HLT GLOBAL BERHAD
201501038003 (1163324-H)

2022 ANNUAL REPORT

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CORPORATE INFORMATION

Board Of Directors

Wong Wai Tzing
Independent
Non-Executive Chairperson

Wong Kok Wah
Deputy Chairman /
Executive Director

Chan Yoke Chun
Executive Director /
Chief Executive Officer

Chui Mee Chuen
Executive Director /
Chief Financial Officer

Yau Ming Teck
Non-Independent
Non-Executive Director

Wong Koon Wai
Independent Non-Executive Director

Company Secretary

Khoo Ming Siang
(MAICSA 7034037)
SSM Practising
Cert. No.: 202208000150

Audit and Risk Management Committee

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

Nomination and Remuneration Committee

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

Employee Share Option Scheme Committee

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

Registered Office

Unit 521, 5th Floor,
Lobby 6, Block A,
Damansara Intan,
No. 1, Jalan SS20/27,
47400 Petaling Jaya
Selangor

Tel No : 03-7732 0792
Fax No: 03-7732 0792

Business Address

No. 6, Jalan Industri Mas 7
Taman Mas
47130 Puchong, Selangor

Tel No : 03-8068 3616
Fax No : 03-8068 4618
Email : info@hltglobal.com.my
Website : www.hltglobal.com.my

Share Registrar

Securities Services (Holdings)
Sdn Bhd (197701005827(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/
03-2095 0292

Auditors

Crowe Malaysia PLT
(201906000005
(LLP0018817-LCA) & AF1018)
Level 16 Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

Tel No : 03-2788 9999
Fax No : 03-2788 9998

Principal Banker

Public Bank Berhad

Stock Exchange Listing

ACE Market of Bursa Malaysia
Securities Berhad

Stock Code : 0188
Stock Name : HLT

NOTICE OF EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting ("8th AGM") of HLT GLOBAL BERHAD ("HLT" or "the Company") will be held at Langkawi Room, Second Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Monday, 12 June 2023 at 10:30 a.m. or at any adjournment thereof, to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. — **Please refer to Explanatory Note 1**

2. To approve the payment of Directors' fees and/or benefits of up to RM400,000.00 for the financial year ending 31 December 2023. — **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company's Constitution:

   (i) Ms. Wong Wai Tzing — **(Ordinary Resolution 2)**
   (ii) Ms. Chan Yoke Chun — **(Ordinary Resolution 3)**

4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting ("AGM") and to authorise the Directors to fix their remuneration. — **(Ordinary Resolution 4)**

AS SPECIAL BUSINESS:

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

5. **PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("PROPOSED AUTHORITY")** — **(Ordinary Resolution 5)**

   "THAT subject always to the Constitution of the Company, the Companies Act 2016 ("Act"), the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

AND THAT in connection with the above, pursuant to Section 85(1) of the Act and Clause 54 of the Constitution of the Company, the shareholders of the Company do hereby waive the statutory pre-emptive rights over all new Shares, options over or grants of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities, such new Shares when issued, to rank pari passu with the existing Shares in the Company."

6. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")** **(Ordinary Resolution 6)**

"THAT approval be and is hereby given for the renewal of existing shareholders' mandate for the Company and/or its subsidiaries ("Group") to enter into recurrent related party transactions of a revenue and/or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.8 of the Circular to Shareholders dated 28 April 2023 ("Circular"), subject further that the Recurrent Related Party Transactions are entered into in the ordinary course of business which are:

(i) necessary for the day-to-day operations of the Group;
(ii) on normal commercial terms and transaction price which are not more favourable to the related parties than those generally available to the public;
(iii) undertaken on arm's length basis; and
(iv) not to the detriment of 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 AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or

(ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is the earliest.

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 Renewal of 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 Renewal of Shareholders' Mandate in the best interest of the Company."

7. **PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **(Ordinary Resolution 7)**

"THAT subject to the provisions of the Act, the provisions of the Constitution of the Company, the Listing Requirements of Bursa Securities and all prevailing laws, rules, regulations, orders, guidelines and requirements for the time being in force, approval and authority be and are hereby given to the Directors of the Company ("Directors"), to the extent permitted by law, to purchase and/or hold such number of ordinary shares of the Company ("HLT Shares") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the best interest of the Company, provided that:

(i) the maximum aggregate number of HLT Shares which may be purchased and/or held as treasury shares does not exceed ten percent (10%) of the total number of issued shares in the Company at any point in time subject to compliance with the provisions of the Act, the Listing Requirements of Bursa Securities and/or any other relevant authorities;

(ii) the maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits of the Company; and

(iii) the authority conferred by this resolution shall be effective immediately after the passing of this resolution and shall continue to be in force until:

(a) the conclusion of the next AGM of HLT following the general meeting at which this resolution is passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or

(b) the expiration of the period within the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the HLT Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any other relevant government and/or regulatory authorities.

THAT the Directors be and are hereby authorised to deal with the HLT Shares purchased under the Proposed Renewal of Share Buy-Back Authority, at their discretion, in the following manners:

(i) cancel the purchased HLT Shares; or

(ii) retain the purchased HLT Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or resell in accordance with the relevant rules of Bursa Securities and/or transfer under an employees' share scheme and/or transfer as purchase consideration; or

(iii) retain part of the purchased HLT Shares as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as they may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the HLT Shares."

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

By order of the Board

KHOO MING SIANG (MAICSA 7034037)
SSM Practising Cert. No.: 202208000150
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
28 April 2023

Notes:

(a) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, 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(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 6 June 2023. Only members whose names appear in the General Meeting Record of Depositors as at 6 June 2023 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.

Notes: (Cont'd)

(e) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(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 appointed for holding the Meeting or at any adjournment thereof at which the person named in the appointment 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 2022

This Agenda is meant for discussion only as the provision of the Act 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/or Benefits

Pursuant to Section 230(1) of the Act, the directors' fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees and benefits for the financial year ending 31 December 2023. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

3. Item 3 of the Agenda – Re-election of Directors

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or if their number is not a multiple of three, then the number nearest to one-third (1/3) shall retire by rotation at an AGM of the Company and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Hence, two (2) out of six (6) Directors of the Company are to retire in accordance with Clause 85 of the Company's Constitution.

Ms. Wong Wai Tzing and Ms. Chan Yoke Chun ("Retiring Directors") will retire in accordance with Clause 85 of the Company's Constitution and being eligible, have offered themselves for re-election at the 8th AGM.

The Board has endorsed the Nomination and Remuneration Committee's recommendation to seek for the shareholders' approval to re-elect the Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the Retiring Directors are provided in the Directors' Profile on pages 12 to 14 of the Company's Annual Report 2022.

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS (CONT'D)

4. Item 5 of the Agenda – Proposed Authority to allot and issue shares pursuant to Sections 75 and 76 of the Act

The Company had at its Seventh AGM held on 30 May 2022 ("7th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("Previous 20% General Mandate"). The Previous 20% General Mandate will expire at the conclusion of this AGM.

On 27 January 2023, the Board announced that the extension of time on the implementation of Private Placement had lapsed on 28 January 2023. During the year under review, the Company had placed out 29,000,000 Placement Shares at an issue price of RM0.405 per Placement Shares in one (1) tranche pursuant to the Private Placement. Nevertheless, the Company was not able to place out the remaining Placement Shares under the Private Placement and hence, the Private Placement was deemed completed on 27 January 2023.

The Ordinary Resolution 5 proposed under item 5 of the Agenda, is to seek a general mandate for issuance and allotment of shares to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act. 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 AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The General Mandate will provide flexibility and expediency to the Company for any possible fund-raising activities including but not limited to further placing of shares, to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements.

The waiver of the pre-emptive rights pursuant to Section 85(1) of the Act and Clause 54 of the Constitution of the Company will allow the Directors of the Company to issue new shares to any person under general mandate without having to offer the new shares to all existing shareholders of the Company prior to the issuance of the new shares.

5. Items 6 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate

The Ordinary Resolution 6 proposed under item 6 of the Agenda, if passed, will give a mandate to the Group to enter into Recurrent Related Party Transactions pursuant to the Rule 10.09 of the Listing Requirements of Bursa Securities. The Mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 28 April 2023 for further information.

6. Item 7 of the Agenda – Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution 7 proposed under item 7 of the Agenda is to renew the shareholders' mandate on the authority for the Company to purchase and/or hold its own shares of up to 10% of the total number of issued shares of the Company at any point of time, by utilising the amount allocated which shall not exceed the total retained profits of the Company. This authority unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM, or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

Please refer to the Statement to Shareholders dated 28 April 2023 for further details of the Proposed Renewal of Share Buy-Back Authority.

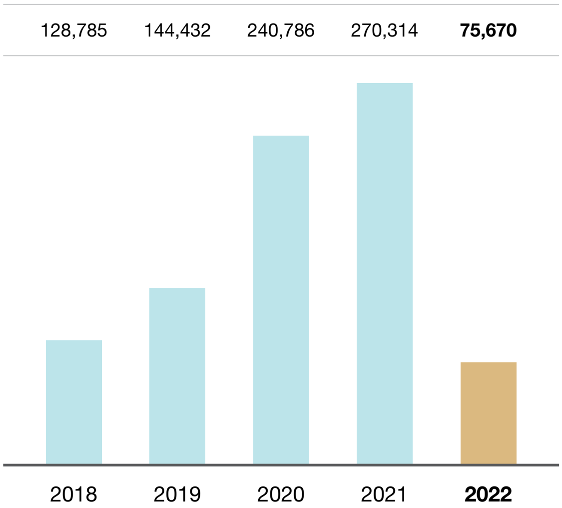
PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the 8th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 8th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 8th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

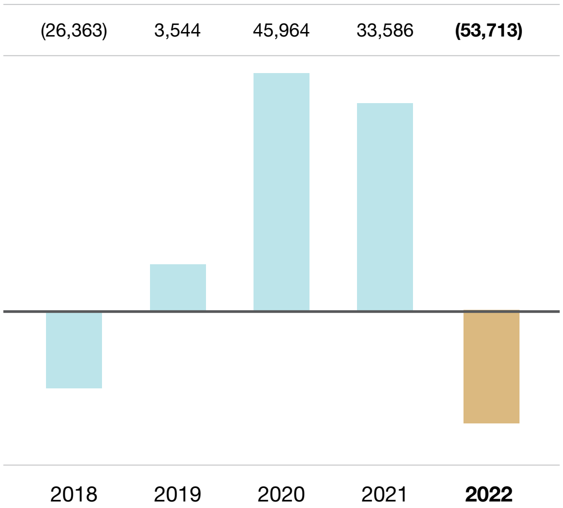
FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021	2022
Revenue (RM'000)	128,785	144,432	240,786	270,314	**75,670**
(Loss)/Profit before taxation (RM'000)	(26,363)	3,544	45,964	33,586	**(53,713)**
(Loss)/Earnings per share (sen)	(5.56)	0.94	2.92	1.30	**(7.26)**
Net assets per share (sen)	9.36	10.3	16.4	22.47	**16.26**

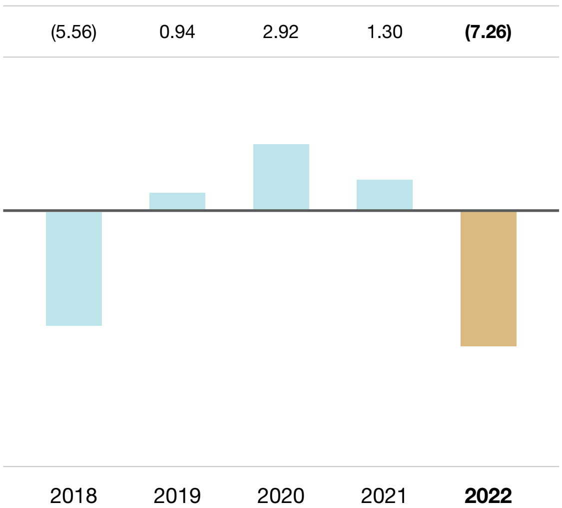
REVENUE
(RM'000)



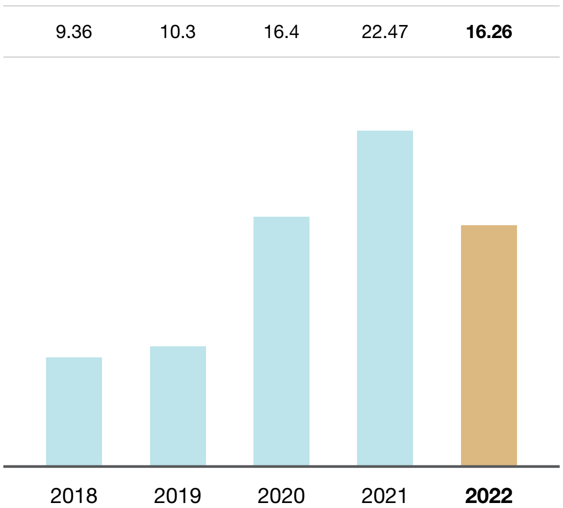
(LOSS)/PROFIT BEFORE TAXATION
(RM'000)



(LOSS)/EARNINGS PER SHARE
(SEN)



NET ASSETS PER SHARE
(SEN)



CORPORATE STRUCTURE

HLT GLOBAL BERHAD
201501038003 (1163324-H)

INVESTMENT HOLDING

100%
HL ADVANCE TECHNOLOGIES (M) SDN. BHD.
200601023719
(743473-W)

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

100%
HL RUBBER INDUSTRIES SDN. BHD.
200301018768
(621188-H)

- Manufacturing and Trading of Rubber Gloves

80%
TRIPLE CARE GLOVES SDN. BHD.
202001031018
(1387338-T)

- **Intended Business:** Manufacturing and Trading of Rubber Gloves
(Yet to Commence Business)

PROFILE OF DIRECTORS

Wong Wai Tzing

Independent Non-Executive Chairperson

Age: **66** | Nationality: **Malaysian** | Gender: **Female** | Date of Board Appointment: **8 January 2016**

Ms. Wong Wai Tzing, is our Independent Non-Executive Chairperson. She is a member of the Audit and Risk Management Committee and Nomination 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 been actively 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 four (4) Board Meetings held during the financial year ended 31 December 2022.

Wong Kok Wah

Deputy Chairman / Executive Director and Key Senior Management

Age: **57** | Nationality: **Malaysian** | Gender: **Male** | Date of Board Appointment: **22 October 2015**

Mr. Wong Kok Wah, is our co-founder and Deputy Chairman / Executive Director. He is also our major shareholder. 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 corporations but hold directorship in several private limited companies.

He attended all four (4) Board Meetings held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS
(CONT'D)

Chan Yoke Chun

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

Age: **60** | Nationality: **Malaysian** | Gender: **Female** | Date of Board Appointment: **22 October 2015**

Ms. Chan Yoke Chun, is our co-founder and Executive Director/ CEO. She is also a major shareholder of the Company. 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 corporations but holds directorship in several private limited companies.

She attended all four (4) Board Meetings held during the financial year ended 31 December 2022.

Chui Mee Chuen

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

Age: **44** | Nationality: **Malaysian** | Gender: **Female** | Date of Board Appointment: **26 September 2018**

Ms. Chui Mee Chuen, is the Executive Director/ CFO of our Group. 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 EVD Berhad, listed on ACE Market of Bursa Securities.

She attended all four (4) Board Meetings held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS
(CONT'D)

Yau Ming Teck

Non-Independent Non-Executive Director

Age: **52** | Nationality: **Malaysian** | Gender: **Male** | Date of Board Appointment: **30 October 2015**

Mr. Yau Ming Teck, is our Non-Independent Non-Executive Director. He is a member of the Audit and Risk Management Committee and Nomination and Remuneration Committee.

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

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

In 1996, he joined a Malaysian Main Board public listed company as Executive, Special Projects and last served as a Financial Controller of another Main Board public listed company on 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 and Lotus KFM Berhad, both listed on the Main Market of Bursa Securities as well as several private limited companies.

He attended all four (4) Board Meetings held during the financial year ended 31 December 2022.

Wong Koon Wai

Independent Non-Executive Director

Age: **48** | Nationality: **Malaysian** | Gender: **Male** | Date of Board Appointment: **8 January 2016**

Mr. Wong Koon Wai, is our Independent Non-Executive Director. He is the Chairman of the Audit and Risk Management Committee and Nomination 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 July 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 Technical Director and head the Professional Standards & Practices Division, where he was responsible for the overall direction and coordination of all activities of the said division.

In 2014, Mr. Wong joined Global Line Network Sdn. Bhd. as its Chief Operating Officer and is responsible on planning, directing and coordinating the company's operational policies, rules, initiatives and goals. In August 2020, he joined Pappajack Holdings Berhad as its Chief Financial Officer.

He does not hold directorship in other public companies and listed corporations but hold directorship in several private limited companies.

He attended all four (4) Board Meetings held during the financial year ended 31 December 2022.

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 2022.

PROFILE OF KEY SENIOR MANAGEMENT

GLOVE-DIPPING LINES

Chan Kok Kien

Operation Manager of HL Advance Technologies (M) Sdn. Bhd ("HLA")

Age: **46** | Nationality: **Malaysian** | Gender: **Male**

Mr. Chan Kok Kien, is the Operation Manager of our Group. He is responsible for managing and overseeing on-site operation for our Group.

Mr. Chan graduated with a Bachelor Degree in Engineering majoring in Electrical from Multimedia University in 2001. He started his career in 2002 at Viscount Plastics (Malaysia) Sdn Bhd as Production Engineer, where he was involved in production planning, plant machinery utilisation efficiency, preventive and schedule maintenance. He later joined KC Engineering & Trading, a company principally involve in designing and manufacturing of rubber processing machinery in 2006 as Project Engineer where he was responsible for various machinery design and production planning as well as product marketing development.

In 2009, he joined our Group as Project Engineer, where he was involved in the manufacturing of glove-dipping lines for local and international rubber glove manufacturers. He was promoted as Project Manager in 2017 and to his current position as Operation Manager in 2021.

Choong Siew Meng

Factory Manager of HLA

Age: **52** | Nationality: **Malaysian** | Gender: **Male**

Mr. Choong Siew Meng, 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 Shiau Wan

Purchasing and Logistics Manager of HLA

Age: **45** | Nationality: **Malaysian** | Gender: **Female**

Ms. Chin Shiau Wan, 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.

PROFILE OF KEY SENIOR MANAGEMENT
(CONT'D)

RUBBER GLOVES

Bong Swee Chin

Quality Assurance Manager of HL Rubber Industries Sdn. Bhd. ("HLRI")

Age: **50** | Nationality: **Malaysian** | Gender: **Male**

Mr. Bong Swee Chin, 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 10 years in 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 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS

HLT Global Berhad ("**HLT**") is an investment holding company, whilst its three 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**") and Triple Care Gloves Sdn Bhd ("**TCG**") are 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, India and Japan.

It is our continuing objective to seek market opportunities in the domestic and export markets to strengthen our business operations and market presence. To achieve this, we 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

HLRI, a wholly-owned subsidiary of HLT, commenced operations in 2003 and since its establishment, 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 United States of America, Taiwan, Singapore, Netherland, Australia and Saudi Arabia.

In addition, HLRI is also certified to comply with the ISO 13485 : 2016 and EN ISO 13485 : 2016 requirements on medical devices quality management system for manufacture of non-sterile latex and nitrile examination gloves and ISO 9001 : 2015 requirements on quality management system for manufacture of non-sterile latex and nitrile examination gloves, both accredited by the United Kingdom Accreditation Service.

FINANCIAL RESULTS & FINANCIAL POSITION

For the financial year ended 31 December 2022 ("**FYE 2022**"), we reported a loss after taxation ("**LAT**") of RM53.53 million as compared to profit after taxation ("**PAT**") RM18.79 million in the financial year ended 31 December 2021 ("**FYE 2021**"). The LAT for the FYE 2022 was mainly attributed to the decrease in sales volumes and lower average selling price, as well as inventories written down to net realisable value, and impairment of property, plant and equipment in the Rubber Gloves Segment.

FINANCIAL RESULTS & FINANCIAL POSITION (CONT'D)

Certain financial and non-financial indicators pertaining to our financial performance and financial position for the FYE 2022 vis-à-vis the FYE 2021 are as follows:-

	FYE 2022 RM'000	FYE 2021 RM'000	% Change
Our financial performance			
Revenue	75,670	270,314	(72.01)
Gross (loss)/profit ("**GL**"/"**GP**")	(3,520)	74,650	(104.72)
(Loss)/ Profit before taxation ("**LBT**"/"**PBT**")	(53,713)	33,586	(259.93)
LAT/PAT	(53,533)	18,790	(384.90)
Gross (loss)/profit margin (%)	(4.65)	27.62	(32.27)
LBT/PBT margin (%)	(70.98)	12.42	(83.40)
LAT/PAT margin (%)	(70.75)	6.95	(77.70)
Revenue			
Glove-Dipping Lines	62,134	103,914	(40.21)
Rubber Gloves	13,536	166,400	(91.87)
Corporate	–	–	–
GP/(GL)			
Glove-Dipping Lines	10,588	18,325	(42.22)
Rubber Gloves	(14,108)	56,325	(125.05)
Corporate	–	–	–
PBT/ (LBT)			
Glove-Dipping Lines	6,334	10,761	(41.14)
Rubber Gloves	(55,461)	26,706	(307.67)
Corporate	(4,586)	(3,881)	18.17
PAT/ (LAT)			
Glove-Dipping Lines	5,096	6,958	(26.76)
Rubber Gloves	(54,043)	15,713	(443.94)
Corporate	(4,586)	(3,881)	18.17

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000	% Change
Our financial position			
Total non-current assets	107,030	105,803	1.16
Total current assets	123,183	119,428	3.14
Total non-current liabilities	4,311	4,424	(2.55)
Total current liabilities	100,227	61,298	63.51
Total equity attributable to owners of the Company	125,186	158,948	(21.24)
Our production level			
Estimated units of glove-dipping lines manufactured	14	14	

FINANCIAL RESULTS & FINANCIAL POSITION (CONT'D)

During the financial year under review, our revenue decreased by 72.01% or RM194.64 million which was mainly attributable to the decrease in revenue from the Glove-Dipping Lines Segment and Rubber Gloves Segment. The Group recorded GL and GL margin of RM3.52 million and 4.65% respectively for the FYE 2022 as compared to GP and GP margin of RM74.65 million and 27.62% respectively for the FYE 2021. The GL margin was mainly due to substantial slowdown in demand which saw a decrease in sales volumes and lower average selling price in the Rubber Gloves Segment and higher labour and material cost incurred in the Glove-Dipping Lines Segment.

In the FYE 2022, we recorded a LBT of RM53.71 million and LAT of RM53.53 million as compared to PBT of RM33.59 million and PAT of RM18.79 million in the FYE 2021. The Group's performance was significantly impacted by the slowdown in demand as well as the normalising of average selling price in the Rubber Gloves Segment. Moreover, the increased in total expenses at RM9.13 million as compared to the previous financial year have further increased the losses of the Group. This increase was mainly due to impairment of property, plant and equipment in Rubber Gloves Segment, amounting to RM20.13 million and partially offset by decrease in fair value recognition of Employees Share Option Scheme granted to the eligible directors and employees and commission paid for selling rubber gloves in the FYE 2021.

Total assets of the Group stand at RM230.21 million. The Group had incurred capital expenditure of RM30.50 million during the financial year under review, with the focus on constructing factories at Semenyih as well as purchase of new plant and machineries.

The increase in current assets was driven by higher in trade receivable, other receivables, deposits and prepayments, cash and cash equivalent and current tax assets, partly offset by a decrease in inventories, contract assets and amount owing by related parties. The increase in other receivables, deposits and prepayments was mainly due to increase in deposits paid and advance payment made to suppliers for purchasing the raw materials. The company's cash position increased by RM17.54 million to RM52.13 million, including a fixed deposit with licensed banks of RM1.57 million with a tenure of more than 3 months. The increase was mainly due to a downpayment made by a customer upon confirmation of a project. Despite the increase in the trade receivables of RM3.72 million, the management has been actively following up on the collections. An impairment loss of RM2.10 million was recognised for three customers with outstanding more than 1 year without progress payment. The management believes that the remaining trade receivables are fully recoverable taking into consideration the long-term business relationship with the customers. The significant decrease in inventories from RM57.68 million to RM31.94 million in FYE 2022 was mainly due to inventories written down to net realisable value.

The non-current liabilities as at 31 December 2022 represent the term loan and deferred tax liabilities of the Group. The current liabilities increased by 63.51% as compared to the balance as at 31 December 2021. The increase was mainly attributed to the increase in other payables and accruals, contract liabilities, amount owing to related parties and term loan and partly offset by decrease in trade payables and current tax liabilities. The total net repayment of term loan was RM0.15 million. The increase in the contract liabilities was mainly due to an advance consideration received from a customer.

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 sources of funds comprise bank borrowings such as term loan and credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 30 to 120 days. The principal uses of these funds are for working capital requirements, such as payments for the purchase of 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.

OPERATING ACTIVITIES

Glove-Dipping Lines Segment

For the FYE 2022, our Sale of New Lines continued to be the main contributor of revenue where it accounted for 95.53% of our total revenue for the Glove-Dipping Lines Segment. The total value of new orders for glove-dipping lines secured in the FYE 2022 of RM112.92 million was higher than that of RM90.29 million for the FYE 2021. The revenue from our Sale of New Lines for the FYE 2022 decreased by RM39.02 million from the RM98.38 million for the FYE 2021, which was mainly attributable to the revenue contribution from outstanding orders from the FYE 2021. As at 31 December 2022, our outstanding value of orders to be recognised as revenue subsequent to the FYE 2022 amounted to RM131.67 million.

Revenue from our Upgrade and Modification and Supply and Trading accounted for 1.98% and 2.49% respectively of our total revenue for the Glove-Dipping Lines Segment for the FYE 2022.

For the FYE 2022, we secured a foreign order for twelve (12) glove-dipping lines.

Our revenue was generated from a combination of local sales and foreign sales to countries such as Vietnam, Thailand, India, Indonesia and Japan. For the FYE 2022, our revenue from the Glove-Dipping Lines Segment continued to be contributed by both local sales and foreign sales, which contributed 44.61% and 55.39% respectively of our total revenue.

Rubber Gloves Segment

The Rubber Gloves Segment contributed RM13.54 million or 17.89% revenue to the Group's total revenue, represented a decrease of 91.87% from the FYE 2021. Export sales contributed 62.09% of the total revenue of the Rubber Gloves Segment. The export markets mainly consist of United States of America, Taiwan, Singapore, Netherland, Australia and Saudi Arabia.

The Rubber Gloves Segment recorded a GL of RM14.11 million with a GL margin of 104.23%. The operating expenses for the Rubber Gloves Segment were RM41.35 million which made up the LBT of RM55.46 million and LAT of RM54.04 million.

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.

In the meantime, we have deferred our new glove plants due to lower utilisation rates. Despite investing in the construction of the new plant, we have taken strategic decision to postpone its operation until the demand for gloves recovers and the utilisation rates increase. This decision is aligned with our long-term growth objectives and allow us to focus maximizing the efficiency of our existing facilities while controlling cost.

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 was affected by the growth of the rubber glove industry and technological advancement of glove-dipping lines.

Nevertheless, the management believes that the future prospects of this segment remain positive on 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 and cost efficiency.

ANTICIPATED OR KNOWN RISKS (CONT'D)

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

(ii) Absence of long-term contracts

We do not have any long-term contracts with our customers as our Glove-Dipping Lines 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. 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 Lines 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 enabled us to have the competitive edge from the rubber glove manufacturers. 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 GP margin

The pricing of our glove-dipping lines varies 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 GP margin fluctuates from year to year and for the FYE 2021 to FYE 2022, we experienced a decrease in our GP margin from 17.63% to 17.04%

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.

TREND AND OUTLOOK

The Malaysian economy grew slower in the fourth quarter of 2022 7.0% (3Q 2022: 14.2%) as support from the stimulus measures and low base effect waned. At 7.0%, the growth was still above the long-term average of 5.1%. Private sector activity remained the key driver of growth, supported by private consumption and investment. The continued growth in private consumption was mainly driven by improving labour market conditions. Meanwhile, overall export growth moderated in line with the weaker external demand. This was partly offset by the resilient performance in exports of electrical and electronic (E&E) products and higher tourism activities. The services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.6% (3Q 2022: +1.9%). Overall, the Malaysian economy expanded by 8.7% in 2022. *(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2022, 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 remains 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 RM13.10 billion in year 2015 to RM54.81 billion in year 2021, registering a compound annual growth rate of 22.69%. During the year 2022, Malaysia exported approximately RM19.04 billion worth of rubber gloves. *(Source: Malaysia Rubber Export Promotion Council Website, www.mrepc.com)*

The rubber glove industry is experiencing the effects of normalisation after delivering exceptionally high earnings over the past two years due to surge in demand for gloves and higher average selling price during the pandemic. The overcapacity from aggressive expansions as well as buyers' excessive stockpiling during the pandemic has led to market supply-demand imbalances and the ongoing intensified market competition.

In view of the increasing challenging business outlook, the group is remain positive on the prospect for the industry given the expected continued post-pandemic growth in rubber gloves demand over the long-term period. As projected by Malaysian Rubber Glove Manufacturers Association ("MARGMA"), the gloves demand will resume its 10% growth per annum given the various growth drivers, for instance rising hygiene awareness, ageing population and recovery in non-Covid-19 related demand.

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 subsidiaries. The payment of dividends or other distributions by our subsidiaries 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 Sustainability Statement which highlighted our sustainability endeavour from 1 January 2022 to 31 December 2022, covering our economic, environmental and social-related matters.

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 ensuring 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 one of our subsidiaries, HL Rubber Industries Sdn. Bhd. ("**HLRI**") had been certified under ISO 9001: 2015 Quality Management System and ISO 13485:2016 & EN ISO 13485:2016 Medical Device Quality Management System for manufacture of non-sterile latex and nitrile examination gloves. HLRI had demonstrate its ability to consistently provide products that meet 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 practices 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.

The management is concerned about the energy consumption which is cost factor and also impacts on the environment. A Solar Photovoltaic System ("**Solar PV System**") has been using in HLRI's factory with a capacity of 1.06MWp. With the Solar PV System, it is estimated that HLRI could generate 1.24GWh of green energy a year which is equivalent to reduce of 486 tonnes of CO2 and save of 5,592 trees in a year.

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.

Local Workforce by Gender

Male	Female
57%	43%

Local Workforce by Age

18 - 24	25 - 40	41 - 56	57 - 75
10.0%	56.5%	29.4%	4.1%

Local Workforce by Ethnicity

MALAY	CHINESE	INDIAN
78.80%	18.80%	2.40%

The Group provides benefits to recognise and appreciate employees' contribution and commitment. All fulltime employees are entitled to medical benefits, insurance coverage, various categories of annual leave and stock ownership such as Employee Share Option Scheme ("**ESOS**"). 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. Subsequent to the financial year, the Group made charitable contributions to various non-profitable organisation. In addition, the Group donates gloves to Kuala Pilah Fire and Rescue Station in the current financial year.

The Group had made some progress towards formalising sustainability within our business. We acknowledge that there are rooms 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**" or "**the Company**") is committed towards ensuring good corporate governance practices are being 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 ("**Listing Requirements**") 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 MCCG during the financial year ended 31 December 2022 ("**FYE 2022**"):

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 the Corporate Governance Report 2022 which is available on the Company's corporate website at 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

The Group is led and managed by an effective and experienced Board, comprising members with a wide range of experience and qualifications.

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

(a) Audit and Risk Management Committee ("**ARMC**")
(b) Nomination and Remuneration Committee ("**NRC**")
(c) Employees' Share Option Scheme Committee

The Board Committees operate within their respective defined Terms of Reference approved and specific authorities delegated by Board.

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.

The Board is led by an Independent Non-Executive Chairperson, Madam Wong Wai Tzing. She is primarily responsible for the leadership, effectiveness, conduct and governance of the Board whereas the Chief Executive Officer, Madam Chan Yoke Chun is responsible for the overall day-to-day business operations of the Group and for overseeing the implementation of strategies directed by the Board.

The Chairperson of the Board is also a member of ARMC and NRC. Nevertheless, the Chairperson does not chair these Board Committees. All matters before recommending to the Board are thoroughly deliberated at the Board Committees' levels which involved the participation of the other two Committee members. All recommendations by the Board Committees to the Board have been arrived at unanimously and this would have eliminated the risk of self-review.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

The Board is supported by a qualified and competent Company Secretary who plays an advisory role in corporate secretarial matters in relation to the Companies Act 2016. All Directors have unrestricted access to the advice and services of the Company Secretary to ensure the effective functioning of the Board and its Board Committees, to be in line with the Board policies and procedures at all times as well as comply with laws, rules, corporate governance best practices, procedures and regulations affecting the Company.

The Board Charter was formalised on 4 January 2017 and it was last reviewed, revised and approved by the Board on 31 May 2021. 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 will review and update the Board Charter from time to time to reflect the changes to the Company's policies and procedures to ensure the Board Charter remains consistent with the Board's objectives, current laws and practices.

The Board has also put in place the Code of Ethics and Conduct, Whistle Blowing Policy and Anti-Bribery and Corruption Policy which will be reviewed from time to time in accordance with the needs of the Company.

The Board believes that sustainable business practices are essential to the creation of long-term value, and that running the business in a responsible manner in intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.

As fiduciary to the Company's shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company's internal and external stakeholders are well informed on the sustainability initiatives which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Board had on 31 May 2021 reviewed, revised and approved the relevant amendments by incorporating the assessment of the Board's understanding of sustainability issues in the annual performance evaluation that are critical to the Company's performance.

PART II – BOARD COMPOSITION

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.

The Board currently has three (3) female Board members, Madam Wong Wai Tzing, Madam Chan Yoke Chun and Ms. Chui Mee Chuen, representing 50% of the Board members. The current Board composition complies with Rule 15.02 of the Listing Requirements of Bursa Securities which requires at least one-third (1/3) of the Board comprises Independent Directors.

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

PART II – BOARD COMPOSITION (CONT'D)

The Independent Non-Executive Directors and the Non-Independent Non-Executive Director form half of the Board size, making 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 remain 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.

In accordance with the Board Charter, the maximum tenure of an Independent Director shall not exceed a cumulative term of nine (9) years from the date of the first appointment as an Independent Director. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting.

During the financial year under review, none of the Independent Directors of HLT has served the Company for a cumulative term of more than nine (9) years.

The Board, through its NRC regularly assesses the optimum size, required mix of skills, experience, independence and diversity required collectively for the Board to effectively fulfil its role. The appointment of Board members is reviewed by the NRC and made via a formal and transparent process. The NRC shall consider and recommend a suitable candidate for the Board, in terms of an appropriate balance of skills, expertise, attributes and core competencies, taking into consideration the character, experience, integrity, competence and time commitment.

The composition of the NRC is as follows:

NRC	Designation
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

The NRC is responsible for identifying and recommending suitable candidates for new appointments to the Board. In making these recommendations, the NRC 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 NRC 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.

In assessing the candidates' eligibility for re-election, the NRC considers their competencies, commitment, contribution, and performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company. The Board makes recommendations concerning the re-election, re-appointment and the continuation in office of any Director for shareholders' approval at the AGM.

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

PART II – BOARD COMPOSITION (CONT'D)

The activities undertaken by the NRC during the FYE 2022 were as follows:

- Reviewed and assessed the Executive Directors' and Non-Executive Directors' Annual Performance Evaluation Forms;
- Reviewed and assessed the performance of the ARMC;
- Reviewed and assessed the effectiveness of the Board and Board Committees as a whole;
- Assessed and evaluated the independence of the Independent Directors;
- Considered and recommended to the Board for consideration, the re-election of Directors who retired at the last AGM;
- Reviewed and recommended to the Board for consideration, the remuneration packages of the Executive Directors for the FYE 2022; and
- Reviewed and recommended to the Board for consideration, the Directors' fees for the FYE 2022.

In evaluating the performance of the Non-Executive Chairperson/Directors, certain criteria were established and adopted, among others, attendance at Board or Committee meetings, key responsibilities of the Chairperson/ 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 the performance of Executive Directors, the assessment was carried out against diverse key performance indicators, amongst others, financial, strategic and sustainability, conformance and compliance, business acumen/ increasing shareholders' wealth, succession planning and personal input to the role.

The Board has established a Directors' Fit and Proper Policy which provides a guide to the NRC and the Board in their review and assessment of the potential candidates for appointment to the Board of the Group as well as the retiring Director who is seeking for re-election at the annual general meeting. The Directors' Fit and Proper Policy is available on the Company's corporate website at www.hltglobal.com.my.

The Company acknowledges the Company's diverse Board composition leverages on the differences in skills, industry experience, background, gender and other attributes in its stewardship.

The Board meets at least four (4) times a year with additional meetings to be 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.

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

Type of Meetings / Name of Directors	Board of Directors	ARMC	NRC
	No. of Meetings Attended		
Wong Wai Tzing	4/4	4/4	1/1
Wong Kok Wah	4/4	N/A	N/A
Chan Yoke Chun	4/4	N/A	N/A
Chui Mee Chuen	4/4	N/A	N/A
Yau Ming Teck	4/4	4/4	1/1
Wong Koon Wai	4/4	4/4	1/1

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

PART II – BOARD COMPOSITION (CONT'D)

All the Directors have attended more than 50% of the total Board Meetings held during the FYE 2022 and complied with the requirement on the attendance of Board Meetings as stipulated in the Listing Requirements of Bursa Securities.

Overall, the Board is satisfied with the level of time commitment given by the Directors towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

The Directors are aware of their duty to undergo appropriate training from time to time in order to ensure that they are equipped to carry out their duties effectively. During the FYE 2022, the Directors have attended the following training, seminars and conferences:-

- Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (Webinar)
- Virtual Tax Conference
- ISO 9001: 2005 Quality Management System Awareness
- Key amendments to the Listing Requirements relating to Director Appointment, independence and other amendments (In-house training)

Part III – REMUNERATION

The Board has established a formal and transparent Remuneration Policy to attract and retain Directors and Senior Management of the Company. The Remuneration Policy is available on the Company's corporate website at www.hltglobal.com.my.

The Board, through the NRC, is responsible for determining the remuneration of the Executive Directors and/or Senior Management. NRC reviews the remuneration packages of the Directors on annual basis before tabling their recommendation to the Board for further deliberation/approval. Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.

The remuneration of the Non-Executive Directors received from the Company and the Group for the FYE 2022 are as follows:-

<u>The Company</u>

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Allowance RM'000	Bonus RM'000	Total RM'000
Wong Wai Tzing	60	–	–	–	–	60
Yau Ming Teck	60	–	–	–	–	60
Wong Koon Wai	40	–	–	–	–	40
TOTAL	**160**	**–**	**–**	**–**	**–**	**160**

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

Part III – REMUNERATION (CONT'D)

The Group

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Allowance RM'000	Bonus RM'000	Total RM'000
Wong Wai Tzing	60	–	–	–	–	60
Yau Ming Teck	60	–	–	203	–	263
Wong Koon Wai	40	–	–	–	–	40
TOTAL	**160**	**–**	**–**	**203**	**–**	**363**

The Board has considered this matter and is of the opinion that the detailed disclosure of the remuneration of Executive Directors on a named basis would not be in the best interest of the Group 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 is commensurated with their experience, contribution and commitment in discharging their responsibilities, taking into consideration the Group's performance. Their remuneration packages are reviewed by the NRC and endorsed by the Board. Furthermore, all fees, allowances and benefits payable to Non-Executive Directors are subject to shareholders' approval at the AGM.

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

Range of Remuneration	Group
	No. of Key Senior Management Officer
RM100,001 to RM150,000	2
RM150,001 to RM200,000	2
RM350,001 to RM400,000	1
RM750,001 to RM800,000	2

The Board has considered the matter and is of the view that the detailed disclosure of the remuneration of the Key Senior Management of the Group would not be in the best interest of the Company given the competitive conditions for talent in the industry.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – ARMC

All members of ARMC are financially literate. The ARMC has full access to both the internal and external auditors, who, in turn, have access at all times to the Chairman of the ARMC.

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

The Board has the 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.

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

ARMC is relied upon by the Board to, among 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. ARMC also undertakes to provide oversight on the risk management framework of the Group.

None of the members of ARMC/Board were a former partner of the external audit firm of the Company and in order to uphold utmost independence, the Board has no intention to appoint any former partner as a member of the ARMC/Board.

ARMC 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 External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.

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

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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 ARMC.

The 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. ARMC has been entrusted by the Board to ensure the 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 ARMC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the senior management.

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.

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

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

The senior management is responsible for implementing the processes of 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 internal control processes have been carried out are adequate.

The ARMC has been entrusted by the Board to ensure the 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 ARMC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the senior management.

The ARMC 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 a continuing commitment to strengthening the Group's internal control environment and processes.

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

PART I – ENGAGEMENT WITH STAKEHOLDERS

The Board is committed to provide effective communication to its shareholders and the 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 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.

PART II – CONDUCT OF GENERAL MEETINGS

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode of 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 encouraged to actively participate in the question and answer session. The Board, senior management and the external auditors will be present to answer and provide appropriate clarifications at the meeting. 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.

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

PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

All resolutions set out in the Notice of the Seventh (7th) AGM of the Company held on 30 May 2022 was voted by poll and the votes cast were validated by an independent scrutineer appointed by the Company. 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 Eighth AGM of the Company to be held on 12 June 2023 was sent to the shareholders on 28 April 2023.

All Directors attended the 7th AGM held on 30 May 2022 and the Board has responded to all queries raised by the shareholders. The summary of the key matters discussed at the 7th AGM was published on the Company's website for the shareholders' information.

The Board also ensures that the required infrastructure and tools were in place to enable the smooth broadcast of the virtual general meeting and meaningful engagement with 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 complied with the principles and practices set out in the MCCG, except for the departures set out in the Corporate Governance Report.

AUDIT AND RISK MANAGEMENT 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 and Risk Management Committee Report which lays out the activities held for the financial year ended 31 December 2022 ("**FYE 2022**").

OBJECTIVES

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

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

COMPOSITION

The ARMC comprises of 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.

The members of the ARMC comprises of 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 2022 and the attendance record of each of the ARMC member at the Committee meetings were as follows:-

Name of Committee Members	Meeting 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 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 had met twice 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.

SUMMARY OF WORKS CARRIED OUT BY THE ARMC DURING THE FYE 2022

The Committee carried out its duties and responsibilities as set out in the Terms of Reference and carried out the works for the FYE 2022 as follows:-

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 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, International Financial Reporting Standards and the requirements of Companies Act 2016. The Committee's review has included 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, Corporate Governance Report, ARMC Report, Statement on Risk Management and Internal Control, Sustainability Statement 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.

    e) Reviewed the Risk and Control Scoresheet of HL Advance Technologies (M) Sdn. Bhd. and HL Rubber Industries Sdn. Bhd.

2. **Matters Relating to External Audit**

    a) Reviewed and deliberated 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 statutory audit.

    b) Reviewed and deliberated the Audit Review Memorandum, covering significant audit findings, potential key audit matters, significant deficiencies in internal control, status of audit and on the matter of independence of the External Auditors.

    c) Met with the External Auditors twice during the Committee's meeting which was held on 28 February 2022 and 30 November 2022 without the presence of the Executive Directors and Management to discuss any issues arising from the annual statutory audit or any other matters the External Auditors may wish to discuss. There was 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 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.

SUMMARY OF WORKS CARRIED OUT BY THE ARMC DURING THE FYE 2022 (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 consists of the findings, recommendations and Management responses to ensure that all key risks will be addressed and adequate controls put in place on a timely basis.

c) Reviewed and assessed the adequacy of the scope, functions, independence, framework and methods, employed, competency as well as resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work.

INTERNAL AUDIT FUNCTION

The Group recognised that an internal audit function is essential to ensure the effectiveness of the Group's system of internal control and is an integral part of the risk management process.

1. Outsourced Internal Auditors

The Group's internal audit function is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**" or "**Internal Auditors**"). The Internal Auditors conduct independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. The Internal Auditors report directly to the ARMC and assist the Board in monitoring the internal controls and mitigating the risks of the Group.

The profile Sterling is set out as follows:

Principal Engagement Lead	:	Dr. So Hsien Ying
Qualifications	:	Doctor in Business Administration (Wales) Certified Internal Control Professional from Internal Control Institute (US) Associate Member of The Institute Auditors Malaysia (IIAM) Master in Business Administration (Finance) (HULL) BSc Economics (Hons) (London) Member of Malaysian Alliance of Corporate Directors and Associate
Experiences	:	More than twenty-nine (29) years of experience in corporate planning, business process improvement, risk management, internal audit and internal control review
Number of resources	:	Each internal audit review ranges from three (3) to four (4) staff per visit

Sterling is a corporate member of the Institute of Internal Auditors Malaysia ("**IIAM**"). Sterling uses the Committee of Sponsoring Organisations of the Treadway Commission ("**COSO**") Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.

INTERNAL AUDIT FUNCTION (CONT'D)

2. Summary of Internal Audit works for the FYE 2022

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 ARMC.

(b) Carried out reviews in accordance with the risk-based internal audit plan review and approval of the ARMC. Details of the reviews carried out are as follows:

Name of Entity Audited	Audited Areas
HL Rubber Industries Sdn. Bhd.	• Human Resources • Administration
HLT Global Berhad HL Advance Technologies (M) Sdn. Bhd.	• Finance and Accounts

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 ARMC for their review and approval. Notwithstanding the above, although several 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 FYE 2022 was RM27,839.21.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**the Board**") is pleased to provide HLT Global Berhad and its subsidiaries ("**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 2022 ("**FYE 2022**"). This Statement has been prepared pursuant to Rule 15.26 (b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**Guidelines**").

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 and Risk Management Committee ("**ARMC**").

Due to inherent limitations in any risk management and internal control system, such a 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.

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 by 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 Board, in its efforts to provide adequate and effective internal control, has appointed an independent consulting firm, Sterling Business Alignment Consulting Sdn Bhd ("**the Internal Auditor**") to review the adequacy and integrity of its internal control system. The Internal Auditor reports directly to the ARMC during the ARMC meeting. The ARMC is chaired by an Independent Non-Executive Director, and its members comprise solely Non-Executive Directors. The Internal Auditor is free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function. The Internal Auditor does not have any direct operational responsibility or authority over any of the activities audited. The ARMC is of the opinion that the outsourced internal audit function is effective and able to function independently.

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

2. INTERNAL AUDIT FUNCTION (CONT'D)

Further details of the Internal Audit Function are set out in the ARMC Report of this Annual Report.

During the FYE 2022, the Internal Auditor reviewed the adequacy and integrity of the Group's internal control system of the key functions including the system for compliance with applicable laws, regulations, rules, directives and guidelines. The following Companies were audited by the Internal Auditors:

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
April 2022 - June 2022	August 2022	HL Rubber Industries Sdn. Bhd.	• Human Resources • Administration
July - September 2022	November 2022	HLT Global Berhad HL Advance Technologies (M) Sdn. Bhd.	• Finance and Accounts

Findings from the internal audit review conducted were discussed with the Management and subsequently presented together with the Management's response and proposed action plans to the ARMC for their review and approval.

Notwithstanding the above, although several 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 separate disclosure in this Annual Report.

The total costs incurred for the outsourcing of the internal audit function for the FYE 2022 were RM27,839.21.

3. INTERNAL CONTROL SYSTEM

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

- **The Board and ARMC**

  The Board and the ARMC 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.

- **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 authorisation from the relevant level of management.

- **Human Resources Policy**

  Comprehensive guidelines on employment are 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 is communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention is highlighted for review, deliberation and decision on a timely basis.

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

3. INTERNAL CONTROL SYSTEM (CONT'D)

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

- **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.

- **Anti-Bribery and Corruption Policy**

  The Group has adopted an Anti-Bribery and Corruption Policy in conjunction with the implementation of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which came into effect on 1 June 2020. The Anti-Bribery and Corruption Policy is applicable to all Directors and employees of the group and any third parties associated with the Group. This represents the Group's effort to preventing the occurrence of bribery and corrupt practices in relation to the businesses of the Group.

  The Code of Ethics and Conduct, and Whistle Blowing Policy of the Group were also revised and amended to incorporate the anti-bribery and anti-corruption requirements and measures.

ASSURANCE FROM THE MANAGEMENT

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

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Rule 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 paragraphs 41 and 42 of the Guidelines 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 control systems in meeting the Group's corporate objectives.

This statement is made in accordance with the resolution of the Board of Directors dated 18 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. PRIVATE PLACEMENT

The Company had undertaken a private placement exercise of up to 20% of the total number of issued share of HLT ("**Private Placement**"). On 16 February 2022, the Company had placed out 29,000,000 new ordinary shares which raised total proceeds of RM11.745 million.

The details of utilisation of proceeds raised from the Private Placement were as follows:-

Detail of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Time frame for utilisation
1 Business expansion	11,646	11,646	–	24 months
2 Working capital for the Group	–	–	–	36 months
3 Estimated expenses in relation to the Private Placement exercise	99	99	–	1 month
Total	**11,745**	**11,745**	**–**	

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 2022 are as follows: -

	The Group RM	The Company RM
Audit fee	116,000	36,000
Non-Audit fee	5,000	5,000
	121,000	41,000

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

There were no material contracts 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 Shareholders' Mandate for the RRPTs are set out in the Circular to Shareholders dated 28 April 2023 which is available on Bursa Securities' website and the Company's website.

Details of the RRPTs occurred during the FYE 2022 are disclosed in Note 32(b) to the Financial Statements set out on page 109 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 and was extended for a period of 5 years until 2 December 2026.

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 RM0.30, of which 640,000 ESOS Options were granted to the Directors.

On 24 July 2020, the number of ESOS options granted was 26,070,000 at an exercise price of RM0.70, of which 12,982,500 options exercisable on the date of offer, 6,107,500 options exercisable one year after the date of offer and 6,980,000 options exercisable three years after the date of offer. The ESOS options granted to Directors were 10,600,000 options. There were no options granted under the ESOS during the FYE 2022.

As at 31 December 2022, 61% of the ESOS Options have been granted to the Directors and Senior Management since the commencement date to 31 December 2022.

ESOS Options granted and exercised by the Non-Executive Directors of the Company since the effective date to 31 December 2022 are as follows:-

	Amount of ESOS Options	
Non-Executive Directors	**Granted**	**Exercised**
Wong Wai Tzing	380,000	(110,000)
Yau Ming Teck	3,080,000	(80,000)
Wong Koon Wai	380,000	(80,000)
Total	**3,840,000**	**(270,000)**

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

The total number of options granted, exercised and outstanding (as adjusted) under the ESOS since commencement date to 31 December 2022, are set out as follow:

	Total	Executive Directors	Non-Executive Directors	Senior Management	Other Employees
Number of options granted	28,302,500*	7,400,000	3,840,000	5,890,000	11,172,500
Number of options exercised	(5,944,500)	(1,150,000)	(270,000)	(1,607,000)	(2,917,500)
Number of options lapsed	(3,947,000)	–	–	(63,000)	(3,884,000)
Number of options rejected	(85,000)	–	–	–	(85,000)
Number of options outstanding	18,326,000	6,250,000	3,570,000	4,220,000	4,286,000

* 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 2022 ("**FYE 2022**") 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 2022, 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.

FINANCIAL STATEMENTS

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 2022.

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

	The Group RM	The Company RM
Loss after taxation for the financial year	(53,533,418)	(71,146,617)
Attributable to:-		
Owners of the Company	(53,461,295)	(71,146,617)
Non-controlling interests	(72,123)	–
	(53,533,418)	(71,146,617)

DIVIDEND

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 RM188,730,326 to RM207,161,816 by way of:-

(i) issuance of 29,000,000 new ordinary shares at an issue price of RM0.405 each as disclosed in Note 17(b)(i) to the financial statements which amounted to RM11,745,000;

(ii) issuance of 33,432,450 new ordinary shares from exercise of warrants at the exercise price of RM0.20 per warrant as disclosed in Note 17(b)(ii) to the financial statements which amounted to RM6,686,490.

(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.

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. On 29 November 2021, the Board has approved to extend its existing ESOS's tenure which expired on 2 December 2021 for another five (5) years until 2 December 2026.

The details of the ESOS are disclosed in Note 19 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 ended on 27 December 2022. The Warrants were 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.

The movements of the Warrants are as follows:-

	Entitlement for Ordinary Shares			
	Unexercised Warrant At 1.1.2022	Exercised	Lapsed	Unexercised Warrant At 31.12.2022
Warrants	98,085,448	38,994,900	(59,090,548)	–

On 5 January 2023, the Company issued additional 5,562,450 new ordinary shares of RM0.20 each pursuant to the exercise of 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.

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.

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
Chui Mee Chuen
Wong Koon Wai
Wong Wai Tzing
Yau Ming Teck

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report are similar to those disclosed above.

DIRECTORS' INTERESTS

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

	< -------------- Number Of Ordinary Shares -------------- >			
	At 1.1.2022	Bought	Sold	At 31.12.2022
The Company				
Direct Interests				
Chan Yoke Chun	142,662,000	14,700,000	–	157,362,000
Wong Kok Wah	139,965,000	–	–	139,965,000
Yau Ming Teck	11,328,000	20,419,200	(20,419,200)	11,328,000
Wong Koon Wai	100,000	–	–	100,000
Wong Wai Tzing	50,000	92,500	(20,000)	122,500
Chui Mee Chuen	750,000	750,000	(750,000)	750,000
Indirect Interests				
Chan Yoke Chun#	139,965,000	–	–	139,965,000
Wong Kok Wah#	142,662,000	14,700,000	–	157,362,000

 # Deemed interested through spouse's shareholding in the Company.

DIRECTORS' INTERESTS (CONT'D)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, options over unissued shares or warrants of the Company during the financial year are as follows (cont'd):-

	< ------------ Number Of Options under ESOS ------------ >			
	At 1.1.2022	Granted	Exercised	At 31.12.2022
The Company				
Direct Interests				
Chan Yoke Chun	2,000,000	–	–	2,000,000
Wong Kok Wah	2,000,000	–	–	2,000,000
Yau Ming Teck	3,000,000	–	–	3,000,000
Wong Koon Wai	300,000	–	–	300,000
Wong Wai Tzing	270,000	–	–	270,000
Chui Mee Chuen	2,250,000	–	–	2,250,000
Indirect Interests				
Chan Yoke Chun#	2,000,000	–	–	2,000,000
Wong Kok Wah#	2,000,000	–	–	2,000,000

 # Deemed interested through spouse's shareholding in the Company.

	< ----------------- Number Of Warrants ----------------- >			
	At 1.1.2022	Bought	Sold	At 31.12.2022
The Company				
Direct Interests				
Wong Kok Wah	39,646,600	–	(39,646,600)	–
Wong Wai Tzing	92,500	–	(92,500)	–
Chui Mee Chuen	–	750,000	(750,000)	–
Yau Ming Teck	–	21,091,200	(21,091,200)	–
Indirect Interests				
Chan Yoke Chun#	39,646,600	–	(39,646,600)	–

 # 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' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32(b) 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 certain directors pursuant to the ESOS and Warrants of the Company.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM	The Company RM
Fees	160,000	160,000
Salaries, bonuses and other benefits	1,934,612	–
Defined contribution benefits	223,560	–
	2,318,172	160,000

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 Group and of the Company were RM5,000,000 and RM15,870 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 EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM	The Company RM
Audit fees	116,000	36,000
Non-audit fees	5,000	5,000
	121,000	41,000

Signed in accordance with a resolution of the directors dated 18 April 2023.

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 60 to 134 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 2022 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 18 April 2023.

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 60 to 134 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 18 April 2023.

Before me **Chan Yoke Chun**
Datin Hajah Raihela Wanchik (No. W-275)
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 2022 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 60 to 134.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (Cont'd)

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

Revenue recognition for contract accounting Refer to Note 24 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
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 todate against the estimated total construction costs. 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.	Our audit procedures included, among others: • Conducting and understanding the internal control procedures by performing walkthrough test; • Reviewing major contracts at contract inception and identifying the distinct performance obligations; • Assessing basis used in determining the budgeted contract costs; • Reviewing the reasonableness and basis of estimation of the contract works awarded and comparing to the actual costs incurred todate reflects each performance obligation is recognised as revenue when control of the asset is transferred over time; and • Reviewing calculation of recognition of revenue, cost and profit to be consistent with the percentage of completion.

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)

<table>
<tr><th colspan="2">Impairment assessment of property, plant and equipment
Refer to Note 6 to the financial statements</th></tr>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>As of 31 December 2022, the Group has property, plant and equipment amounting to RM53.0 million, net of impairment losses.

The subsidiaries of the Group with material property, plant and equipment balance have recorded losses. As such, there is an indication that these assets may be subject to impairment.

We focused on this area due to the significance of the carrying amount and the application of significant judgement for the impairment assessment.</td><td>Our audit procedures included, among others:

• Reviewing the management's estimate on the financial forecast, to derive at the value in use of these assets;

• Amongst the procedures on reviewing the financial forecasts are as follows:-

(a) 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;

(b) Evaluating the reasonableness of management's estimates of expected future cash flows by taking into consideration the past performance of their cash generating units ("CGU"); and

(c) Performing sensitivity analysis to assess the impact on the recoverable amount of the CGU.

• Reviewing the adequacy of the Group's disclosures.</td></tr>
</table>

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.

INDEPENDENT AUDITORS' REPORT

(CONT'D)

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.

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.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Ung Voon Huay
03233/09/2024 J
Chartered Accountant

Kuala Lumpur

18 April 2023

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	58,950,255	128,280,958
Property, plant and equipment	6	52,953,952	48,561,470	–	–
Right-of-use assets	7	54,076,311	54,456,432	–	–
Goodwill	8	–	2,785,364	–	–
		107,030,263	105,803,266	58,950,255	128,280,958
CURRENT ASSETS					
Inventories	9	31,940,764	57,677,640	–	–
Trade receivables	10	17,994,877	14,278,901	–	–
Other receivables, deposits and prepayments	11	14,871,710	8,832,169	1,000	1,000
Contract assets	12	879,955	4,015,339	–	–
Amount owing by related parties	13	–	32,382	–	–
Amount owing by subsidiaries	14	–	–	56,187,453	35,002,453
Short-term investments	15	4,022,550	10,535,814	1,901,498	7,057,625
Current tax assets		5,368,026	–	–	–
Fixed deposits with licensed banks	16	37,800,281	1,539,102	–	–
Cash and bank balances		10,304,449	22,517,453	3,425,621	575,468
		123,182,612	119,428,800	61,515,572	42,636,546
TOTAL ASSETS		230,212,875	225,232,066	120,465,827	170,917,504

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

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	207,161,816	188,730,326	207,161,816	188,730,326
Merger deficit	18	(22,032,990)	(22,032,990)	–	–
Employee share option reserve	19	10,351,580	9,304,110	10,351,580	9,304,110
Accumulated losses		(70,294,603)	(17,053,213)	(98,425,501)	(27,498,789)
Equity attributable to owners of the Company		125,185,803	158,948,233	119,087,895	170,535,647
Non-controlling interests	5	489,021	561,144	–	–
TOTAL EQUITY		125,674,824	159,509,377	119,087,895	170,535,647
NON-CURRENT LIABILITIES					
Term loan	20	371,392	538,779	–	–
Deferred tax liabilities	21	3,940,045	3,885,573	–	–
		4,311,437	4,424,352	–	–
CURRENT LIABILITIES					
Trade payables	22	22,468,624	30,465,045	–	–
Other payables and accruals	23	21,120,470	20,994,995	1,350,622	381,857
Contract liabilities	12	56,351,528	8,569,322	–	–
Amount owing to related parties	13	147,678	6,461	27,310	–
Term loan	20	138,314	123,745	–	–
Current tax liabilities		–	1,138,769	–	–
		100,226,614	61,298,337	1,377,932	381,857
TOTAL LIABILITIES		104,538,051	65,722,689	1,377,932	381,857
TOTAL EQUITY AND LIABILITIES		230,212,875	225,232,066	120,465,827	170,917,504

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
REVENUE	24	75,670,196	270,314,222	–	–
COST OF SALES		(79,190,570)	(195,663,950)	–	–
GROSS (LOSS)/PROFIT		(3,520,374)	74,650,272	–	–
OTHER OPERATING INCOME		3,571,878	5,174,696	45,055	358,777
		51,504	79,824,968	45,055	358,777
SELLING AND DISTRIBUTION EXPENSES		(557,553)	(7,860,599)	–	–
ADMINISTRATIVE EXPENSES		(9,881,585)	(11,532,843)	(534,697)	(605,180)
OTHER EXPENSES		(41,228,206)	(23,770,557)	(70,656,903)	(3,066,837)
FINANCE COSTS		(6,111)	(69,375)	–	–
IMPAIRMENT LOSSES ON FINANCIAL ASSETS	25	(2,091,299)	(3,005,469)	–	–
(LOSS)/PROFIT BEFORE TAXATION	26	(53,713,250)	33,586,125	(71,146,545)	(3,313,240)
TAX INCOME/(EXPENSE)	27	179,832	(14,796,328)	(72)	–
(LOSS)/PROFIT AFTER TAXATION		(53,533,418)	18,789,797	(71,146,617)	(3,313,240)
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(53,533,418)	18,789,797	(71,146,617)	(3,313,240)

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(CONT'D)

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(53,461,295)	8,891,580	(71,146,617)	(3,313,240)
Non-controlling interests		(72,123)	9,898,217	–	–
		(53,533,418)	18,789,797	(71,146,617)	(3,313,240)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(53,461,295)	8,891,580	(71,146,617)	(3,313,240)
Non-controlling interests		(72,123)	9,898,217	–	–
		(53,533,418)	18,789,797	(71,146,617)	(3,313,240)
(LOSS)/EARNINGS PER SHARE (SEN):-	28				
Basic		(7.26)	1.30		
Diluted		(7.10)	1.17		

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Group	Note	Share Capital RM	<--- Non-Distributable ---> Merger Deficit RM	Employee Share Option Reserve RM	Distributable Retained Profits/ (Accumulated Losses) RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1.1.2021		98,318,247	(22,032,990)	7,730,407	17,144,894	101,160,558	35,879,565	137,040,123
Profit after taxation/Total comprehensive income for the financial year		–	–	–	8,891,580	8,891,580	9,898,217	18,789,797
Contributions by and distributions to owners of the Company:								
- Issuance of ordinary shares pursuant to:								
- Acquisition of non-controlling interests	29(a)	90,000,000	–	–	(44,183,362)	45,816,638	(45,816,638)	–
- Share issuance expenses		–	–	–	(270,050)	(270,050)	–	(270,050)
- Employees' share options exercised	17(b)	297,559	–	(129,409)	–	168,150	–	168,150
- Warrants exercised	17(b)	114,520	–	–	–	114,520	–	114,520
- Share options lapsed		–	–	(1,363,725)	1,363,725	–	–	–
- Acquisition of a subsidiary	29(b)	–	–	–	–	–	600,000	600,000
- Share options to employees		–	–	3,066,837	–	3,066,837	–	3,066,837
Total transactions with owners		90,412,079	–	1,573,703	(43,089,687)	48,896,095	(45,216,638)	3,679,457
Balance at 31.12.2021		188,730,326	(22,032,990)	9,304,110	(17,053,213)	158,948,233	561,144	159,509,377

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

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

The Group	Note	Share Capital RM	<--- Non-Distributable ---> Merger Deficit RM	Employee Share Option Reserve RM	Distributable Accumulated Losses RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
Balance at 31.12.2021/1.1.2022		188,730,326	(22,032,990)	9,304,110	(17,053,213)	158,948,233	561,144	159,509,377
Loss after taxation/Total comprehensive expense for the financial year		–	–	–	(53,461,295)	(53,461,295)	(72,123)	(53,533,418)
Contributions by and distributions to owners of the Company:								
- Issuance of ordinary shares pursuant to:								
- Private placement	17(b)	11,745,000	–	–	–	11,745,000	–	11,745,000
- Share issuance expenses		–	–	–	(58,825)	(58,825)	–	(58,825)
- Warrants exercised	17(b)	6,686,490	–	–	–	6,686,490	–	6,686,490
- Share options lapsed		–	–	(278,730)	278,730	–	–	–
- Share options to employees		–	–	1,326,200	–	1,326,200	–	1,326,200
Total transactions with owners		18,431,490	–	1,047,470	219,905	19,698,865	–	19,698,865
Balance at 31.12.2022		207,161,816	(22,032,990)	10,351,580	(70,294,603)	125,185,803	489,021	125,674,824

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

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

The Company	Note	Share Capital RM	Non-Distributable Employee Share Option Reserve RM	Distributable Accumulated Losses RM	Total Equity RM
Balance at 1.1.2021		98,318,247	7,730,407	(7,279,224)	98,769,430
Loss after taxation/Total comprehensive expenses for the financial year		–	–	(3,313,240)	(3,313,240)
Contributions by and distributions to owners of the Company:					
- Issuance of ordinary shares pursuant to:					
- Acquisition of non-controlling interests	29(a)	90,000,000	–	(18,270,050)	71,729,950
- Employees' share options exercised	17(b)	297,559	(129,409)	–	168,150
- Warrants exercised	17(b)	114,520	–	–	114,520
- Share options lapsed		–	(1,363,725)	1,363,725	–
- Share options to employees		–	3,066,837	–	3,066,837
Total transactions with owners		90,412,079	1,573,703	(16,906,325)	75,079,457
Balance at 31.12.2021/1.1.2022		188,730,326	9,304,110	(27,498,789)	170,535,647
Loss after taxation/Total comprehensive expenses for the financial year		–	–	(71,146,617)	(71,146,617)
Contributions by and distributions to owners of the Company:					
- Issuance of ordinary shares pursuant to:					
- Private placement	17(b)	11,745,000	–	(58,825)	11,686,175
- Warrants exercised	17(b)	6,686,490	–	–	6,686,490
- Share options lapsed		–	(278,730)	278,730	–
- Share options to employees		–	1,326,200	–	1,326,200
Total transactions with owners		18,431,490	1,047,470	219,905	19,698,865
Balance at 31.12.2022		207,161,816	10,351,580	(98,425,501)	119,087,895

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(53,713,250)	33,586,125	(71,146,545)	(3,313,240)
Adjustments for:-				
Depreciation of property, plant and equipment	5,969,908	6,714,982	–	–
Depreciation of right-of-use assets	740,121	483,177	–	–
Property, plant and equipment written off	2,695	2	–	–
Impairment of goodwill	2,785,364	–	–	–
Impairment loss on trade receivables	2,091,299	3,005,469	–	–
Impairment loss on property, plant and equipment	20,132,120	–	–	–
Impairment of investments in a subsidiary	–	–	69,330,703	–
Interest expense	6,111	69,375	–	–
Inventories written down	16,981,827	20,484,983	–	–
Share options to employees	1,326,200	3,066,837	1,326,200	3,066,837
Unrealised (gain)/loss on foreign exchange	(2,457,906)	107,191	–	–
Dividend income	(44,175)	(864,614)	–	(353,012)
Fair value gain on short-term investments	(43,873)	(5,765)	(43,873)	(5,765)
Gain on disposal of property, plant and equipment	(95,000)	(119,733)	-	–
Interest income	(562,889)	(94,607)	(1,182)	–
Operating (loss)/profit before working capital changes	(6,881,448)	66,433,422	(534,697)	(605,180)
Decrease/(Increase) in inventories	8,755,049	(50,641,534)	–	–
(Increase)/Decrease in trade and other receivables	(12,063,033)	17,265,579	–	–
Decrease in amount owing by related parties	32,382	1,197,170	–	–
Increase/(Decrease) in amount owing to related parties	111,195	(384,201)	–	–
(Decrease)/Increase in trade and other payables	(7,652,049)	(18,973,302)	968,765	21,086
Increase/(Decrease) in contract liabilities	47,782,206	(14,380,975)	–	–
Decrease in contract assets	3,135,384	484,208	–	–
CASH FLOWS FROM/(FOR) OPERATIONS	33,219,686	1,000,367	434,068	(584,094)

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

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
CASH FLOWS FROM/(FOR) OPERATIONS (CONT'D)		33,219,686	1,000,367	434,068	(584,094)
Income tax paid		(6,592,337)	(18,979,821)	(72)	–
Income tax refunded		319,846	–	–	–
Interest received		531,282	55,505	1,182	–
Interest paid		(6,111)	(69,375)	–	–
NET CASH FROM/(FOR) OPERATING ACTIVITIES		27,472,366	(17,993,324)	435,178	(584,094)
CASH FLOWS FOR INVESTING ACTIVITIES					
Subscription of shares in a subsidiary by:					
- the Company		–	–	–	(2,400,000)
- non-controlling interests		–	600,000	–	–
Advances to subsidiaries		–	–	(21,185,000)	(23,850,000)
Dividends received		88,048	870,379	43,873	358,777
Share issuance expense		–	(270,050)	–	(270,050)
Payment of acquisition-related cost		–	–	–	(567,835)
Purchase of property, plant and equipment	30(a)	(30,497,205)	(27,924,647)	–	–
Purchase of right-of-use assets	30(a)	(360,000)	(38,254,633)	–	–
Proceeds from disposal of property, plant and equipment		95,000	152,000	–	–
NET CASH FOR INVESTING ACTIVITIES		(30,674,157)	(64,826,951)	(21,141,127)	(26,729,108)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares		18,372,665	282,670	18,372,665	282,670
Repayment of term loan	30(b)	(152,818)	(150,370)	–	–
Advances from related parties		30,022	–	27,310	–
NET CASH FROM FINANCING ACTIVITIES		18,249,869	132,300	18,399,975	282,670
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		15,048,078	(82,687,975)	(2,305,974)	(27,030,532)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		2,455,226	9,332	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		33,053,267	115,731,910	7,633,093	34,663,625
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30(c)	50,556,571	33,053,267	5,327,119	7,633,093

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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	:	Unit 521, 5th Floor, Lobby 6, Block A Damansara Intan No. 1, Jalan SS20/27, 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 18 April 2023.

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)

Amendments to MFRS 3: Reference to the Conceptual Framework
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020

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.

3. BASIS OF PREPARATION (CONT'D)

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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(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 and the key assumptions are disclosed in Note 8 to the financial statements.

(c) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets is 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 amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements respectively.

(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 9 to the financial statements.

(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, contract assets and amount owing by related parties as at the reporting date are disclosed in Notes 10, 12 and 13 to the financial statements respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. 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 and forward-looking information. The carrying amounts of other receivables and amount owing by a subsidiary as at the reporting date are disclosed in Notes 11 and 14 to the financial statements respectively.

(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 12 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 expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax assets as at the reporting date is RM5,368,026 (current tax liabilities: 2021 - RM1,138,769).

(i) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

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) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(b) Contingent Liabilities

The recognition and measurement for contingent liabilities are 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 Payments

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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

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

(e) Loss of Control

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

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

(ii) the previous carrying amount of the assets (including goodwill), 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 of the initial recognition for subsequent accounting under MFRS 9 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(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.

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 financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as 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 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).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(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.

(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 fair value changes do not include interest or dividend income.

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 (excluding interest expense) 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).

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 expired. 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.

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 investments includes transaction costs.

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.

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:-

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%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentive received.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 LEASES (CONT'D)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows 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. 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 discount rate shall be a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. 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 Group 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.

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 if new ordinary shares are issued.

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the 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).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax is 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, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 the effects of all dilutive potential ordinary shares, which comprise warrants and share options granted to employees.

4.19 BORROWING COSTS

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

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 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. However, this basis does not apply to share-based payment transactions.

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 asset 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.

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

The Group transfers control of a good or service at a point in time unless one of the following over time 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 on the proportion of manufacturing costs incurred for work performed to date over the estimated total manufacturing 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 most likely 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) 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.

(c) Rendering of Services

Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

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

	The Company 2022 RM	2021 RM
Unquoted shares, at cost		
At 1 January	128,280,958	53,313,123
Addition during the financial year	–	74,967,835
Impairment loss (Note 26)	(69,330,703)	–
At 31 December	58,950,255	128,280,958

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 2022 %	2021 %	Principal Activities
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	100	100	Manufacture and trading of rubber gloves.
Triple Care Gloves Sdn. Bhd. ("TCG")^	Malaysia	80	80	Intend to carry on manufacturing and trading of rubber gloves. Yet to commence business.

^ Not audited by member firms of Crowe Malaysia PLT.

(a) During the current financial year, the Company has carried out a review of the recoverable amount of its investment in HLRI. A total impairment losses of RM69,330,703 (2021 - Nil), representing the write-down of investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statements of profit or loss and other comprehensive income.

(b) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest 2022 %	2021 %	The Group 2022 RM	2021 RM
TCG	20	20	489,021	561,144

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:-

	HLRI^ RM
At 31 March 2021	
Non-current assets	32,687,863
Current assets	112,359,706
Non-current liabilities	(3,989,703)
Current liabilities	(39,470,210)
Net assets	101,587,656
Period Ended 31 March 2021	
Revenue	89,819,329
Profit for the financial year	22,082,385
Total comprehensive income	22,082,385
Total comprehensive income attributable to non-controlling interests	9,937,073
Net cash flows from operating activities	3,991,265
Net cash flows for investing activities	(812,058)
Net cash flows from financing activities	64,604

^ - Represented the latest financial information as of 31 March 2021 before the Group acquired the remaining equity interest of HLRI from non-controlling interests.

(d) Summarised financial information of non-controlling interest has not been presented as the non-controlling interest of TCG is not material to the Group.

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2022 RM	Additions (Note 30(a)) RM	Reclassification RM	Impairment RM	Write Off RM	Depreciation Charges (Note 26) RM	At 31.12.2022 RM
2022							
Carrying Amount							
Factory equipment	885,625	206,565	–	(862,117)	–	(230,073)	–
Plant and machineries	23,216,853	463,050	–	(18,823,415)	(2,695)	(3,767,874)	1,085,919
Air conditioners	32,418	–	–	(18,976)	–	(9,663)	3,779
Computers	63,216	60,979	–	(15,836)	–	(25,154)	83,205
Electrical installation	30,154	–	46,000	(52,218)	–	(23,936)	–
Furniture and fittings	9,766	–	–	(59)	–	(2,480)	7,227
Lab equipment	29,318	8,500	–	(27,506)	–	(10,312)	–
Motor vehicles	1,126,798	303,000	–	(76,986)	–	(364,980)	987,832
Office equipment	75,511	17,210	–	(1,418)	–	(11,403)	79,900
Renovation	69,335	186,000	–	(186,277)	–	(62,605)	6,453
Tools and utensils	1,528,740	–	–	(67,312)	–	(1,461,428)	–
Capital work-in-progress	21,493,736	29,251,901	(46,000)	–	–	–	50,699,637
	48,561,470	30,497,205	–	(20,132,120)	(2,695)	(5,969,908)	52,953,952

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

The Group	At 1.1.2021 RM	Additions (Note 30(a)) RM	Disposal RM	Transfer from Right-of-use Assets (Note 7) RM	Reclassification RM	Write Off RM	Depreciation Charges (Note 26) RM	At 31.12.2021 RM
2021								
Carrying Amount								
Factory equipment	962,072	222,490	(32,267)	–	–	–	(266,670)	885,625
Plant and machineries	11,391,073	4,572,623	–	–	10,887,340	–	(3,634,183)	23,216,853
Air conditioners	16,113	26,800	–	–	–	(2)	(10,493)	32,418
Computers	84,384	9,586	–	–	–	–	(30,754)	63,216
Electrical installation	57,449	–	–	–	–	–	(27,295)	30,154
Furniture and fittings	3,560	8,800	–	–	–	–	(2,594)	9,766
Lab equipment	26,307	11,203	–	–	–	–	(8,192)	29,318
Motor vehicles	177,347	970,682	–	285,000	–	–	(306,231)	1,126,798
Office equipment	57,949	31,600	–	–	–	–	(14,038)	75,511
Renovation	96,015	8,800	–	–	–	–	(35,480)	69,335
Tools and utensils	3,339,465	568,327	–	–	–	–	(2,379,052)	1,528,740
Capital work-in-progress	10,887,340	21,493,736	–	–	(10,887,340)	–	–	21,493,736
	27,099,074	27,924,647	(32,267)	285,000	–	(2)	(6,714,982)	48,561,470

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

	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Loss RM	Carrying Amount RM
The Group				
At 31.12.2022				
Factory equipment	3,743,357	(2,881,240)	(862,117)	–
Plant and machineries	54,725,662	(34,816,328)	(18,823,415)	1,085,919
Air conditioners	136,626	(113,871)	(18,976)	3,779
Computers	568,559	(469,518)	(15,836)	83,205
Electrical installation	216,429	(164,211)	(52,218)	–
Furniture and fittings	142,838	(135,552)	(59)	7,227
Lab equipment	92,067	(64,561)	(27,506)	–
Motor vehicles	3,123,590	(2,058,772)	(76,986)	987,832
Office equipment	228,622	(147,304)	(1,418)	79,900
Renovation	443,995	(251,265)	(186,277)	6,453
Tools and utensils	5,388,672	(5,321,360)	(67,312)	–
Capital work-in-progress	50,699,637	–	–	50,699,637
	119,510,054	(46,423,982)	(20,132,120)	52,953,952
At 31.12.2021				
Factory equipment	3,536,792	(2,651,167)	–	885,625
Plant and machineries	54,266,812	(31,049,959)	–	23,216,853
Air conditioners	136,626	(104,208)	–	32,418
Computers	507,580	(444,364)	–	63,216
Electrical installation	170,429	(140,275)	–	30,154
Furniture and fittings	142,838	(133,072)	–	9,766
Lab equipment	83,567	(54,249)	–	29,318
Motor vehicles	3,498,231	(2,371,433)	–	1,126,798
Office equipment	211,412	(135,901)	–	75,511
Renovation	257,995	(188,660)	–	69,335
Tools and utensils	6,954,906	(5,426,166)	–	1,528,740
Capital work-in-progress	21,493,736	–	–	21,493,736
	91,260,924	(42,699,454)	–	48,561,470

7. RIGHT-OF-USE ASSETS

The Group	At 1.1.2022 RM	Additions (Note 30(a)) RM	Depreciation Charges (Note 26) RM	At 31.12.2022 RM
2022				
Carrying Amount				
Leasehold apartments	70,842	–	(957)	69,885
Leasehold land	39,717,824	–	(512,454)	39,205,370
Buildings	14,667,766	360,000	(226,710)	14,801,056
	54,456,432	360,000	(740,121)	54,076,311

The Group	At 1.1.2021 RM	Additions (Note 30(a)) RM	Transfer Upon Exercise of Purchase Option (Note 6) RM	Depreciation Charges (Note 26) RM	At 31.12.2021 RM
2021					
Carrying Amount					
Leasehold apartments	71,799	–	–	(957)	70,842
Leasehold land	4,034,544	35,982,255	–	(298,975)	39,717,824
Buildings	12,578,633	2,272,378	–	(183,245)	14,667,766
Motor vehicle	285,000	–	(285,000)	–	–
	16,969,976	38,254,633	(285,000)	(483,177)	54,456,432

	2022 RM	2021 RM
Analysed by:-		
Cost	57,167,189	56,807,189
Accumulated depreciation	(3,090,878)	(2,350,757)
	54,076,311	54,456,432

7. RIGHT-OF-USE ASSETS (CONT'D)

(a) The Group leases certain pieces of leasehold land of which the leasing activities are summarised below:-

Leasehold apartments, leasehold land and buildings	The Group has entered into 6 (2021 - 6) non-cancellable operating lease agreements for the use of apartments and land. The leases are for a period of 99 (2021 - 99) years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however allowed with the consent of the lessor.

(b) The leasehold land and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 20 to the financial statements.

8. GOODWILL

	The Group	
	2022 RM	2021 RM
Cost:-		
At 1 January	2,785,364	2,785,364
Impairment loss (Note 26)	(2,785,364)	–
At 31 December	–	2,785,364

(a) During the current financial year, an impairment loss of RM2,785,364 was recognised in "Other Expenses" line item of the statements of comprehensive income and other comprehensive income after determining its recoverable amount was lower than its carrying amounts.

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 the directors covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

	Gross Profit Margin		Growth Rate		Discount Rate	
	2022	2021	2022	2021	2022	2021
HLRI	4%	12%	8%	-29% to 3%	18.55%	31.97%

The key assumptions represent directors' assessment based on past operating results and directors' expectations of market conditions and assessment of future trends derived from both external and internal sources.

The directors have determined the gross profit margin and growth rate based on past performance and its expectation of market development. The discount rate used is computed based on the weighted average cost of capital of the industries that the Group operates in.

9. INVENTORIES

	The Group	
	2022	2021
	RM	RM
Raw materials	12,554,942	24,725,121
Work-in-progress	10,266,061	19,876,971
Goods-in-transit	–	1,283,710
Finished goods	9,119,761	11,791,838
	31,940,764	57,677,640
Recognised in profit or loss:-		
Inventories recognised as cost of sales	53,156,267	159,090,990
Amount written down to net realisable value (Note 26)	16,981,827	20,484,983

10. TRADE RECEIVABLES

	The Group	
	2022	2021
	RM	RM
Trade receivables	41,642,084	35,834,809
Allowance for impairment losses	(23,647,207)	(21,555,908)
	17,994,877	14,278,901
Allowance for impairment losses:-		
At 1 January	(21,555,908)	(18,545,726)
Addition during the financial year (Note 25)	(2,091,299)	(3,005,469)
	(23,647,207)	(21,551,195)
Effect of foreign exchange	–	(4,713)
At 31 December	(23,647,207)	(21,555,908)

The Group's normal trade credit terms range from 30 to 90 (2021 - 30 to 90) days.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Other receivables:-					
Third parties		625,020	580,636	–	–
Goods and services tax recoverable		140,721	140,721	–	–
		765,741	721,357	–	–
Deposits		1,564,610	1,509,715	1,000	1,000
Prepayments		285,285	2,891,727	–	–
Advance payment to suppliers	(a)	12,256,074	3,709,370	–	–
		14,871,710	8,832,169	1,000	1,000

(a) The advance payment to suppliers are unsecured and interest-free. The amount owing will be recovered against future purchases from the suppliers.

12. CONTRACT ASSETS/(LIABILITIES)

	The Group 2022 RM	The Group 2021 RM
Contract Assets		
Contract assets relating to construction contracts	3,367,883	6,503,267
Allowance for impairment losses	(2,487,928)	(2,487,928)
	879,955	4,015,339
Contract Liabilities		
Contract liabilities relating to construction contract	(56,351,528)	(8,569,322)

(a) The contract assets primarily relate to the Group's right to consideration for work completed but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.

(b) The contract liabilities primarily relate to advances received from customers for construction contracts. The amount will be recognised as revenue when the performance obligations are satisfied.

12. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	The Group	
	2022 RM	2021 RM
At 1 January	(4,553,983)	(18,450,750)
Revenue recognised in profit or loss during the financial year (Note 24)	59,357,397	98,381,771
Bilings to customers during the financial year	(110,274,987)	(84,485,004)
At 31 December	(55,471,573)	(4,553,983)
Represented by:-		
Contract assets	879,955	4,015,339
Contract liabilities	(56,351,528)	(8,569,322)
	(55,471,573)	(4,553,983)

13. AMOUNTS OWING BY/(TO) RELATED PARTIES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Amount Owing by Related Parties				
Trade balance	–	32,382	–	–
Amount Owing to Related Parties				
Trade balance	(117,656)	(6,461)	–	-
Non-trade balance	(30,022)	–	(27,310)	–
	(147,678)	(6,461)	(27,310)	–

The trade balances are subject to the normal trade credit term of 30 (2021 - 30) days.

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

14. AMOUNT OWING BY SUBSIDIARIES

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

15. SHORT-TERM INVESTMENTS

	The Group			
	2022		2021	
	Carrying Amount RM	Market Value RM	Carrying Amount RM	Market Value RM
Money market fund, at fair value (Note 30(c))	4,022,550	4,022,550	10,535,814	10,535,814

	The Company			
	2022		2021	
	Carrying Amount RM	Market Value RM	Carrying Amount RM	Market Value RM
Money market fund, at fair value (Note 30(c))	1,901,498	1,901,498	7,057,625	7,057,625

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.35% - 4.3% (2021 - 1.85%) per annum respectively. The fixed deposits have maturity periods of 30 to 365 (2021 - 365) days.

17. SHARE CAPITAL

	The Group/The Company			
	2022	2021	2022	2021
	Number Of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	707,393,149	616,546,049	188,730,326	98,318,247
Issuance of new shares pursuant to:				
- acquisition of non-controlling interests (Note 29(a))	–	90,000,000	–	90,000,000
- employees' share options exercised (Note 19)	–	274,500	–	297,559
- private placement	29,000,000	–	11,745,000	–
- warrants exercised	33,432,450	572,600	6,686,490	114,520
At 31 December	769,825,599	707,393,149	207,161,816	188,730,326

17. SHARE CAPITAL (CONT'D)

(a) 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.

(b) During the financial year, the Company increased its issued and paid-up share capital from RM188,730,326 to RM207,161,816 by way of:-

(i) Issuance of 29,000,000 new ordinary shares at an issue price of RM0.405 each which amounted to RM11,745,000;

(ii) Issuance of 33,432,450 new ordinary shares from exercise of warrants at exercise price of RM0.20 which amounted to RM6,686,490.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

18. 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.

19. EMPLOYEE SHARE OPTION RESERVE

The employee share option reserve represents the equity-settled share options granted to employees. 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 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. On 29 November 2021, the Board has approved to extend its existing ESOS's tenure which expired on 2 December 2021 for another five (5) years until 2 December 2026.

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.

19. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

The main features of the ESOS are as follows (Cont'd):-

(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 prices and the details in the movement of the options granted are as follows:-

			<-------- Number of Options over Ordinary Shares -------->				
Date of Offer	Exercise Price	Contractual Life of Options	At 1 January 2022	Granted	Exercised	Lapsed/ Rejected	At 31 December 2022
24 July 2020	RM0.70	5 Years	18,943,000	–	–	(617,000)	18,326,000

The options which lapsed during the financial year were due to the resignations of employees.

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of any other company.

The number of options exercisable as at 31 December 2022 was 20,322,000 (2021 - 13,703,000) and have exercise price of RM0.70 (2021 - RM0.30 and RM0.70) and a weighted average contractual life of 5 (2021 - 5) years.

On 24 July 2020, the Company has granted 26,070,000 share options under the ESOS, out of which, 6,980,000 were exercisable during the financial year. These options expire on 2 December 2026 and the remaining options are exercisable if the employee remains in service for 3 years from the date of grant.

In the previous financial year, 274,500 share options were exercised at exercise prices of RM0.30 and RM0.70 each in exchange for 274,500 new ordinary shares as disclosed in Note 17 to the financial statements.

19. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

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

	The Group/The Company	
	ESOS 2 2022	ESOS 2 2021
Fair value of share options at the grant date (RM)	0.57	0.57
Weighted average ordinary share price (RM)	0.79	0.79
Exercise price of share option (RM)	0.70	0.70
Expected volatility (%)	84.04	84.04
Expected life (years)	5	5
Risk free rate (%)	2.444	2.444
Expected dividend yield (%)	0	0

20. TERM LOAN

	The Group	
	2022 RM	2021 RM
Current liabilities	138,314	123,745
Non-current liabilities	371,392	538,779
	509,706	662,524

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

	Effective Interest Rate		The Group	
	2022 %	2021 %	2022 RM	2021 RM
Floating rate term loan I	4.27	3.27	509,706	662,524

Term loan I is secured by:-

(i) deed of assignments cum loan agreements over the leasehold land and buildings of the Group as disclosed in Note 7 to the financial statements; and

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

21. DEFERRED TAX LIABILITIES

The Group	At 1.1.2022 RM	Recognised in Profit or Loss (Note 27) RM	At 31.12.2022 RM
2022			
Deferred Tax Liabilities			
Property, plant and equipment	2,127,160	–	2,127,160
Right-of-use assets	1,920,854	82,720	2,003,574
Deferred Tax Asset			
Provisions	(162,441)	(28,248)	(190,689)
	3,885,573	54,472	3,940,045

	At 1.1.2021 RM	Recognised in Profit or Loss (Note 27) RM	At 31.12.2021 RM
2021			
Deferred Tax Liabilities			
Property, plant and equipment	1,729,227	397,933	2,127,160
Right-of-use assets	2,283,978	(363,124)	1,920,854
Deferred Tax Asset			
Unused tax losses	(18,038)	(144,403)	(162,441)
	3,995,167	(109,594)	3,885,573

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 (2021 - 7 to 120) days.

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables:-				
Third parties	17,884,676	15,026,212	1,308,220	211,857
Goods and services tax payable	666,692	666,692	–	–
Sales and services tax payable	7,296	8,490	–	–
	18,558,664	15,701,394	1,308,220	211,857
Accruals	2,061,328	3,189,018	42,402	170,000
Advance payment from customers	500,478	2,104,583	–	–
	21,120,470	20,994,995	1,350,622	381,857

24. REVENUE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from Contracts with Customers				
Recognised over time				
Manufacturing of glove-dipping machines (Note 12)	59,357,397	98,381,771	–	–
Recognised at a point in time				
Sale of goods	15,090,797	169,289,666	–	–
Rendering of services	1,222,002	2,642,785	–	–
	75,670,196	270,314,222	–	–

The information on the disaggregation of revenue by geographical market is disclosed in Note 33.2 to the financial statements.

25. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Impairment losses:				
- trade receivables (Note 10)	(2,091,299)	(3,005,469)	–	–

26. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- audit fee:				
- current financial year	116,000	115,000	36,000	36,000
- underprovision in the previous financial year	5,500	2,000	2,000	–
- non-audit fees:				
- current financial year	5,000	5,000	5,000	5,000
Depreciation:				
- property, plant and equipment (Note 6)	5,969,908	6,714,982	–	–
- right-of-use assets (Note 7)	740,121	483,177	–	–
Directors' remuneration: (Note 31(a))				
- fees	160,000	160,000	160,000	160,000
- non-fees emoluments	2,158,172	2,257,599	–	–
Impairment on goodwill	2,785,364	–	–	–
Impairment loss on investment in a subsidiary	–	–	69,330,703	–
Impairment on property, plant and equipment	20,132,120	–	–	–
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- others	6,111	69,375	–	–

26. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before taxation is arrived at after charging/ (crediting) (Cont'd):-				
Inventories written down	16,981,827	20,484,983	–	–
Lease expenses:				
- short-term leases	276,914	621,424	–	–
(Gain)/Loss on foreign exchange:				
- realised	(350,460)	(779,527)	–	–
- unrealised	(2,457,906)	107,191	–	–
Property, plant and equipment written off	2,695	2	–	–
Share options expense	1,326,200	3,066,837	1,326,200	3,066,837
Staff costs (including other key management personnel as disclosed in Note 31(b)):				
- short-term employee benefits	9,946,479	13,395,797	–	–
- defined contribution benefits	837,425	893,351	–	–
Dividend income:				
- short-term investments	(44,175)	(864,614)	–	(353,012)
Fair value gain on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investment	(43,873)	(5,765)	(43,873)	(5,765)
Gain on disposal of property, plant and equipment	(95,000)	(119,733)	–	–
Interest income on financial assets measured at amortised cost:				
- fixed deposit with licensed banks	(524,406)	(39,847)	–	–
- others	(38,483)	(54,760)	(1,182)	–
Rental income	(1,500)	(5,100)	–	–

27. TAX (INCOME)/EXPENSE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax:				
- current financial year	2,000,000	14,868,000	–	–
- (over)/underprovision in the previous financial year	(2,234,304)	37,922	72	–
	(234,304)	14,905,922	72	–
Deferred tax (Note 21):				
- origination and reversal of temporary differences	82,657	24,529	–	–
- overprovision in the previous financial year	(28,185)	(134,123)	–	–
	54,472	(109,594)	–	–
	(179,832)	14,796,328	72	–

A reconciliation of tax (income)/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:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before taxation	(53,713,250)	33,586,125	(71,146,545)	(3,313,240)
Tax at the statutory tax rate of 24% (2021 - 24%)	(12,891,180)	8,060,670	(17,075,171)	(795,178)
Tax effects of:-				
Non-deductible expenses	1,762,297	2,003,040	17,085,984	881,284
Non-taxable income	(572,620)	(235,661)	(10,813)	(86,106)
Deferred tax asset not recognised	13,784,160	5,064,480	–	–
(Over)/Underprovision of current tax in the previous financial year	(2,234,304)	37,922	72	–
Overprovision of deferred tax in the previous financial year	(28,185)	(134,123)	–	–
	(179,832)	14,796,328	72	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 - 24%) of the estimated assessable profit for the financial year.

27. INCOME TAX (CREDIT)/EXPENSE (CONT'D)

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Provisions	58,000,000	42,235,000	–	–
Temporary differences on property, plant and equipment	11,470,000	(11,038,000)	–	–
Unused tax losses	14,520,000	–	–	–
Unabsorbed capital allowance	4,641,000	–	–	–
	88,631,000	31,197,000	–	–

28. (LOSS)/EARNINGS PER SHARE

	The Group	
	2022 RM	2021 RM
Basic (loss)/earnings per share		
(Loss)/Profit after taxation attributable to owners of the Company (RM)	(53,461,295)	8,891,580
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January	707,393,149	616,546,049
Effects of new ordinary shares issued	29,388,412	67,347,568
Weighted average number of ordinary shares at 31 December	736,781,561	683,893,617
Basic (loss)/earnings per ordinary share (sen)	(7.26)	1.30

28. (LOSS)/EARNINGS PER SHARE (CONT'D)

	The Group	
	2022 RM	2021 RM
Diluted (loss)/earnings per share		
(Loss)/Profit after taxation attributable to owners of the Company (RM)	(53,461,295)	8,891,580
Weighted average number of ordinary shares for basic earnings per share	736,781,561	683,893,617
Shares deemed to be issued for no consideration:		
- employee share options in issue	–*	951,949
- warrants in issue	16,464,428	74,027,699
Weighted average number of ordinary shares for diluted earnings per share computation	753,245,989	758,873,265
Diluted (loss)/earnings per ordinary share (sen)	(7.10)	1.17

* The potential conversion of ESOS are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of ESOS has been ignored in the calculation of dilutive earnings per share.

29. ACQUISITION OF NON-CONTROLLING INTERESTS AND A SUBSIDIARY

(a) ACQUISITION OF NON-CONTROLLING INTERESTS

In the previous financial year, the Company acquired the remaining 45% equity interests in HL Rubber Industries Sdn. Bhd. ("HLRI") comprising 4,725,000 ordinary shares for a purchase consideration of RM90,000,000 to be satisfied by way of issuance of 90,000,000 new ordinary shares. The carrying amount of HLRI's net assets in the Group's financial statements on that date was RM101,587,656. The Group recognised a decrease in non-controlling interests of RM45,816,638 and a decrease in retained profits of RM44,183,362.

(b) ACQUISITION OF A SUBSIDIARY

In the previous financial year, the Company subscribed 80% equity interests in Triple Care Gloves Sdn. Bhd. ("TCG") comprising 2,400,000 ordinary shares for a total cash consideration of RM2,400,000 which represents 80% issued and paid-up share capital of TCG. The non-controlling interests of TCG 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. The acquisition of TCG is to enable the Group to expand its manufacture and trading of rubber gloves business.

30. CASH FLOW INFORMATION

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

	The Group 2022 RM	The Group 2021 RM
Cash disbursed for purchase of property, plant and equipment (Note 6)	30,497,205	27,924,647
Cash disbursed for purchase of right-of-use assets (Note 7)	360,000	38,254,633
	30,857,205	66,179,280

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

The Group	Term Loan RM	Total RM
2022		
At 1 January	662,524	662,524
Changes in Financing Cash Flows		
Repayment of borrowing principal	(152,818)	(152,818)
At 31 December	509,706	509,706
2021		
At 1 January	812,894	812,894
Changes in Financing Cash Flows		
Repayment of borrowing principal	(150,370)	(150,370)
At 31 December	662,524	662,524

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits with licensed banks	37,800,281	1,539,102	–	–
Cash and bank balances	10,304,449	22,517,453	3,425,621	575,468
Money market funds (Note 15)	4,022,550	10,535,814	1,901,498	7,057,625
	52,127,280	34,592,369	5,327,119	7,633,093
Less: Fixed deposit with tenure of more than 3 months	(1,570,709)	(1,539,102)	–	–
	50,556,571	33,053,267	5,327,119	7,633,093

31. 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:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(a) Directors				
Directors of the Company				
Non-Executive Directors				
Short-term employee benefits:				
- fees	160,000	160,000	160,000	160,000
- allowances	202,602	198,770	–	–
	362,602	358,770	160,000	160,000
Executive Directors				
Short-term employee benefits:				
- salaries, bonuses and other benefits	1,732,010	1,831,309	–	–
- defined contribution benefits	223,560	227,520	–	–
	1,955,570	2,058,829	–	–
Total directors' remuneration (Note 26)	2,318,172	2,417,599	160,000	160,000
(b) Other Key Management Personnel				
Short-term employee benefits:				
- salaries, bonuses and other benefits	887,953	1,053,539	–	–
- defined contribution benefits	115,488	131,092	–	–
Total compensation for other key management personnel (Note 26)	1,003,441	1,184,631	–	–

32. 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 also carried out the following transactions with the related parties during the financial year:-

	The Group	
	2022 RM	2021 RM
Purchases from a related party	645,535	2,880,496
Sales to related parties	–	2,346,436

The outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in Note 13 to the financial statements.

33. 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:-

- Glove-dipping lines - manufacture of glove-dipping machines, fabrication works on metal and stainless steel products and carry out all supporting services associated therewith
- Rubber gloves - manufacturing and trading of rubber gloves
- 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) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

33. OPERATING SEGMENTS (CONT'D)

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.

33.1 BUSINESS SEGMENTS

2022	Glove - Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Revenue				
External revenue	62,134,481	13,535,715	–	75,670,196
Inter-segment revenue	3,188,359	–	–	3,188,359
	65,322,840	13,535,715	–	78,858,555
Consolidation adjustments				(3,188,359)
Consolidated revenue				75,670,196
Results				
Segment profit/(loss)	6,495,964	(57,067,020)	(71,146,545)	(121,717,601)
Finance cost				(6,111)
Consolidation adjustments				68,010,462
Consolidated loss before taxation				(53,713,250)
Segment (loss)/profit include the following:-				
Interest income	(523,661)	(38,046)	(1,182)	(562,889)
Depreciation	836,514	5,960,990	–	6,710,029*
Impairment loss on trade receivables	1,780,100	311,199	–	2,091,299
Gain on disposal of property, plant and equipment	(95,000)	–	–	(95,000)
Unrealised gain on foreign exchange	(2,305,419)	(152,487)	–	(2,457,906)
Fair value gain on short-term investment	–	–	(43,873)	(43,873)

* After consolidation adjustments of RM87,475

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

2022	Glove - Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Assets				
Segment assets	117,473,363	106,035,598	120,465,827	343,974,788
Unallocated asset				
- current tax assets	1,185,961	4,182,065	–	5,368,026
Consolidation adjustments				(119,129,939)
Consolidated total assets				230,212,875
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	743,288	26,755,928	–	30,497,205*
Right-of-use assets	–	360,000	–	360,000
	743,288	27,115,928	–	30,857,205

* After consolidation adjustments of RM2,997,989

2022	Glove - Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Liabilities				
Segment liabilities	95,215,727	74,005,291	1,377,932	170,598,950
Consolidation adjustments				(66,060,899)
Consolidated total liabilities				104,538,051

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

2021	Glove - Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Revenue				
External revenue	103,913,819	166,400,403	–	270,314,222
Inter-segment revenue	12,273,347	1,001	–	12,274,348
	116,187,166	166,401,404	–	282,588,570
Consolidation adjustments				(12,274,348)
Consolidated revenue				270,314,222
Results				
Segment profit/(loss)	12,763,805	26,626,120	(3,313,240)	36,076,685
Finance cost				(69,375)
Consolidation adjustments				(2,421,185)
Consolidated profit before taxation				33,586,125
Segment profit/(loss) include the following:-				
Interest income	(32,905)	(61,702)	–	(94,607)
Depreciation	609,600	6,576,326	–	7,198,159*
Impairment loss on trade receivables	2,597,469	408,000	–	3,005,469
Gain on disposal of property, plant and equipment	(115,000)	(4,733)	–	(119,733)
Unrealised (gain)/loss on foreign exchange	(111,544)	218,735	–	107,191
Fair value gain on short-term investment	–	–	(5,765)	(5,765)

* After consolidation adjustments of RM12,233

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

2021	Glove - Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Assets				
Segment assets	84,863,716	132,572,934	170,917,504	388,354,154
Consolidation adjustments				(163,122,088)
Consolidated total assets				225,232,066
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	1,526,263	32,152,424	–	27,924,647*
Right-of-use assets	19,156,378	19,098,255	–	38,254,633
	20,682,641	51,250,679	–	66,179,280

* After consolidation adjustments of RM5,754,040

2021	Glove - Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Liabilities				
Segment liabilities	66,472,036	39,750,755	381,857	106,604,648
Unallocated liabilities:				
- current tax liabilities	199,682	939,087	–	1,138,769
Consolidation adjustments				(42,020,728)
Consolidated total liabilities				65,722,689

33. OPERATING SEGMENTS (CONT'D)

33.2 GEOGRAPHICAL INFORMATION

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

Revenue	The Group 2022 RM	The Group 2021 RM
Malaysia	32,850,590	91,219,926
Thailand	30,259,050	50,017,409
India	3,300,423	–
Taiwan	3,105,785	1,274,643
Singapore	2,668,272	4,875,920
United States	2,145,818	73,296,780
Japan	827,662	9,218,594
Australia	162,790	7,104,504
China	–	5,728,184
Hong Kong	–	25,935,835
Vietnam	16,022	348,368
Others	333,784	1,294,059
	75,670,196	270,314,222

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 2022 RM	At A Point in Time 2021 RM	Over Time 2022 RM	Over Time 2021 RM	The Group 2022 RM	The Group 2021 RM
Malaysia	6,373,862	41,280,494	26,476,728	49,939,432	32,850,590	91,219,926
United States	2,145,818	73,296,780	–	–	2,145,818	73,296,780
Thailand	678,804	1,801,882	29,580,246	48,215,527	30,259,050	50,017,409
Hong Kong	–	25,935,835	–	–	–	25,935,835
Japan	827,662	9,218,594	–	–	827,662	9,218,594
Australia	162,790	7,104,504	–	–	162,790	7,104,504
China	–	5,728,184	–	–	–	5,728,184
Singapore	2,668,272	4,875,920	–	–	2,668,272	4,875,920
Taiwan	3,105,785	1,274,643	–	–	3,105,785	1,274,643
India	–	–	3,300,423	–	3,300,423	–
Vietnam	16,022	121,556	–	226,812	16,022	348,368
Others	333,784	1,294,059	–	–	333,784	1,294,059
	16,312,799	171,932,451	59,357,397	98,381,771	75,670,196	270,314,222

33. OPERATING SEGMENTS (CONT'D)

33.3 MAJOR CUSTOMERS

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

	Revenue 2022 RM	Revenue 2021 RM	Geographical Segment
Customer A	18,348,575	–	Malaysia
Customer B	8,137,874	27,704,491	Malaysia
Customer C	26,363,938	–	Thailand
Customer D	–	53,927,498	United States

34. CAPITAL COMMITMENTS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Purchase of property, plant and equipment	10,632,995	17,452,003	–	–

35. 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:-

	The Group	
	2022 RM	2021 RM
Bank guarantee extended by subsidiaries to third parties	1,342,834	5,605,813

36. 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.

36.1 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") and Thai Baht ("THB"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currency for working capital purposes.

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

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	Thai Baht RM	Ringgit Malaysia RM	Total RM
2022					
Financial Assets					
Trade receivables	9,724,754	–	–	8,270,123	17,994,877
Other receivables	17,523	–	–	607,497	625,020
Short-term investments	–	–	–	4,022,550	4,022,550
Fixed deposits with licensed banks	35,531,808	–	–	2,268,473	37,800,281
Cash and bank balances	3,236,978	–	–	7,067,471	10,304,449
	48,511,063	–	–	22,236,114	70,747,177

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Chinese Yuan RM	Thai Baht RM	Ringgit Malaysia RM	Total RM
2022					
Financial Liabilities					
Term loan	–	–	–	509,706	509,706
Trade payables	2,765,074	221,270	114,246	19,368,034	22,468,624
Amount owing to related parties	–	–	–	147,678	147,678
Other payables and accruals	–	2,133,398	–	17,812,606	19,946,004
	2,765,074	2,354,668	114,246	37,838,024	43,072,012
Net financial assets/ (liabilities)	45,745,989	(2,354,668)	(114,246)	(15,601,910)	27,675,165
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	–	15,601,910	15,601,910
Currency exposure	45,745,989	(2,354,668)	(114,246)	–	43,277,075

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Chinese Yuan RM	Thai Baht RM	Ringgit Malaysia RM	Total RM
2021					
Financial Assets					
Trade receivables	5,322,087	–	–	8,956,814	14,278,901
Amount owing by related parties	–	–	–	32,382	32,382
Other receivables	49,533	–	–	531,103	580,636
Short-term investments	–	–	–	10,535,814	10,535,814
Fixed deposits with a licensed bank	–	–	–	1,539,102	1,539,102
Cash and bank balances	19,481,011	–	–	3,036,442	22,517,453
	24,852,631	–	–	24,631,657	49,484,288

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Chinese Yuan RM	Thai Baht RM	Ringgit Malaysia RM	Total RM
2021					
Financial Liabilities					
Term loan	–	–	–	662,524	662,524
Trade payables	1,853,080	229,425	295,117	28,087,423	30,465,045
Amount owing to related parties	–	–	–	6,461	6,461
Other payables and accruals	26,928	–	–	18,188,302	18,215,230
	1,880,008	229,425	295,117	46,944,710	49,349,260
Net financial assets/ (liabilities)	22,972,623	(229,425)	(295,117)	(22,313,053)	135,028
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	–	22,313,053	22,313,053
Currency exposure	22,972,623	(229,425)	(295,117)	–	22,448,081

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 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:-

		The Group	
		2022 RM	2021 RM
Effects on (Loss)/Profit After Taxation			
USD/RM	- strengthened by 5%	(1,738,347)	872,960
	- weakened by 5%	1,738,347	(872,960)
Effects on Other Comprehensive (Expense)/Income			
USD/RM	- strengthened by 5%	(1,738,347)	872,960
	- weakened by 5%	1,738,347	(872,960)

Any reasonably possible change in the CNY 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)/profit after taxation and other comprehensive (expense)/income of the Group.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(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 borrowings with variable rates. 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 licensed banks is carried at amortised cost. Therefore, it is not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Note 20 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 a have material impact on the loss after taxation and other comprehensive expense of the Group and hence, no sensitivity analysis is presented.

The Company does not have any floating rate borrowings 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 4 customers which constituted approximately 81% of its trade receivables (including related parties) at the end of the reporting period.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Maximum 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 statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

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

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due.

<u>Trade Receivables and Contract Assets</u>

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables (including related parties) 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 measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 12 months (2021 - 12 months) before the reporting 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 trade receivables to settle their debts using the simplified provisional matrix. The Group has identified the unemployment rate and Gross Domestic Product (GDP) as the key macroeconomic factors of the forward-looking information.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 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)

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

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.

Allowance for Impairment Losses

The Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2022			
Current (not past due)	10,386,192	–	10,386,192
1 to 30 days past due	318,966	–	318,966
31 to 60 days past due	118,184	–	118,184
61 to 90 days past due	668,012	–	668,012
More than 90 days past due	6,503,523	–	6,503,523
Credit impaired	23,647,207	(23,647,207)	–
Trade receivables	41,642,084	(23,647,207)	17,994,877
Contract assets	3,367,883	(2,487,928)	879,955
	45,009,967	(26,135,135)	18,874,832

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 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 Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2021			
Current (not past due)	5,772,773	–	5,772,773
1 to 30 days past due	632,139	–	632,139
31 to 60 days past due	1,368,413	–	1,368,413
61 to 90 days past due	1,288,372	–	1,288,372
More than 90 days past due	5,249,586	–	5,249,586
Credit impaired	21,555,908	(21,555,908)	–
Trade receivables	35,867,191	(21,555,908)	14,311,283
Contract assets	6,503,267	(2,487,928)	4,015,339
	42,370,458	(24,043,836)	18,326,622

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 10 and 12 to the financial statements respectively.

Other Receivables and Amount Owing by Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing by Subsidiary (Non-trade Balance)

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers 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.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

At the end of the reporting period, there was no indication that the amount owing is not recoverable.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

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

Maturity Analysis

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2022					
Non-derivative Financial Liabilities					
Trade payables	–	22,468,624	22,468,624	22,468,624	–
Amount owing to related parties	–	147,678	147,678	147,678	–
Other payables and accruals	–	19,946,004	19,946,004	19,946,004	–
Term loan	4.27	509,706	549,973	157,512	392,461
		43,072,012	43,112,279	42,719,818	392,461

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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) (Cont'd):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2021					
Non-derivative Financial Liabilities					
Trade payables	–	30,465,045	30,465,045	30,465,045	–
Amount owing to related parties	–	6,461	6,461	6,461	–
Other payables and accruals	–	18,215,230	18,215,230	18,215,230	–
Term loan	3.27	662,524	738,387	150,540	587,847
		49,349,260	49,425,123	48,837,276	587,847

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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) (Cont'd):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2022				
Non-derivative Financial Liability				
Amount owing to related parties	–	27,310	27,310	27,310
Other payables and accruals	–	1,350,622	1,350,622	1,350,622
		1,377,932	1,377,932	1,377,932
2021				
Non-derivative Financial Liability				
Other payables and accruals	–	381,857	381,857	381,857

36.2 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.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2022 The Group RM	2022 The Company RM	2021 The Group RM	2021 The Company RM
Financial Assets				
Fair Value Through Profit or Loss				
Short-term investments (Note 15)	4,022,550	1,901,498	10,535,814	7,057,625
Amortised Cost				
Trade receivables (Note 10)	17,994,877	–	14,278,901	–
Other receivables (Note 11)	625,020	–	580,636	–
Amount owing by related parties (Note 13)	–	–	32,382	–
Amount owing by subsidiaries (Note 14)	–	56,187,453	–	35,002,453
Fixed deposits with licensed banks (Note 16)	37,800,281	–	1,539,102	–
Cash and bank balances	10,304,449	3,425,621	22,517,453	575,468
	66,724,627	59,613,074	38,948,474	35,577,921
Financial Liability				
Amortised Cost				
Trade payables (Note 22)	22,468,624	–	30,465,045	–
Other payables and accruals (Note 23)	19,946,004	1,350,622	18,215,230	381,857
Amount owing to related parties (Note 13)	147,678	27,310	6,461	–
Term loan (Note 20)	509,706	–	662,524	–
	43,072,012	1,377,932	49,349,260	381,857

36.4 (GAINS) OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2022 The Group RM	2022 The Company RM	2021 The Group RM	2021 The Company RM
Financial Assets				
Fair Value Through Profit and Loss				
Net gains recognised in profit or loss by:				
- mandatorily required by MFRS 9	(88,048)	(43,873)	(870,379)	(358,777)
Amortised Cost				
Net losses/(gains) recognised in profit or loss	1,528,410	(1,182)	2,910,862	–

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 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:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
The Group	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
2022								
Financial Asset								
Short-term investments								
- money market fund	–	4,022,550	–	–	–	–	4,022,550	4,022,550
Financial Liability								
Term loan	–	–	–	–	509,706	–	509,706	509,706
2021								
Financial Asset								
Short-term investments								
- money market fund	–	10,535,814	–	–	–	–	10,535,814	10,535,814
Financial Liability								
Term loan	–	–	–	–	662,524	–	662,524	662,524

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 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 Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2022								
Financial Asset								
Short-term investment								
- money market fund	–	1,901,498	–	–	–	–	1,901,498	1,901,498
2021								
Financial Asset								
Short-term investment								
- money market fund	–	7,057,625	–	–	–	–	7,057,625	7,057,625

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

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

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of the Group's term loan that carry floating interest rates approximated its carrying amount as it is repriced to market interest rates on or near the reporting date.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 11 January 2022, the Board of Directors of the Company announced that the Company is proposing to undertake a Private Placement of new ordinary shares in HLT Global of up to twenty percent (20%) of the total number of issued shares in HLT Global.

On 7 February 2022, KAF IB announced that the Company has fixed the issue price for the first tranche of the Private Placement comprising 30,000,000 Placement Shares at RM0.405 per Placement Share. The said issue price of RM0.405 per Placement Share represents a discount of approximately 10.00% from the five (5)-day volume weighted average market price of HLT Global Shares up to and including 4 February 2022 of approximately RM0.4500 per HLT Global Share.

As at 14 February 2022, the Company had received payment for 29,000,000 Placement Shares out of the total 30,000,000 Placement Shares and hence, the remaining 1,000,000 Placement Shares have lapsed. Depending on the market conditions and the timing of identifying suitable placee(s), the Board of Directors shall fix the issue price for the remaining Placement Shares at a later date.

(b) On 15 March 2022, HLA has filed a Writ Summons and Statement of Claim at the High Court of Malaya at Kuala Lumpur against the following parties:-

(i) WRP Asia Pacific Sdn. Bhd. ("1st Defendant");
(ii) WRP Specialty Products Sdn. Bhd. ("2nd Defendant");
(iii) Sng Beng Hock Michael ("3rd Defendant");
(iv) Loong Mei Yin ("4th Defendant"); and
(v) Abinash Majhi ("5th Defendant")

The circumstances leading to the filing of the Writ Summons and Statement of Claim by HLA is based on, inter alia, the sum of RM16,435,021.71 ("Outstanding Sums") as at 30 November 2018 due and owing by the 1st and 2nd Defendants to HLA for equipment, goods and services provided by HLA to the 1st and 2nd Defendants and the interests on the Outstanding Sums. HLA contends that HLA was requested by the 1st and 2nd Defendants through their director, to enter into a Settlement Agreement whereby Advanced Healthcare Products Sdn Bhd ("AHP") will effect payment of the Outstanding Sums on behalf of the 1st and 2nd Defendants. AHP was, however subsequently wound-up by the High Court of Malaya at Ipoh and the 1st and 2nd Defendants accordingly remain liable to HLA for the Outstanding Sums. HLA also sought for a declaration that the 3rd, 4th and 5th Defendants are guilty of fraudulent trading under Section 540 of the Companies Act 2016 and for the 3rd, 4th and 5th Defendants to be personally liable for the Outstanding Sums, given among others, the involvement of the 3rd, 4th and 5th Defendants in the business of the 1st and 2nd Defendants, and that the 3rd, 4th and 5th Defendants in having first allowed the said Outstanding Sums to be incurred and/or continuing to deny the liability of the 1st and 2nd Defendants for the said Outstanding Sums.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(b) Further, HLA also contends that the 3rd and 4th Defendants are guilty of fraudulent trading under Section 540 of the Companies Act 2016 given among others, the following involvements of the 3rd and 4th Defendants in the business of 1st Defendant, 2nd Defendants, Tael Management Co. (Malaysia) Sdn Bhd and Tael Group which HLA contends, are clearly intended to relegate the rights and interests of the creditors of the 2nd Defendant, including HLA: -

(i) Tael Management Co. (Malaysia) Sdn Bhd, the appointed receiver and manager of the property of the 2nd Defendant;
(ii) Tael Management Co (Malaysia) Sdn Bhd is part of the Tael Group which is a substantial investor in the 1st Defendant;
(iii) The 3rd and 4th Defendants are co-founders of the Tael Group;
(iv) The Notice of Appointment of Receiver of the 2nd Defendant was signed by the 4th Defendant for and on behalf of Tael Management Co (Malaysia) Sdn Bhd pursuant to a purported Debenture dated 3 September 2019.

On 25 July 2022, the 1st, 3rd, 4th and 5th Defendants filed an application ("Application") for the following orders:-

(i) that the Statement of Claim be struck out;
(ii) alternative, that the claim against the 1st, 3rd, 4th and 5th Defendants be struck out;
(iii) consequent to the order made upon prayers 1 and/or 2 above, HLA's action against the 1st, 3rd, 4th and 5th Defendants stand dismissed;
(iv) such further and/or other orders and/or relief as this Honourable Court deems just and appropriate; and
(v) costs.

The Application was heard and dismissed on 4 October 2022, with costs of RM3,500.00 to be paid by the 1st, 3rd, 4th and 5th Defendants to HLA.

The 2nd Defendant, WRP Specialty has counterclaimed against the HLA for the following reliefs:-

(i) a declaration that this action is an abuse of the Court's process;
(ii) a declaration that the settlement agreement dated 15 May 2019 is valid and enforceable;
(iii) general damages for abuse of the court's process be assessed and paid by the HLA to the 2nd Defendant;
(iv) aggravated damages;
(v) exemplary damages;
(vi) interests at a rate of 5% per annum from the judgment date; and
(vii) costs to be paid by HLA on an indemnity basis.

The matter is fixed for continued trial on 19 May 2023, 22 May 2023, 23 May 2023, 24 May 2023 and 25 May 2023 together with Suit 390 above.

The solicitor for HLA is of the view that HLA has a reasonable chance of success in the claim against the Defendants and in the defence against the 2nd Defendant's counterclaim. The solicitor for HLA is however unable to give any estimation on the amount of potential loss or gain at this juncture.

38. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

(a) On 27 January 2023, the Board of Director announced that the approval from Bursa Securities for the extension of time up to 28 January 2023 to complete the implementation of the Private Placement will lapse after 27 January 2023. Thus far, the Company has placed out 29,000,000 Placement Shares at an issue price of RM0.405 per Placement Share in one (1) tranche under the Private Placement. Nevertheless, the Company was not able to place out the remaining Placement Shares under the Private Placement and hence, the Private Placement is deemed completed on 27 January 2023.

(b) On 17 March 2023, the Board of Directors of the Company announced that the Company is proposing to undertake a reduction of its issued share capital pursuat to Section 116 of the Companies Act 2016 ("Proposed Capital Reduction").

The Proposed Capital Reduction entails the reduction of RM120.0 million of the issued share capital of HLT pursuant to Section 116 of the Act. The corresponding credit of RM120.0 million arising from such cancellation will be utilised to set-off against the accumulated losses of the Company and the remaining balance will be credited to the retained earnings of the Company which shall be utilised in such manner as the Board deems fit, as permitted by the relevant and applicable laws, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as the Constitution of the Company.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2022

No.	Registered Owner	Address/Title	Description	Land Area/ Gross Floor Area/Built-up Area (Sq. Ft.)	Existing Use	Tenure	Carrying Amount as at 31 December 2022 (RM)	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	3,428,053	13	22 December 2011 (A)
2.	HL Advance Technologies (M) Sdn. Bhd.	Unit No. 52-25-B4, 4th Floor, Pangsapuri Jati, Jalan Dagang Mas 5, Taman Mas Sepang, 47100 Puchong, Selangor Darul Ehsan. PM 6368, Lot 46226, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Apartment	Built-up area - 829	Staff accommodation	Leasehold for a period of 99 years expiring on 11 August 2096	43,083	16	15 December 2010 (A)
3.	HL Advance Technologies (M) Sdn. Bhd.	Unit No. 30-02-I6, 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	26,802	15	23 December 2010 (A)
4.	HL Advance Technologies (M) Sdn. Bhd.	No. 6, Jalan TPP 8, Taman Perindustrian Putra, 47130 Puchong, Selangor. PM 34158, Lot 35212, Mukim Tanjong Duabelas, District of Kuala Langat, State of Selangor Darul Ehsan.	One (1)-storey detached factory with a three (3)-storeys annexed office building	Land area – 111,127 Gross floor area - 56,639	Factory	Leasehold for a period of 99 years expiring on 16 December 2111	18,857,010	2	14 September 2021 (A)

LIST OF PROPERTIES
(CONT'D)

No.	Registered Owner	Address/Title	Description	Land Area/ Gross Floor Area/Built-up Area (Sq. Ft.)	Existing Use	Tenure	Carrying Amount as at 31 December 2022 (RM)	Age of Building (Years)	Date of Valuation (V)/ Date of Acquisition (A)
5.	HL Rubber Industries Sdn. Bhd.	Lot 10, Kawasan Perindustrian Dioh, 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	13,065,197	26	27 February 2023 (V)
6.	Triple Care Gloves Sdn. Bhd.	1148, Jalan Villaraya 2/1, Bt.23, Sg. Lalang, Villaraya Industrial Park 2, 43500 Semenyih, Selangor Darul Ehsan, Malaysia. PM 37856, Lot 1148, Mukim Ulu Semenyih, District of Ulu Langat, State of Selangor Darul Ehsan.	Double (2) – storey factory building with a (1) single storey factory building	Land area – 653,402	Building in progress	Leasehold for a period of 99 years expiring on 23 October 2093	18,656,166	Nil	10 May 2021 (A)

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

Class of Equity Securities	:	Ordinary Shares (“Shares”)
Total number of issued Shares	:	775,388,049 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	75	0.53	2,191	#
100 - 1,000 Shares	2,023	14.45	1,446,657	0.19
1,001 - 10,000 Shares	7,468	53.33	38,404,750	4.95
10,001 - 100,000 Shares	3,992	28.51	129,590,851	16.71
100,001 - less than 5% of issued Shares	443	3.16	226,709,100	29.24
5% and above of issued Shares	3	0.02	379,234,500	48.91
Total	14,004	100.00	775,388,049	100.00

\# *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	18.05	157,362,000[(1)]	20.29
Chan Yoke Chun	157,362,000	20.29	139,965,000[(1)]	18.05
Yau Ming Teck	11,328,000	1.46	–	–
Wong Wai Tzing	112,500	0.01	–	–
Wong Koon Wai	100,000	0.01	–	–
Chui Mee Chuen	750,000	0.10	–	–

Notes:
(1) Deemed interested by virtue of the Shares held by his/her spouse 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	18.05	157,362,000[(1)]	20.29
Chan Yoke Chun	157,362,000	20.29	139,965,000[(1)]	18.05
Suntel International Co., Ltd	81,907,500	10.56	–	–

Notes:
(1) Deemed interested by virtue of the Shares held by his/her spouse in HLT Global Berhad.

ANALYSIS OF SHAREHOLDINGS
(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	157,362,000	20.29
2.	Wong Kok Wah	139,965,000	18.05
3.	Suntel International Co., Ltd	81,907,500	10.56
4.	Hup Lek Engineering & Trading Sdn Bhd	38,016,000	4.90
5.	Oh Wei Wah	22,241,000	2.87
6.	Yau Ming Teck	11,328,000	1.46
7.	Teng Moi Bee	6,720,000	0.87
8.	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Huat	4,554,200	0.59
9.	Kenanga Nominees (Tempatan) Sdn Bhd - Tan Pow Choo @ Wong Seng Eng	4,065,000	0.52
10.	Choo Wing Hong	3,307,900	0.43
11.	Teng Kok Fah	3,050,000	0.39
12.	Oh King Kuan	3,000,000	0.39
13.	Hu Xin	2,543,200	0.33
14.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Kok Mun	2,314,150	0.30
15.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koh Boon Poh	2,280,000	0.29
16.	Tan Kim Chai	2,037,400	0.26
17.	Wong Yoon Chee	1,950,000	0.25
18.	Eastway Comnaga Sdn Bhd	1,750,000	0.23
19.	Liew See Kim	1,700,700	0.22
20.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Michael Heng Chun Hong	1,668,000	0.22
21.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Anitha Binti Mohamed Haniffa	1,400,000	0.18
22.	Wong Sook Wai	1,300,000	0.17
23.	Hasil Aneka Sdn Bhd	1,229,000	0.16
24.	Tan Ai Lin	1,180,000	0.15
25.	Maybank Nominees (Tempatan) Sdn Bhd - Liew Tien How	1,121,000	0.14
26.	Chew Woei Choon	1,100,000	0.14
27.	Chow Siew Fun	1,000,000	0.13
28.	Kenanga Nominees (Tempatan) Sdn Bhd - Rakuten Trade Sdn Bhd for Veeraletchumy A/P Sani Babu	993,000	0.13
29.	Lau Siau Min	987,000	0.13
30.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Onn Tee @ Ng Chong Tann	945,300	0.12

HLT GLOBAL BERHAD
[201501038003 (1163324-H)]
(Incorporated in Malaysia)

PROXY FORM

(Before completing this form please refer to the notes below)

No. of shares held	**:**	
CDS Account No.	**:**	

I/We* ____ NRIC/Passport/Registration No.* ________________________
(Full name in block)

of ____
(Address)

with email address ____ mobile phone no. ________________________

being a member/members* of **HLT GLOBAL BERHAD** ("HLT" or "the Company") hereby appoint(s):-

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
Email Address			
Mobile Phone No.			

and/or

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
Email Address			
Mobile Phone No.			

or failing him/her* the Chairperson of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Eighth Annual General Meeting of the Company ("8th AGM" or "the Meeting") to be held at Langkawi Room, Second Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Monday, 12 June 2023 at 10:30 a.m. or 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/or benefits of up to RM400,000.00 for the financial year ending 31 December 2023.		
2.	To re-elect Ms. Wong Wai Tzing as a Director of the Company.		
3.	To re-elect Ms. Chan Yoke Chun as a Director of the Company.		
4.	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company.		
5.	To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
6.	To approve the Proposed Renewal of Shareholders' Mandate.		
7.	To approve the Proposed Renewal of Share Buy-Back Authority.		

**** delete whichever not applicable***

Dated this _________ day of _______________ 2023

____
Signature/ Common Seal of Member(s)

Notes:

(a) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, 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(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 6 June 2023. Only members whose names appear in the General Meeting Record of Depositors as at 6 June 2023 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 one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(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 appointed for holding the Meeting or at any adjournment thereof at which the person named in the appointment proposes to vote.

(h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 8th AGM dated 28 April 2023.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
HLT Global Berhad

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

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HLT GLOBAL BERHAD 201501038003 (1163324-H)

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

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