factory debenture over the long leasehold land and building of the Group; and
- (v) a corporate guarantee from a former corporate shareholder of the subsidiary.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**20. DEFERRED TAX LIABILITIES**

	<b>At 1.1.2018 RM</b>	<b>Recognised in Profit or Loss (Note 28) RM</b>	<b>Acquisition of A Subsidiary (Note 30) RM</b>	<b>At 31.12.2018 RM</b>
<b>The Group 2018</b>				
<i>Deferred Tax Liability</i>				
Property, plant and equipment	–	723,863	3,837,766	4,561,629
<i>Deferred Tax Asset</i>				
Unused tax losses	–	(1,315,929)	(729,012)	(2,044,941)
	–	(592,066)	3,108,754	2,516,688

**21. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 7 to 120 (2017 - 30 to 120) days.

**22. OTHER PAYABLES AND ACCRUALS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Advance payment from customer	211,046	211,046	–	–
Other payables	8,563,597	219,178	185,374	219,178
Accruals	5,500,904	3,325,397	170,510	190,000
	14,275,547	3,755,621	355,884	409,178

**23. BANK OVERDRAFT**

The bank overdraft of the Group is secured by a fixed charge over certain of the Group's property, plant and equipment as disclosed in Note 6 to the financial statements.

The bank overdraft of the Group at the end of the reporting period bore floating interest rate of 7.47% (2017 - Nil) per annum.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

## 24. BANKERS' ACCEPTANCES

- (a) The bankers' acceptances of the Group are secured by:-
- (i) a first charge over the long leasehold land and building of the Group as disclosed in Note 6 to the financial statements;
  - (ii) a basic factory debenture over the long leasehold land and building of the Group;
  - (iii) a joint and several guarantee of certain directors of the Group; and
  - (iv) a corporate guarantee from a former corporate shareholder of the subsidiary.
- (b) The bankers' acceptances of the Group at the end of the reporting period bore floating interest rate of 4.09% (2017 - Nil) per annum.

## 25. REVENUE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Contract revenue	48,001,174	41,753,462	—	—
Sale of goods	78,670,104	1,947,019	—	—
Rendering of services	2,113,903	1,122,982	—	—
Dividend income	—	—	—	8,000,000
	128,785,181	44,823,463	—	8,000,000

The information on the disaggregation of revenue is disclosed in Note 35.2 to the financial statements.

## 26. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group	
	2018 RM	2017 RM
Impairment losses during the financial year:		
- Individually impaired under MFRS 139 (Note 9)	—	(261,297)
- Additions under MFRS 9 (Notes 9 and 11)	(18,754,019)	—
	(18,754,019)	(261,297)



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**27. (LOSS)/PROFIT BEFORE TAXATION**

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fee:				
- current financial year	108,000	70,000	35,000	30,000
- underprovision in the previous financial year	7,500	-	5,000	-
- non-audit fees				
- current financial year	5,000	20,000	5,000	20,000
- underprovision in the previous financial year	5,000	-	5,000	-
Compensation claim	9,011,045	-	-	-
Depreciation of property, plant and equipment (Note 6)	3,143,670	579,345	-	-
Directors' remuneration:				
- fees	160,000	160,000	160,000	160,000
- non-fees emoluments	1,407,340	1,290,240	-	-
Plant and equipment written off (Note 6)	4,288	-	-	-
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- bank overdraft	4,780	-	-	-
- hire purchases	246	-	-	-
- term loans	39,165	8,796	-	-
- bankers' acceptances	46,887	-	-	-
Listing expenses (included non-audit fees)	-	295,416	-	295,416
Loss on disposal of plant and equipment	6,523	-	-	-
Rental expenses on:				
- equipment	750	162,425	-	-
- premises	61,485	2,114	-	-
Staff costs (including other key management personnel as disclosed in Note 33):				
- salaries, bonus and allowances	10,802,129	1,627,267	-	-
- defined contribution plan	556,910	318,228	-	-
- others	40,326	-	-	-
(Gain)/Loss on foreign exchange:				
- realised	(570,699)	413,180	-	-
- unrealised	450,335	347,822	-	-
Interest income on financial assets measured at amortised cost:				
- fixed deposits with licensed banks	-	(142,187)	-	(96,437)
- trade receivables	(900,000)	-	-	-
- others	(7,377)	-	-	-
Dividend income:				
- subsidiary	-	-	-	(8,000,000)
- short-term investment	(300,047)	(175,196)	(300,047)	(175,196)
Fair value loss/(gain) on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investment	7,840	(26,427)	7,840	(26,427)



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

**28. INCOME TAX (CREDIT)/EXPENSE**

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Current tax expense:				
- for the financial year	246,783	13,300	–	–
- underprovision in the previous financial year	56,650	–	22,436	–
	303,433	13,300	22,436	–
Deferred tax (Note 20):				
- origination and reversal of temporary differences	(769,306)	–	–	–
- underprovision in the previous financial year	177,240	–	–	–
	(592,066)	–	–	–
	(288,633)	13,300	22,436	–

A reconciliation of income tax (credit)/expense applicable to the (loss)/profit 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:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
(Loss)/Profit before taxation	(26,363,202)	(6,234,140)	(356,746)	7,414,276
Tax at the statutory tax rate of 24% (2017 - 24%)	(6,327,168)	(1,496,194)	(85,619)	1,779,426
Tax effects of:-				
Non-deductible expenses	1,850,416	407,618	78,670	140,574
Non-taxable income	(72,011)	–	(72,011)	(1,920,000)
Deferred tax assets not recognised	4,026,240	1,101,876	78,960	–
Underprovision of income tax in the previous financial year	56,650	–	22,436	–
Underprovision of deferred taxation in the previous financial year	177,240	–	–	–
Income tax (credit)/expense for the financial year	(288,633)	13,300	22,436	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 - 24%) 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**28. INCOME TAX (CREDIT)/EXPENSE (CONT'D)**

No deferred tax assets were recognised for the following items:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Unused tax losses	1,420,000	3,085,000	329,000	–
Allowance for impairment losses	19,358,000	604,000	–	–
Unabsorbed capital allowances	–	354,000	–	–
Unrealised losses on foreign exchange	389,000	348,000	–	–
	<b>21,167,000</b>	<b>4,391,000</b>	<b>329,000</b>	<b>–</b>

**29. LOSS PER SHARE**

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
<b>Basic loss per share</b>		
Loss after taxation attributable to owners of the Company (RM)	(26,101,741)	(6,247,440)
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January	398,183,999	224,330,000
Effects of new ordinary shares issued pursuant to:		
- Acquisition of subsidiary	71,393,479	–
- Public issue	–	39,157,126
- ESOS exercised	–	280,836
- Bonus issue	–	3,636,384
Weighted average number of ordinary shares at 31 December	469,577,478	267,404,346
Basic loss per share (Sen)	(5.56)	(2.34)

The effects of potential ordinary shares arising from the conversion of ESOS and warrant are anti-dilutive and accordingly, they have been ignored in the calculation of dilutive loss per share. As a result, the diluted loss per ordinary share is the same as basic loss per share.

**30. ACQUISITION OF A SUBSIDIARY**

On 17 May 2018, the Company acquired 55% equity interests in HL Rubber Industries Sdn. Bhd. ("HLRI"). The acquisition of this subsidiary is to enable the Group to expand its business into downstream manufacturing and trading of rubber gloves.

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

**30. ACQUISITION OF A SUBSIDIARY (CONT'D)**

**(a) Fair Value of Purchase Consideration**

	<b>The Group/ The Company 2018 RM</b>
Ordinary shares issued, at fair value (item(a)(i) below)	30,155,172

- (i) The Company issued a total 113,793,100 new ordinary shares for the acquisition of HLRI:-

	<b>The Group/ The Company 2018 RM</b>
At issue price of RM0.29 per share (Note 16)	33,000,000
At market value of RM0.265 per share	(30,155,172)
	<u>2,844,828</u>

The difference of RM2,844,828 arising from the acquisition of HLRI has been accounted for as a deduction from retained profits.

**(b) Identifiable Assets Acquired and Liabilities Assumed**

	<b>The Group/ The Company 2018 RM</b>
Property, plant and equipment (Note 6)	28,180,074
Inventories	18,238,670
Trade receivables	6,632,783
Other receivables	13,894,226
Cash and cash equivalents	5,582,562
Trade payables	(8,910,728)
Other payables	(8,098,692)
Deferred tax liabilities (Note 20)	(3,108,754)
Borrowings (Note 32(b))	(2,646,853)
Fair value of net identifiable assets acquired	<u>49,763,288</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**30. ACQUISITION OF A SUBSIDIARY (CONT'D)**

**(c) Cash Flows Arising from Acquisition**

	<b>The Group/ The Company 2018 RM</b>
Purchase consideration settled in cash and cash equivalents (item(a) above)	–
Less: Cash and cash equivalents of subsidiary acquired (item(b) above)	(5,582,562)
Net cash inflow from the acquisition of a subsidiary	(5,582,562)

**(d) Goodwill Arising from Acquisition**

	<b>The Group 2018 RM</b>
Total consideration transferred (item(a) above)	30,155,172
Add: Non-controlling interests (item(d)(i) below)	22,393,480
Less: Fair value of net identifiable assets (item(b) above)	(49,763,288)
Goodwill from the acquisition of subsidiary (Note 7)	2,785,364

- (i) The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.
- (ii) The Group has incurred acquisition-related costs of RM374,961 related to external legal fees and due diligence costs. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.
- (iii) The goodwill is attributable to the workforce and the high profitability of the acquired business as well as the synergies expected to be achieved from integrating the subsidiary into the Group's existing Glove-Dipping Lines segment. The goodwill is not deductible for tax purposes.

**(e) Impact of Acquisition on the Group's Results**

The acquired subsidiary has contributed the following results to the Group:-

	<b>The Group 2018 RM</b>
Revenue	78,534,089
Profit after taxation	97,282

If the acquisition had taken place at the beginning of the current financial year, the Group's revenue and loss after taxation from operations would have been RM169,955,173 and RM29,396,637 respectively.

There were no acquisitions of new subsidiaries in the last financial year.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

### 31. DIVIDEND

	<b>The Group/ The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
First interim single tier dividend of Nil (2017 - 1) sen per ordinary share in respect of the current financial year	–	2,650,060

### 32. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Cash disbursed for purchase of property, plant and equipment (Note 6)	2,041,497	94,904

- (b) The reconciliations of liabilities arising from financing activities are as follows:-

<b>The Group</b>	<b>Hire Purchase RM</b>	<b>Bankers' Acceptances RM</b>	<b>Term Loans RM</b>	<b>Total RM</b>
<b>2018</b>				
At 1 January	–	–	1,235,681	1,235,681
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	–	383,453	–	383,453
Repayment of borrowing principal	(22,263)	–	(291,483)	(313,746)
Repayment of borrowing interests	(246)	(46,887)	(39,165)	(86,298)
	(22,509)	336,566	(330,648)	(16,591)
<u>Non-cash Changes</u>				
Acquisition of a subsidiary (Note 30)	22,263	1,465,547	1,159,043	2,646,853
Finance charges recognised in profit or loss (Note 27)	246	46,887	39,165	86,298
	22,509	1,512,434	1,198,208	2,733,151
At 31 December	–	1,849,000	2,103,241	3,952,241





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**32. CASH FLOW INFORMATION (CONT'D)**

- (b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

<b>The Group</b>	<b>Term Loan RM</b>
<b>2017</b>	
At 1 January	1,372,036
<u>Changes in Financing Cash Flows</u>	
Repayment of borrowing principal	(136,355)
Repayment of borrowing interests	(8,796)
	(145,151)
<u>Non-cash Changes</u>	
Finance charges recognised in profit or loss (Note 27)	8,796
At 31 December	1,235,681

- (c) The cash and cash equivalents comprise the following:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Money market fund (Note 15)	6,165,180	10,201,622	6,165,180	10,201,622
Cash and bank balances	10,683,904	9,386,040	2,070,474	936,416
Bank overdraft	(330,555)	–	–	–
	16,518,529	19,587,662	8,235,654	11,138,038

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
 (CONT'D)

### 33. 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 and of the Company.

The key management personnel compensation during the financial year are as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>(a) Directors</b>				
<u>Directors of the Company</u>				
Non-Executive Directors				
Short-term employee benefits:				
- fees	160,000	160,000	160,000	160,000
Executive Directors				
Short-term employee benefits				
- salaries, bonuses and allowances	1,261,267	1,152,000	-	-
- defined contribution plan	146,073	138,240	-	-
	1,407,340	1,290,240	-	-
	1,567,340	1,450,240	160,000	160,000
<b>(b) Other Key Management Personnel</b>				
Short-term employee benefits				
- salaries, bonuses and allowances	794,243	669,213	-	-
- defined contribution plan	95,439	80,220	-	-
	889,682	749,433	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 34. 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 party during the financial year:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Advances to a subsidiary	–	–	(2,000,000)	(9,925,503)
Sales to related parties	1,711,082	–	–	–

### 35. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the 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.

The Group is organised into three (3) main reportable segments as follows:-

- (i) Glove-dipping lines - manufacture of glove-dipping machines, fabrication works on metal and stainless steel products and carry out all supporting services associated therewith
  - (ii) Rubber gloves - manufacturing and trading of rubber gloves
  - (iii) Corporate - provision of corporate services to the entities within the Group
- (a) The Chief Executive Officer assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.
  - (b) Reportable segment assets are measured based on all assets (including goodwill) of the segment other than tax-related assets.
  - (c) Reportable segment liabilities are measured based on all liabilities of the segment other than the borrowings and tax-related liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

**35. OPERATING SEGMENTS (CONT'D)**

**35.1 BUSINESS SEGMENTS**

<b>2018 Revenue</b>	<b>Glove- Dipping Lines RM</b>	<b>Rubber Gloves RM</b>	<b>Corporate RM</b>	<b>The Group RM</b>
External Revenue	50,251,092	78,534,089	–	128,785,181
Inter-segment Revenue	1,293,305	–	–	1,293,305
	51,544,397	78,534,089	–	130,078,486
Consolidation adjustments				(1,293,305)
Consolidated revenue				128,785,181
<b>Represented by:-</b>				
<u>Revenue recognised at a point of time</u>				
- Sales of goods	136,015	78,534,089	–	78,670,104
- Rendering of services	3,407,208	–	–	3,407,208
<u>Revenue recognised over time</u>				
- Contract revenue	48,001,174	–	–	48,001,174
	51,544,397	78,534,089	–	130,078,486
Consolidation adjustments				(1,293,305)
				128,785,181
<b>Results</b>				
Segment loss	(24,845,360)	(398,307)	(356,746)	(25,600,413)
Finance cost				(91,078)
Consolidation adjustments				(671,711)
Consolidated loss before taxation				(26,363,202)
Segment loss include the following:-				
Interest income	(907,377)	–	–	(907,377)
Depreciation	587,397	2,506,624	–	3,143,670*
Impairment loss on trade receivables	16,266,069	–	–	16,266,069
Impairment loss on contract assets	2,487,950	–	–	2,487,950
Equipment written off	–	4,288	–	4,288
Compensation claim	9,011,045	–	–	9,011,045
Loss on disposal of plant and equipment	6,523	–	–	6,523
Unrealised foreign exchange loss	389,075	61,260	–	450,335
Fair value loss on short-term investment	–	–	7,840	7,840

\* After consolidation adjustments of RM49,649



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**35. OPERATING SEGMENTS (CONT'D)**

**35.1 BUSINESS SEGMENTS (CONT'D)**

<b>2018 Assets</b>	<b>Glove- Dipping Lines RM</b>	<b>Rubber Gloves RM</b>	<b>Corporate RM</b>	<b>The Group RM</b>
Segment assets	31,881,001	59,921,203	73,125,280	164,927,484
Unallocated assets:				
- current tax assets				1,007,074
Consolidation adjustments				(45,471,277)
Consolidated total assets				<u>120,463,281</u>
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	73,541	2,215,057	–	2,041,497*
<hr/>				
* After consolidation adjustments of RM247,101				
<b>Liabilities</b>				
Segment liabilities	32,499,785	23,924,065	355,884	56,779,734
Unallocated liabilities:				
- deferred tax liabilities				546,304
- term loans				2,103,241
- bankers' acceptances				1,849,000
- current tax liabilities				153,660
Consolidation adjustments				(11,289,446)
Consolidated total liabilities				<u>50,142,493</u>

No information is presented for the comparative period as the Group operated predominantly in one business segment during previous financial year.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

### 35. OPERATING SEGMENTS (CONT'D)

#### 35.2 GEOGRAPHICAL INFORMATION

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

Revenue	The Group	
	2018 RM	2017 RM
Malaysia	28,302,628	33,671,606
Vietnam	14,261,729	9,098,150
Thailand	10,903,044	1,512,234
Taiwan	47,139,937	–
United States	23,598,868	–
Spain	3,210,995	–
New Zealand	1,001,784	–
Indonesia	95,525	474,599
Others	270,671	66,874
	128,785,181	44,823,463

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

The information on the disaggregation of revenue based on geographical region is summarised below:-

Revenue	At A Point in Time		Over Time		The Group	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Malaysia	5,466,227	N/A	22,836,401	N/A	28,302,628	N/A
Vietnam	–	N/A	14,261,729	N/A	14,261,729	N/A
Thailand	–	N/A	10,903,044	N/A	10,903,044	N/A
Taiwan	47,139,937	N/A	–	N/A	47,139,937	N/A
United States	23,598,868	N/A	–	N/A	23,598,868	N/A
Spain	3,210,995	N/A	–	N/A	3,210,995	N/A
New Zealand	1,001,784	N/A	–	N/A	1,001,784	N/A
Indonesia	95,525	N/A	–	N/A	95,525	N/A
Others	270,671	N/A	–	N/A	270,671	N/A
	80,784,007	N/A	48,001,174	N/A	128,785,181	N/A

N/A Not applicable for the comparative period as the Group has applied MFRS 15 using the modified retrospective application.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**35. OPERATING SEGMENTS (CONT'D)**

**35.3 MAJOR CUSTOMERS**

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

	<b>Revenue</b>		<b>Geographical</b>
	<b>2018</b>	<b>2017</b>	<b>Segment</b>
	<b>RM</b>	<b>RM</b>	
Customer A	47,139,937	N/A	Taiwan
Customer B	13,190,387	9,098,150	Vietnam

**36. CONTINGENT LIABILITY**

No provision is recognised on the following matter as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Bank guarantee extended by a subsidiary to a third party	910,000	–

**37. 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.

**37.1 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"), Chinese Yuan ("CNY"), Vietnamese Dong ("VND") 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.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

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	Chinese Yuan RM	Vietnamese Dong RM	Thai Baht RM	Ringgit Malaysia RM	Total RM
<b>2018</b>						
<u>Financial Assets</u>						
Trade receivables	16,684,182	-	-	-	7,347,096	24,031,278
Amount owing by related parties	1,653,055	-	-	-	29,429	1,682,484
Other receivables and deposits	-	-	-	-	10,730,749	10,730,749
Short-term investment	-	-	-	-	6,165,180	6,165,180
Cash and bank balances	2,621,521	-	-	-	8,062,383	10,683,904
	20,958,758	-	-	-	32,334,837	53,293,595
<u>Financial Liabilities</u>						
Term loans	-	-	-	-	2,103,241	2,103,241
Bankers' acceptances	-	-	-	-	1,849,000	1,849,000
Bank overdraft	-	-	-	-	330,555	330,555
Trade payables	2,539,486	252,378	-	5,882	23,726,046	26,523,792
Other payables and accruals	-	-	17,143	-	14,047,358	14,064,501
	2,539,486	252,378	17,143	5,882	42,056,200	44,871,089
Net financial assets/ (liabilities)	18,419,272	(252,378)	(17,143)	(5,882)	(9,721,363)	8,422,506
Less: Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	-	9,721,363	9,721,363
Currency Exposure	18,419,272	(252,378)	(17,143)	(5,882)	-	18,143,869





NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

<b>The Group</b>	<b>United States Dollar RM</b>	<b>Ringgit Malaysia RM</b>	<b>Total RM</b>
<b>2017</b>			
<u>Financial Assets</u>			
Trade receivables	2,744,170	23,720,276	26,464,446
Other receivables and deposits	–	138,736	138,736
Short-term investment	–	10,201,622	10,201,622
Cash and bank balances	1,825,917	7,560,123	9,386,040
	4,570,087	41,620,757	46,190,844
<u>Financial Liabilities</u>			
Term loan	–	1,235,681	1,235,681
Trade payables	1,553,844	13,874,203	15,428,047
Other payables and accruals	–	3,544,575	3,544,575
	1,553,844	18,654,459	20,208,303
Net financial assets	3,016,243	22,966,298	25,982,541
Less: Net financial assets denominated in the respective entities' functional currencies	–	(22,966,298)	(22,966,298)
Currency Exposure	3,016,243	–	3,016,243



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

###### (i) Foreign Currency Risk (Cont'd)

###### *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:-

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Effects on Loss After Taxation</b>		
USD/RM - strengthened by 5%	699,932	114,617
- weakened by 5%	(699,932)	(114,617)
<b>Effects on Other Comprehensive Expenses</b>		
USD/RM - strengthened by 5%	699,932	114,617
- weakened by 5%	(699,932)	(114,617)

Any reasonably possible change in the CNY, VND and THB exchange rate at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the loss after taxation and other comprehensive expenses of the Group.

###### (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 and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

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 amounts nor the future cash flows will fluctuate because of a change in market interest rates.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

###### (ii) Interest Rate Risk (Cont'd)

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 Note 37.1(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.

##### (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 Company's exposure to credit risk arises principally from loans and advances to subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

###### (i) Credit Risk Concentrates Profile

The Group's major concentration of credit risk relates to the amounts owing by 5 customers which constituted approximately 80% of its trade receivables (including amount owing by related parties) 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 after deducting any allowance for impairment losses (where applicable).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

##### *Trade Receivables and Contract Assets*

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having significant balances outstanding for more than 6 months overdue are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 6 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

**(iii) Assessment of Impairment Losses (Cont'd)**

*Trade Receivables and Contract Assets (Cont'd)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables (including amount owing by related parties) and contract assets are summarised below:-

<b>The Group</b>	<b>Gross Amount RM</b>	<b>Lifetime Loss Allowance RM</b>	<b>Carrying Amount RM</b>
<b>2018</b>			
Current (not past due)	9,806,451	(7)	9,806,444
Past due:			
- less than 3 months	11,884,161	(4,806)	11,879,355
- 3 to 6 months	2,050,089	(33,673)	2,016,416
- more than 6 months	2,149,219	(137,672)	2,011,547
	25,889,920	(176,158)	25,713,762
Credit impaired:			
- individually impaired	16,693,444	(16,693,444)	–
Trade receivables	42,583,364	(16,869,602)	25,713,762
Contract assets	4,922,011	(2,487,950)	2,434,061
	47,505,375	(19,357,552)	28,147,823

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

	<b>Gross Amount RM</b>	<b>Individual Impairment RM</b>	<b>Carrying Amount RM</b>
<b>2017</b>			
Not past due	18,774,651	–	18,774,651
Past due:			
- less than 3 months	5,683,746	–	5,683,746
- 3 to 6 months	1,130,354	–	1,130,354
- more than 6 months	875,695	–	875,695
- more than 1 year	261,297	(261,297)	–
	26,725,743	(261,297)	26,464,446



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### *Trade Receivables and Contract Assets (Cont'd)*

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 9 and 11 to the financial statements respectively.

##### *Other Receivables*

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

##### *Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

##### *Amount Owing By A Subsidiary*

The Company applies the 3-stage general approach to measuring expected credit losses for all intercompany balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

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

The Company considers amount owing by a subsidiary has low credit risks. Therefore, the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

In the last financial year, the loss allowance on amount owing by a subsidiary was calculated under MFRS 139.

##### (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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk (Cont'd)**

*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):-

<b>The Group</b>	<b>Weighted Average Effective Interest Rate %</b>	<b>Carrying Amount RM</b>	<b>Contractual Undiscounted Cash Flows RM</b>	<b>Within 1 Year RM</b>	<b>1 - 5 Years RM</b>	<b>Over 5 Years RM</b>
<b>2018</b>						
Trade payables	-	26,523,792	26,523,792	26,523,792	-	-
Other payables and accruals	-	14,064,501	14,064,501	14,064,501	-	-
Term loans	4.77 - 5.17	2,103,241	2,675,307	452,751	1,411,568	810,988
Bankers' acceptances	4.09	1,849,000	1,872,960	1,872,960	-	-
Bank overdraft	7.47	330,555	330,555	330,555	-	-
		44,871,089	45,467,115	43,244,559	1,411,568	810,988
<b>2017</b>						
Trade payables	-	15,428,047	15,428,047	15,428,047	-	-
Other payables and accruals	-	3,544,575	3,544,575	3,544,575	-	-
Term loan	4.52	1,235,681	1,793,975	150,543	602,173	1,041,259
		20,208,303	20,766,597	19,123,165	602,173	1,041,259
<b>The Company</b>						
<b>2018</b>						
Other payables and accruals	-	355,884	355,884	355,884	-	-
<b>2017</b>						
Other payables and accruals	-	409,178	409,178	409,178	-	-



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.2 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. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

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

#### 37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2018	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investment (Note 15)	6,165,180	6,165,180
<u>Amortised Cost</u>		
Trade receivables (Note 9)	24,031,278	–
Other receivables and deposits (Note 10)	10,730,749	1,000
Amount owing by related parties (Note 13)	1,682,484	–
Amount owing by a subsidiary (Note 14)	–	11,925,503
Cash and bank balances	10,683,904	2,070,474
	47,128,415	13,996,977
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Trade payables (Note 21)	26,523,792	–
Other payables and accruals (Note 22)	14,064,501	355,884
Term loans (Note 19)	2,103,241	–
Bank overdraft (Note 23)	330,555	–
Bankers' acceptances (Note 24)	1,849,000	–
	44,871,089	355,884





NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)**

		2017	
	The Group		The Company
	RM		RM
<b>Financial Assets</b>			
<u>Available-for-sale Financial Asset</u>			
Short-term investment (Note 15)	10,201,622		10,201,622
<u>Loans and Receivable Financial Assets</u>			
Trade receivables (Note 9)	26,464,446		–
Other receivables and deposits (Note 10)	138,736		1,000
Amount owing by a subsidiary (Note 14)	–		9,925,503
Cash and bank balances	9,386,040		936,416
	35,989,222		10,862,919
<b>Financial Liability</b>			
<u>Other Financial Liabilities</u>			
Trade payables (Note 21)	15,428,047		–
Other payables and accruals (Note 22)	3,544,575		409,178
Term loan (Note 19)	1,235,681		–
	20,208,303		409,178

**37.4 (GAINS) OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

		2018	
	The Group		The Company
	RM		RM
<b>Financial Assets</b>			
<u>Fair Value Through Profit and Loss</u>			
Net gains recognised in profit or loss	(292,207)		(292,207)
<u>Amortised Cost</u>			
Net losses recognised in profit or loss	16,266,069		–
<b>Financial Liability</b>			
<u>Amortised Cost</u>			
Net losses recognised in profit or loss	91,078		–



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.4 (GAINS) OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

	2017	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Available-for-sale Financial Asset</u>		
Net gains recognised in profit or loss	(201,623)	(201,623)
<u>Loans and Receivables Financial Asset</u>		
Net losses recognised in profit or loss	261,297	–
<b>Financial Liability</b>		
<u>Financial Liabilities Measured at Amortised Cost</u>		
Net losses recognised in profit or loss	8,796	–

#### 37.5 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.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2018</b>								
<u>Financial Asset</u>								
Short-term Investment								
- Money market fund	–	6,165,180	–	–	–	–	6,165,180	6,165,180
<u>Financial Liability</u>								
Term loans	–	–	–	–	2,103,241	–	2,103,241	2,103,241



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
(CONT'D)**

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.5 FAIR VALUE INFORMATION (CONT'D)**

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2017								
Financial Asset								
Short-term								
Investment								
- Money market fund	- 10,201,622		-	-	-	-	10,201,622	10,201,622
Financial Liability								
Term loan	-	-	-	-	1,235,681	-	1,235,681	1,235,681
The Company								
2018								
Financial Asset								
Short-term								
Investment								
- Money market fund	- 6,165,180		-	-	-	-	6,165,180	6,165,180
2017								
Financial Asset								
Short-term								
Investment								
- Money market fund	- 10,201,622		-	-	-	-	10,201,622	10,201,622

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

**(a) Fair value of Financial Instruments carried at Fair Value**

The fair value of money market fund is determined by reference to statements provided by the financial institution, with which the investments were entered into.

**(b) Fair value of Financial Instruments Not carried at Fair Value**

The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

At the Extraordinary General Meeting held on 6 April 2018, shareholders of the Company had approved the following:-

- (i) proposed acquisition by the Company of 5,775,000 ordinary shares in HLRI, representing 55% of the issued share capital of HLRI, for a purchase consideration of RM33,000,000 to be satisfied via the issuance of 113,793,100 new ordinary shares in the Company ("Consideration Shares") at an issue price of RM0.29 per Consideration Share;
- (ii) proposed diversification of the business of the Company and its subsidiaries into the business of manufacturing and trading of rubber gloves; and
- (iii) proposed variation of the utilisation of proceeds raised from the Company's initial public offering.

The acquisition was completed on 17 May 2018 and HLRI became 55% owned subsidiary of the Company, as disclosed in Notes 5 and 30 to the financial statements.

### 39. CHANGES IN ACCOUNTING POLICIES

As mentioned in Note 3.1 to the financial statements, the Group has adopted MFRS 9 and MFRS 15 during the financial year. The financial impacts upon the adoption of these accounting standards are summarised below:-

#### Statements of Financial Position

	← At 1 January 2018 →			
	As Previously Reported RM	MFRS 9 Adjustments RM	MFRS 15 Adjustments RM	As Restated RM
<b>The Group</b>				
<u>Assets</u>				
Trade receivables	26,464,446	(342,236)	–	26,122,210
Amount owing by contract customers	12,726,054	–	(12,726,054)	–
Contract Assets	–	–	12,726,054	12,726,054
<u>Liabilities</u>				
Amount owing to contract customers	6,885,595	–	(6,885,595)	–
Contract liabilities	–	–	6,885,595	6,885,595
<u>Equity</u>				
Retained profits	25,774,904	(342,236)	–	25,432,668

#### Initial Application of MFRS 9

The Group has adopted MFRS 9 without restating any comparatives information (transitional exemption). Therefore, the financial impacts arising from the new classification and measurement of financial instruments, and the new impairment requirements are not reflected in the consolidated statement of financial position as at 31 December 2017; but are recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

### 39. CHANGES IN ACCOUNTING POLICIES (CONT'D)

#### Initial Application of MFRS 9 (Cont'd)

The Group has changed its impairment loss methodology from the 'incurred loss' approach to the 'expected credit loss' approach upon the adoption of MFRS 9. Under this new approach, the Group has accounted for the expected credit losses of its financial assets measured at amortised cost and contract assets to reflect their changes in credit risk since initial recognition. Also, the Group has applied a simplified approach to measure the loss allowance of its trade receivables and contract assets as permitted by MFRS 9.

#### **The Company**

There were no material financial impacts upon the transition to MFRS 9 at the date of initial application.

#### Initial Application of MFRS 15

The Group has adopted MFRS 15 with modified retrospective application using the following practical expedients of which the cumulative financial impacts are recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 15):

- The Group has chosen to apply MFRS 15 retrospectively only to contracts that were not completed at the date of initial application.
- For completed contracts that have variable consideration, the Group has chosen to use the transaction price at the date the contract was completed rather than estimating variable consideration amounts.

The Group is unable to estimate the effects from the application of the practical expedients above.

### 40. COMPARATIVE FIGURES

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

	<b>As Previously Reported RM</b>	<b>As Restated RM</b>
<b>Consolidated Statement of Financial Position (Extract):-</b>		
Short-term investment	–	10,201,622
Fixed deposits with a licensed bank	10,201,622	–
Other receivables, deposits and prepayments	1,567,868	1,548,158
Current tax assets	103,352	123,062
<b>Statement of Financial Position (Extract):-</b>		
Other receivables, deposits and prepayments	20,710	1,000
Current tax assets	–	19,710

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018  
 (CONT'D)

**40. COMPARATIVE FIGURES (CONT'D)**

The following figures have been reclassified to conform with the presentation of the current financial year (Cont'd):-

	<b>As Previously Reported RM</b>	<b>As Restated RM</b>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract):-</b>		
Administrative expenses	(5,273,608)	(4,512,606)
Other expenses	(261,297)	(761,002)
Net impairment losses on financial assets and contract assets	–	(261,297)

**Consolidated Statement of Cash Flows (Extract):-**

<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Dividend income	–	(175,196)
Interest Income	(343,810)	(142,187)
Fair value gain on short-term investment	–	(26,427)
<b>CASH FLOWS FROM OPERATIONS</b>		
Interest received	343,810	142,187
<b>NET CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>	115,909	(85,714)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	–	201,623
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	5,269,162	5,470,785

**Statement of Cash Flows (Extract):-**

<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Dividend income	(8,000,000)	(8,175,196)
Interest Income	(298,060)	(96,437)
Fair value gain on short-term investment	–	(26,427)
<b>CASH FLOWS FROM OPERATIONS</b>		
Interest received	298,060	96,437
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	225,435	23,812
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	8,000,000	8,201,623
<b>NET CASH FLOWS FOR INVESTING ACTIVITIES</b>	(1,925,503)	(1,723,880)



## LIST OF PROPERTIES

AS AT 31 DECEMBER 2018

Registered No. Owner	Address/Title	Description	Land Area/ Gross Floor Area (Sq. Ft.)	Existing Use	Tenure	Carrying Amount as at 31 December 2018 (RM)	Approximate Age of Building (Years)	Date of Valuation (V)/ Date of Acquisition (A)
1. HL Advance Technologies (M) Sdn. Bhd.	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	3,695,186	9	22 December 2011 (A)
2. HL Advance Technologies (M) Sdn. Bhd.	Unit No. 52-25-B4, 4 <sup>th</sup> 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	45,444	12	15 December 2010 (A)
3. HL Advance Technologies (M) Sdn. Bhd.	Unit No. 30-02-16, Spring Court 1, Jalan Dagang Mas 1, Taman Mas Sepang, 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	28,271	11	23 December 2010 (A)
4. HL Rubber Industries Sdn. Bhd.	Lot 10, Kawasan Perindustrian Diah, 72000 Kuala Pilah, Negeri Sembilan  PM 28, Lot 3839, Bandar Kuala Pilah, District of Kuala Pilah, State of Negeri Sembilan  PM 20, 22, 19, Lot 3842, 3843, 3848, Bandar Kuala Pilah, District of Kuala Pilah, State of Negeri Sembilan	Three (3) single storey factory buildings and one (1) single storey office building	Land area - 388,501 Gross floor area - 193,953	Manufacturing plant, office, hostel of foreign workers, canteen, warehouse and laboratory	Leasehold for a period of 99 years expiring on 8 June 2087  Leasehold for a period of 99 years expiring on 26 January 2082	13,396,119	22	14 November 2018 (V)

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019

Class of Equity Securities	:	Ordinary Shares ("Shares")
Total Number of Issued Shares	:	511,977,099 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	24	2.65	1,001	#
100 - 1,000 Shares	63	6.97	21,748	#
1,001 - 10,000 Shares	254	28.10	1,434,750	0.28
10,001 - 100,000 Shares	415	45.91	15,479,600	3.02
100,001 - less than 5% of issued Shares	145	16.04	144,408,100	28.21
5% and above of issued Shares	3	0.33	350,631,900	68.49
<b>Total</b>	<b>904</b>	<b>100.00</b>	<b>511,977,099</b>	<b>100.00</b>

# Negligible

## DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Wong Kok Wah	139,965,000	27.34	140,162,000 <sup>(1)</sup>	27.38
Chan Yoke Chun	140,162,000	27.38	139,965,000 <sup>(2)</sup>	27.34
Yau Ming Teck	8,337,600	1.63	—	—
Wong Wai Tzing	345,000	0.07	—	—
Wong Koon Wai	270,000	0.05	—	—
Chui Mee Chuen	217,500	0.04	—	—

### Notes:

- (1) Deemed interested by virtue of the Shares held by his spouse, Chan Yoke Chun in HLT Global Berhad.  
 (2) Deemed interested by virtue of the Shares held by her spouse, Wong Kok Wah in HLT Global Berhad.

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Wong Kok Wah	139,965,000	27.34	140,162,000 <sup>(1)</sup>	27.38
Chan Yoke Chun	140,162,000	27.38	139,965,000 <sup>(2)</sup>	27.34
Suntel International Co., Ltd	70,504,900	13.77	—	—

### Notes:

- (1) Deemed interested by virtue of the Shares held by his spouse, Chan Yoke Chun in HLT Global Berhad.  
 (2) Deemed interested by virtue of the Shares held by her spouse, Wong Kok Wah in HLT Global Berhad.





## ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2019 (CONT'D)

### 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	140,162,000	27.38
2	Wong Kok Wah	139,965,000	27.34
3	Suntel International Co., Ltd	70,504,900	13.77
4	Lee Sow Yin	19,663,300	3.84
5	Wong May Ching	19,663,300	3.84
6	Yau Ming Teck	7,917,600	1.55
7	Lee Kong Wing	7,318,350	1.43
8	Hup Lek Engineering & Trading Sdn. Bhd.	6,462,500	1.26
9	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chin Lih Lih	4,380,600	0.86
10	David Tan Chao Hsiung	4,145,250	0.81
11	AXG Capital Sdn. Bhd.	4,113,300	0.80
12	Ng Tiow Min	3,470,000	0.68
13	Augustine Kok Hwai Nam	3,413,800	0.67
14	Lee Kiat Lee	3,288,600	0.64
15	Leong How Luan	2,532,750	0.49
16	Wong Wei Cheong	2,335,500	0.46
17	Tan Ka Lian	2,081,000	0.41
18	Tan Han Tiong	1,841,250	0.36
19	Habib Bin Husin	1,500,400	0.29
20	Choong Siew Meng	1,423,000	0.28
21	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Sastry A/L Raman	1,345,500	0.26
22	Yap Ban Foo	1,243,650	0.24
23	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Saravanan A/L Raman	1,233,700	0.24
24	Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Kok Mun	1,190,200	0.23
25	Lau Feng Mey	1,155,000	0.23
26	RHB Nominees (Tempatan) Sdn. Bhd. - Exempt An for RHB Securities Singapore Pte. Ltd.	1,115,000	0.22
27	AllianceGroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Yong Loong Chen	1,033,950	0.20
28	Liew Wai Seng	1,000,000	0.20
29	Chung Ngat Ping	960,000	0.19
30	Low Soo Ha @ Low Cheen Chong	931,800	0.18

# ANALYSIS OF WARRANT HOLDINGS

AS AT 29 MARCH 2019

Type of Convertible Securities	:	Warrants 2017/2022 ("Warrants")
No. of Warrants Issued	:	199,091,998
Exercise Price	:	RM0.20
Exercise Period	:	28 December 2017 to 27 December 2022

## DISTRIBUTION SCHEDULE OF WARRANT HOLDERS

Size of Holdings	No. of Holders	%	No. of Warrants	%
Less than 100 Warrants	99	13.56	5,376	#
100 - 1,000 Warrants	68	9.32	32,918	0.02
1,001 - 10,000 Warrants	253	34.66	1,305,551	0.66
10,001 - 100,000 Warrants	240	32.88	9,272,553	4.66
100,001 - less than 5% of issued Warrants	68	9.32	49,618,650	24.92
5% and above of issued Warrants	2	0.27	138,856,950	69.75
<b>Total</b>	<b>730</b>	<b>100.00</b>	<b>199,091,998</b>	<b>100.00</b>

# Negligible

## DIRECTORS' WARRANT HOLDINGS

(As per the Register of Directors' Warrant holdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Wong Kok Wah	69,982,500	35.15	68,874,450 <sup>(1)</sup>	34.59
Chan Yoke Chun	68,874,450	34.59	69,982,500 <sup>(2)</sup>	35.15
Yau Ming Teck	4,168,800	2.10	—	—
Wong Wai Tzing	172,500	0.09	—	—
Wong Koon Wai	75,000	0.04	—	—
Chui Mee Chuen	108,750	0.05	—	—

### Notes:

- (1) Deemed interested by virtue of the Warrants held by his spouse, Chan Yoke Chun in HLT Global Berhad.  
 (2) Deemed interested by virtue of the Warrants held by her spouse, Wong Kok Wah in HLT Global Berhad.



## ANALYSIS OF WARRANT HOLDINGS AS AT 29 MARCH 2019 (CONT'D)

### 30 LARGEST WARRANT HOLDERS AS AT 29 MARCH 2019

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

No.	Name	No. of Warrants held	%
1	Wong Kok Wah	69,982,500	35.15
2	Chan Yoke Chun	68,874,450	34.59
3	Suntel International Co., Ltd	8,364,000	4.20
4	Yau Ming Teck	3,958,800	1.99
5	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Lim Willie	3,691,900	1.85
6	David Tan Chao Hsiung	3,072,625	1.54
7	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lee Leong Lai	2,917,200	1.47
8	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chin Lih Lih	2,131,700	1.07
9	Ng Tiow Min	1,688,300	0.85
10	Lee Kiat Lee	1,644,300	0.83
11	Leong How Luan	1,266,375	0.64
12	Wong Wei Cheong	1,073,250	0.54
13	Chuan Teck Weng	1,062,500	0.53
14	Sonny Yap Choon Kar	890,000	0.45
15	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Sastry A/L Raman	799,900	0.40
16	Lee Kong Wing	791,175	0.40
17	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Saravanan A/L Raman	769,100	0.39
18	Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Kok Mun	687,750	0.35
19	Tan Han Tiong	681,375	0.34
20	Choong Siew Meng	660,000	0.33
21	Tan Li Li	650,000	0.33
22	Ng Li Moi	632,500	0.32
23	Yap Ban Foo	621,825	0.31
24	Tan Ka Lian	551,500	0.28
25	Low Soo Ha @ Low Cheen Chong	465,900	0.23
26	Sarbjit Singh A/L Sarban Singh	450,000	0.23
27	Lim Mei Kong	420,000	0.21
28	Saidatul Akhmar Binti Yahya	420,000	0.21
29	Saravana Kumar A/L Narayanan	420,000	0.21
30	Cheng Wai Ping	415,200	0.21

**HLT GLOBAL BERHAD**

(1163324-H)

(Incorporated in Malaysia)

**PROXY FORM**I/We\* \_\_\_\_\_  
(full name in capital letters) NRIC/Company No.\* \_\_\_\_\_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 Fourth Annual General Meeting of the Company ("AGM" or "the Meeting") to be held at Langkawi Room, First Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 30 May 2019 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 and benefits of up to RM300,000.00 for the financial year ending 31 December 2019.		
2.	To re-elect Mr. Wong Kok Wah as a Director of the Company.		
3.	To re-elect Mr. Wong Koon Wai as a Director of the Company.		
4.	To re-elect Ms. Chui Mee Chuen as a Director of the Company.		
5.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company.		
6.	To approve the authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
7.	To approve the Proposed Shareholders' Ratification of Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
8.	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		

No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Constitution of the Company		

\* delete whichever not applicable

CDS Account No.	
No. of Shares Held	

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Signature/ Common Seal of Member(s)

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

**Notes:**

- (a) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint up to two (2) proxies to attend, participate, speak 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 24 May 2019. Only members whose names appear in the General Meeting Record of Depositors as at 24 May 2019 shall be regarded as members and entitled to attend, participate, 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 office of the Share Registrar of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 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.
- (h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.



Fold this flap for sealing

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The Share Registrar  
**HLT Global Berhad**  
**Securities Services (Holdings) Sdn Bhd** (36869-T)  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

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## **HEAD OFFICE**

No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong,  
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