HLT GLOBAL BERHAD

Registration No. [201501038003 (1163324-H)]

Your Protection, Our Concern

KNOWLEDGE & EXPERIENCE IN GLOVE DIPPING TECHNOLOGY

ANNUAL REPORT 2019

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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

Tea Sor Hua (MACS 01324)

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

Third Floor, No. 77, 79 & 81
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor
Tel No : 03-7725 1777
Fax No: 03-7722 3668

BUSINESS ADDRESS

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

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd [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

AUDITORS

Crowe Malaysia PLT
[201906000005(LLP0018817-LCA) & AF 1018]
Level 16 Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel No: 03-2788 9999

SPONSOR

KAF Investment Bank Berhad
[197401003530 (20657-W)]
Level 14, Chulan Tower
No. 3, Jalan Conlay
50450 Kuala Lumpur
Tel No: 03-2171 0228

PRINCIPAL BANKER

Public Bank Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

Stock Code : 0188
Stock Name : HLT

NOTICE OF FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of HLT GLOBAL BERHAD ("**HLT**" or "**the Company**") will be held fully virtual and entirely via remote participation and voting at the Broadcast Venue: Conference Room of HLT, No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor on Monday, 22 June 2020 at 10:30 a.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 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 benefits of up to RM300,000.00 for the financial year ending 31 December 2020. ***(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. Chan Yoke Chun ***(Ordinary Resolution 2)***
   ii. Ms. Wong Wai Tzing ***(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 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 resolutions:-

5. **GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** ***(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 twenty per centum (20%) 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 in force until the conclusion of the next Annual General Meeting."

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

"THAT approval be and is hereby given for the renewal of existing shareholders' mandate and new 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 22 May 2020 ("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 Annual General Meeting of the Company following the general meeting at which the ordinary resolution for the Proposed Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next Annual General Meeting; or

(ii) the expiration of the period within which the next Annual General Meeting after that date it is required by law to be held pursuant to Section 340(2) of the 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 Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company."

7. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** ***(Special Resolution)***

"THAT the proposed amendments to the Constitution of the Company as set out below, be and are hereby approved and adopted AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company: -

Clause No.	**Existing Clause**	**Clause No.**	**Proposed Clause**
80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.	80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia or **by way of electronic means or in such other manner** as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.
106A	New provision	106A	The provisions of the Third Schedule of the Act shall not apply to the Company except where the same is repeated or contained in this Constitution.

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

By order of the Board

TEA SOR HUA (MACS 01324) (CCM PC No.: 201908001272)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
22 May 2020

Notes:

(a) A member who is entitled to attend, participate, speak and vote at the Fifth Annual General Meeting ("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 16 June 2020. Only members whose names appear in the General Meeting Record of Depositors as at 16 June 2020 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) As guided by the Securities Commission's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and subsequently revised on 14 May 2020, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the Meeting.

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

(f) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 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.

(g) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

(h) To be valid, the instrument appointing a proxy must be deposited at Share Registrar of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.

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

(j) The Meeting will be conducted on fully virtual at the Broadcast Venue, members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2019

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

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

Pursuant to Section 230(1) of the Companies Act 2016 which came into force on 31 January 2017, the fee of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, Ordinary Resolution 1, if approved, will allow the Company to pay Directors' fees and benefits to the Non-Executive Directors for the financial year ending 31 December 2020. In the event the proposed amount is insufficient due to enlarged board size, approval will be sought at the next Annual General Meeting for the shortfall.

3. Item 5 of the Agenda – General Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company had at its Fourth Annual General Meeting held on 30 May 2019, 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 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("10% General Mandate"). This 10% General Mandate will expire at the conclusion of this AGM.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the Fourth Annual General Meeting held on 30 May 2019 which will lapse at the conclusion of the Fifth AGM.

The Ordinary Resolution 5 proposed under item 5 is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("20% General Mandate"). This 20% General Mandate, unless revoked or varied at general meeting, will expire at the next Annual General Meeting.

In view of the challenging time due to the COVID-19 pandemic, Bursa Securities had on 16 April 2020 introduced this 20% General Mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Rule 6.04 of the Listing Requirements of Bursa Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasure shares) for issue of new securities.

The Board of Directors' Statement

The Board of Directors of HLT ("Board"), after due consideration, is of the opinion that in the face of unprecedented challenges brought by the COVID-19, this 20% General Mandate is the most appropriate avenue of fund raising at this juncture. This 20% General Mandate will enable the Company to raise funds expeditiously without having to incur interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The funds raised will be used to finance the day-to-day operational expenses, working capital for the on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

4. Item 6 of the Agenda – Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature

The Ordinary Resolution 6, if passed, will give a mandate to the Group to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to the Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

Please refer to the Circular to Shareholders dated 22 May 2020 for further information.

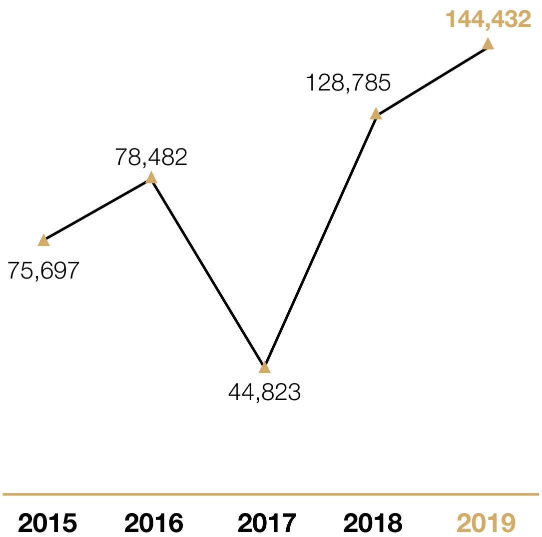
5. Item 7 of the Agenda – Proposed Amendments to the Constitution of the Company

The Special Resolution proposed under item 7 of the Agenda if approved, will streamline the Company's Constitution and enhance administrative efficiency. The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

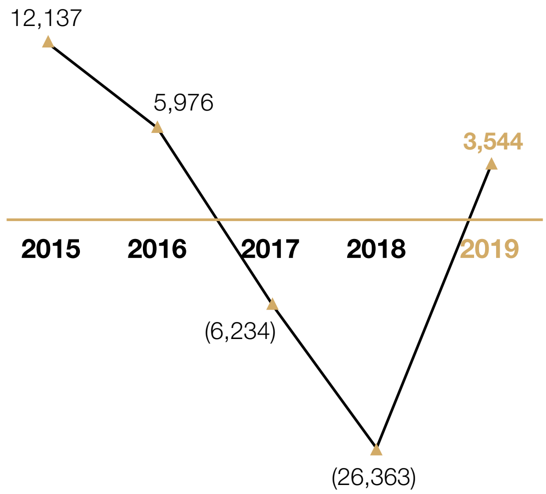
FINANCIAL HIGHLIGHTS

	2015	2016	2017	2018	2019
Revenue (RM'000)	75,697	78,482	44,823	128,785	144,432
Profit/(Loss) before taxation (RM'000)	12,137	5,976	(6,234)	(26,363)	3,544
Earnings/(Loss) per share (sen)	5.41	2.63	(2.34)	(5.56)	0.94
Net assets per share (sen)	13.05	15.83	11.12	9.36	10.3

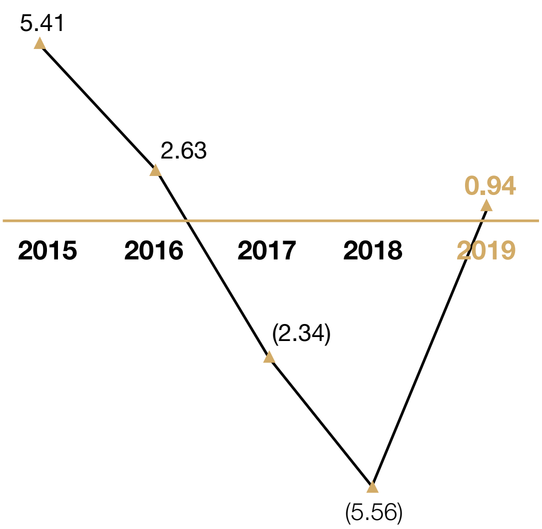
Revenue
(RM'000)



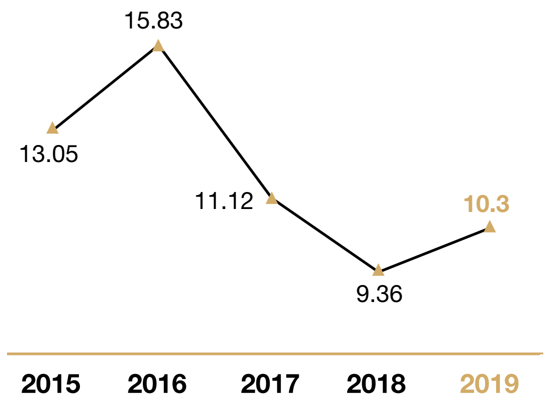
Profit/(Loss) Before Taxation
(RM'000)



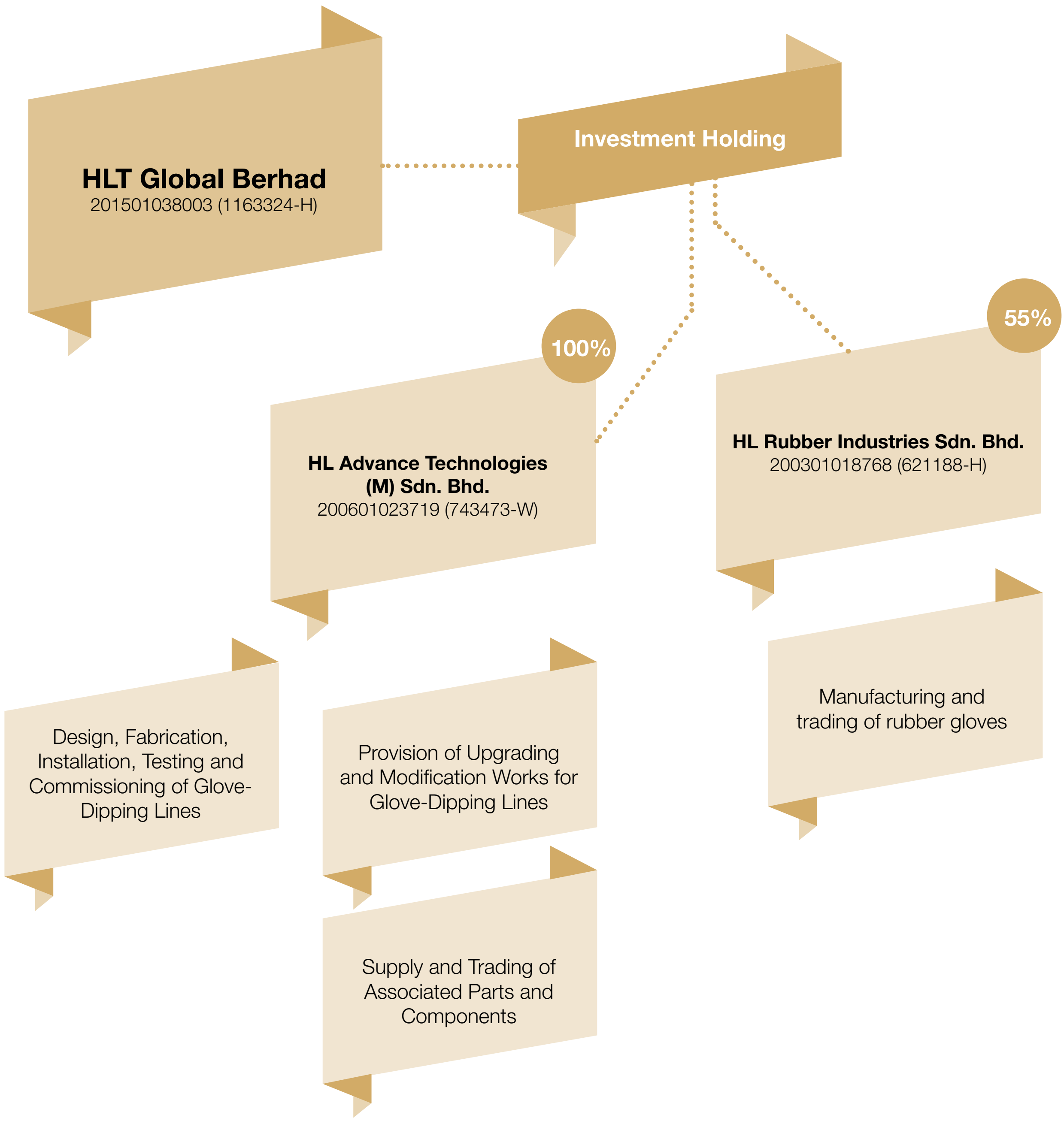
Earnings/(Loss)Per Share
(Sen)



Net Assets Per Share
(Sen)



CORPORATE STRUCTURE
AS AT 15 MAY 2020



PROFILE OF DIRECTORS

Wong Wai Tzing

Independent Non-Executive Chairperson

Ms. Wong Wai Tzing, a Malaysian female aged 63, is our Independent Non-Executive Chairperson. She was appointed to our Board on 8 January 2016 and 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 actively been involved in corporate and commercial legal work since 1991 covering, inter alia, mergers and acquisitions, take-overs, initial public offerings, joint ventures and franchising arrangements.

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

She attended all four (4) Board Meetings held during the financial year ended 31 December 2019.

Wong Kok Wah

Deputy Chairman / Executive Director and Key Senior Management

Mr. Wong Kok Wah, a Malaysian male aged 54, is our co-founder and Deputy Chairman / Executive Director. He is also our major shareholder. He was appointed to our Board on 22 October 2015. He is responsible for overseeing our Group's business development and sales as well as our entire manufacturing operations.

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

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

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

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

He attended all four (4) Board Meetings held during the financial year ended 31 December 2019.

Chan Yoke Chun

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

Ms. Chan Yoke Chun, a Malaysian female aged 57, is our co-founder and Executive Director/ CEO. She is also a major shareholder of the Company. She was appointed to our Board on 22 October 2015. She is responsible for overseeing the overall management and operations of our Group.

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

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

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

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

She attended all four (4) Board Meetings held during the financial year ended 31 December 2019.

Chui Mee Chuen

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

Ms. Chui Mee Chuen, a Malaysian female aged 41, is the Executive Director/ CFO of our Group. She was appointed to our Board on 26 September 2018. She is responsible for overseeing the finance and accounting functions of our Group.

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

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

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

Ms. Chui currently sits on the board of Oversea Enterprise Berhad, a company listed on ACE Market of Bursa Securities as well as several private limited companies.

She attended all four (4) Board Meetings held during the financial year ended 31 December 2019.

Yau Ming Teck

Non-Independent
Non-Executive Director

Mr. Yau Ming Teck, a Malaysian male aged 49, is our Non-Independent Non-Executive Director. He was appointed to our Board on 30 October 2015 and 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 in Bursa Securities in 2003. During his tenure with the public listed companies, he had predominantly taken charge of various corporate exercises and his skill in the area of corporate finance, financial management and strategic planning honed over 15 years has brought him to his private business practice in year 2004. He has the expertise in corporate and financial advisory in the areas of corporate finance, mergers & acquisitions and restructuring exercises with the focus of the business in People's Republic of China, Singapore and Australia.

Mr. Yau currently sits on the board of UMS-Neiken Group Berhad and Lotus KFM Berhad, both listed on 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 2019.

Wong Koon Wai

Independent
Non-Executive Director

Mr. Wong Koon Wai, a Malaysian male aged 45, is our Independent Non-Executive Director. He was appointed to our Board on 8 January 2016 and 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 June 2000 and joined Crowe Horwath in May 2003. He was promoted to the position of Senior Manager before he left the firm 8 years later in 2011. Throughout his audit and assurance profession tenure, he has gained knowledge in external audit and corporate transactions locally and overseas.

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

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

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

He attended all four (4) Board Meetings held during the financial year ended 31 December 2019.

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 2019.*

PROFILE OF
KEY SENIOR MANAGEMENT

GLOVE-DIPPING LINES

Yam Chee Leong

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

Mr. Yam Chee Leong, a Malaysian male aged 59, is the Project Manager of our Group since 2014. He is responsible for managing and overseeing on-site operations for our Group.

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

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

Choong Siew Meng

Factory Manager of HLA

Mr. Choong Siew Meng, a Malaysian male aged 49, 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

Ms. Chin Shiau Wan, a Malaysian female aged 42, is the Purchasing and Logistics Manager of our Group since 2014. She is responsible for overseeing our purchasing and logistics functions.

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

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

RUBBER GLOVES

Lin, Kuo-Tang

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

Mr. Lin, Kuo-Tang, a Taiwanese male aged 58, who is the Executive Director of HLRI since his appointment on 17 April 2007. He is also the indirect major shareholder of HLT and HLRI through Suntel International Co. Ltd. He is responsible for overseeing the sales and marketing and day-to-day operations of HLRI.

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

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

Bong Swee Chin

Quality Assurance Manager of HLRI

Mr. Bong Swee Chin, a Malaysian male aged 47, is the Quality Assurance Manager of HLRI since 2016. He is responsible for overseeing all the factory quality process activities and other production supporting activities which assigned to him.

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

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

Rusli Bin Yahaya

Production Manager of HLRI

Mr. Rusli Bin Yahaya, a Malaysian male aged 53, the Production Manager of HLRI since 2019. He is responsible for overseeing the production activities of HLRI.

Mr. Rusli completed his studies at Sekolah Menengah Kebangsaan Dato Abdul Samad. He joined several companies such as Henshi Steel Sdn Bhd, Power Crest (M) Sdn Bhd, SJ Medical Sdn Bhd and Smart Glove Corporation Sdn Bhd from year 1988 to 2019.

He left Smart Gloves Corporation Sdn Bhd in 2019 to join HLRI as Production Manager, bring with him over 20 years of experience in the rubber glove industry.

Notes:

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

a) any directorship in public companies and listed corporations;
b) any family relationship with any Directors and/or major shareholders of the Company;
c) any conflict of interest with the Company; and
d) been convicted of any offence in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2019.

MANAGEMENT DISCUSSION
AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS

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

Glove-Dipping Lines Segment

HLA is principally involved in the following business activities:-

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

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

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

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

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

Rubber Gloves Segment

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

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

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 2019 ("**FYE 2019**"), we reported a profit after taxation ("**PAT**") of RM4.01 million as compared to loss after taxation ("**LAT**") of RM26.07 million in the financial year ended 31 December 2018 ("**FYE 2018**"). The better performance in the FYE 2019 was mainly attributed by Glove-Dipping Lines segment whilst the significant loss reported for the FYE 2018 was attributed by the compensation claim from a foreign customer relating to the performance of the glove-dipping lines manufactured, impairment loss on trade receivables and on contract assets.

FINANCIAL RESULTS & FINANCIAL POSITION (CONT'D)

Certain financial and non-financial indicators pertaining to our financial performance and financial position for the FYE 2019 vis-à-vis the FYE 2018 are as follows: -

	FYE 2019 RM'000	FYE 2018 RM'000	% Change
Our financial performance			
Revenue	144,432	128,785	12.15
Gross profit ("**GP**")	13,669	8,858	54.31
Profit/(Loss) before taxation ("**PBT**"/ "**LBT**")	3,544	(26,363)	(113.44)
Profit/(Loss) after taxation ("**PAT**"/ "**LAT**")	4,013	(26,075)	(115.39)
Gross profit margin (%)	9.46	6.88	2.58
PBT/(LBT) margin (%)	2.45	(20.47)	22.92
PAT/(LAT) margin (%)	2.78	(20.25)	23.03
<u>Revenue</u>			
Glove-Dipping Lines	53,760	50,251	6.98
Rubber Gloves	90,672	78,534	15.46
Corporate	–	–	–
<u>GP</u>			
Glove-Dipping Lines	12,400	6,727	84.33
Rubber Gloves	1,269	2,131	(40.45)
Corporate	–	–	–
<u>PBT/(LBT)</u>			
Glove-Dipping Lines	6,116	(25,261)	(124.21)
Rubber Gloves	(2,290)	(370)	518.92
Corporate	(282)	(732)	(61.48)
<u>PAT/(LAT)</u>			
Glove-Dipping Lines	6,016	(25,542)	(123.55)
Rubber Gloves	(1,721)	222	(875.23)
Corporate	(282)	(755)	(62.65)

	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000	% Change
Our financial position			
Total non-current assets	32,309	35,234	(8.30)
Total current assets	87,488	85,229	2.65
Total non-current liabilities	3,532	4,278	(17.44)
Total current liabilities	41,932	45,865	(8.58)
Total equity attributable to owners of the Company	52,736	47,900	10.10
Our production level			
Estimated units of glove-dipping lines manufactured	8	9	

FINANCIAL RESULTS & FINANCIAL POSITION (CONT'D)

During the financial year under review, our revenue increased by 12.15% or RM15.65 million which was mainly attributable to better performance in Glove-Dipping Lines Segment and increase in the revenue contribution from HLRI as the acquisition of subsidiary was completed on 17 May 2018. Hence, there was only 8-month revenue recognised in FYE 2018. The GP and GP margin of RM13.67 million and 9.46% respectively for the FYE 2019 as compared to RM8.86 million and 6.88% for the FYE 2018. The improved in the GP and GP margin was mainly attributable to better performance from the Glove-Dipping Lines Segment as compared to previous financial year.

Our PBT of RM3.54 million for the FYE 2019 as compared to LBT of RM26.36 million has improved by 113.44%. The significant losses in FYE 2018 were due to the Group recognised impairment loss on trade receivables of RM16.27 million, impairment loss on contract assets of RM2.49 million and compensation claims from a foreign customer of RM9.01 million. The increase in the PAT of RM0.47 million as compared to PBT was mainly due to the reversal of deferred tax expenses recognised by HLRI.

Total assets of the Group stand at RM119.80 million and is consistent with the previous year. The Group had incurred RM1.82 million of capital expenditure during the financial year under review. The decrease in the non-current assets was mainly due to depreciation of property, plant and equipment during the financial year. The increase in total current assets was mainly attributed by the increase in amount owing by related parties, short-term investments and cash and bank balances but partly off-set by the decrease in inventories, trade receivables and other receivables. The decrease in inventories were mainly due to HLRI's effective controls in stockholding period, which represent RM16.63 million as at 31 December 2019. The increase in amount owing by related parties was mainly due to the new orders for six glove-dipping lines and the sales of rubber gloves to a related party during the financial year. Cash position increased to RM21.46 million from RM16.52 million in the previous year driven by improved revenue throughout the FYE 2019. Notwithstanding a slight decrease in the trade receivables of RM2.38 million, the management had recognised an allowance for impairment loss of RM2.16 million. The management believes that the remaining trade receivables are fully recoverable taking into consideration the long-term business relationship with the customers.

Total liabilities decreased primarily driven by reduction in payables and borrowings. The non-current liabilities represent the term loans, lease liability and deferred tax liability of the Group. The current liabilities decreased by 8.58% as compared to the balance as at 31 December 2018. The decrease was mainly attributed to the decrease in trade payables, other payables, bank overdraft and banker's acceptances and partly offset by the increase in contract liabilities. The total net repayment of term loans, lease liability and banker's acceptances were RM2.31 million. The increase in the contract liabilities was mainly due to an advance consideration received from a customer with a secured order of RM40.54 million at FYE 2019.

Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while external source of funds comprises bank borrowings such as term loans, bankers' acceptances and bank overdraft and credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 7 to 120 days. The principal uses of these funds are for working capital requirements, such as payments for the purchase of raw materials, materials and parts, sub-contractors costs, selling and distribution expenses, and administrative expenses. The management believes that after taking into account our cash and bank balances as well as the funds envisaged to be generated from our business operations, we will have adequate working capital to meet our present and foreseeable requirements.

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

OPERATING ACTIVITIES

Glove-Dipping Lines Segment

For the FYE 2019, our Sale of New Lines continued to be the main contributor of revenue where it accounted for 92.46% of our total revenue for Glove-Dipping Lines Segment. The total value of new orders for glove-dipping lines secured in the FYE 2019 of RM74.26 million was higher than that of RM37.85 million for the FYE 2018.The revenue from our Sale of New Lines segment for the FYE 2019 increased by RM2.07 million from the RM48 million for the FYE 2018 mainly attributable to revenue contribution from both outstanding FYE 2018's orders and new orders secured during the year. As at 31 December 2019, our outstanding value of orders to be recognised as revenue subsequent to the FYE 2019 amounted to RM46.50 million.

Revenue from our Upgrade and Modification and Supply and Trading accounted for 5.57% and 1.97% respectively of our total revenue for Glove-Dipping Lines Segment for the FYE 2019.

For the FYE 2019, our new orders for glove-dipping lines were secured from three (3) customers, were made up of a combination of two (2) local orders for ten (10) glove-dipping lines and one (1) foreign order for six (6) glove-dipping lines.

Our revenue was generated from a combination of local sales and foreign sales to countries such as Vietnam, Thailand and Indonesia. For the FYE 2019, our revenue from Glove-Dipping Lines Segment continued to be contributed by both local sales and foreign sales, which contributed 28.38% and 71.62% respectively of our total revenue.

Rubber Gloves Segment

The Rubber Gloves Segment contributed RM90.67 million or 62.78% revenue to the Group's total revenue. Export sales contributed 92.30% of the total revenue of Rubber Gloves Segment. The export market mainly consists of Taiwan, United States of America, Spain, Singapore, New Zealand, China and United Kingdom.

The Rubber Gloves Segment recorded a gross profit of RM1.27 million with a gross profit margin of 1.40%. The operating expenses for Rubber Gloves Segment were RM3.56 million which make up the LBT of RM2.29 million. However the Rubber Gloves Segment recorded a LAT of RM1.72 million due to recognised of the deferred tax income.

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

ANTICIPATED OR KNOWN RISKS

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

a) Glove-Dipping Lines Segment

(i) Dependence on the rubber glove industry

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

ANTICIPATED OR KNOWN RISKS (CONT'D)

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

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

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

(ii) Absence of long-term contracts

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

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

(iii) Fluctuation in raw material prices

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

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

(iv) Fluctuations in our gross profit margin

The pricing of our glove-dipping lines vary from customer to customer as they are made to customers' specifications with different requirements. Accordingly, the gross profit margin of our orders for glove-dipping lines varies from order to order and is generally determined by us after taking into consideration the specifications of the subject glove-dipping lines with due regard to the material used, production parameters, dimensional measurement, process complexity and logistic arrangement as well as the potential repeat orders in the future. In view of the above, our gross profit margin fluctuates from year to year and for the FYE 2018 to FYE 2019, we experienced an increase in our gross profit margin from gross profit margin of 13.39% to a gross profit margin of 23.07%.

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 and 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 by 3.6% in the fourth quarter of 2019 (3Q 2019: 4.4%), supported by higher private sector spending (7.4%; 3Q 2019: 5.4%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.6% (3Q 2019: 0.9%). For the year 2019 as a whole, the economy expanded by 4.3%. Going into Year 2020, the Malaysia economy growth will be affected by the coronavirus outbreak. The overall impact will depend on the duration and the spread of the outbreak as well as policy responses by authorities. *(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2019, Bank Negara Malaysia)*

Malaysia is globally renowned for its high quality and competitively priced rubber products. Malaysian rubber products manufacturers comprise multinationals and joint ventures from various countries including USA, Europe and Japan, as well as locally-owned enterprises. Malaysia remain the world's leading supplier for medical gloves (examination and surgical gloves), satisfying more than 50% of global demand. The rubber glove industry in Malaysia is a vibrant and growing industry, as evidenced by the growth in the Malaysian exports of rubber gloves from RM9.9 billion in 2011 to RM17.7 billion in 2018, registering a compound annual growth rate of 8.7%. During the first 9 months of 2019, Malaysia exported approximately RM12.8 billion worth of rubber gloves or RM17 billion on an annualised basis. *(Source: Malaysia Rubber Export Promotion Council Website, www.mrepc.com)*

The prospect for growth in the rubber glove industry are positive as the industry is expected to continue to be driven by growth in the global and domestic healthcare industry, especially the Coronavirus Disease 2019 outbreak as pandemic. The gloves are the essential item for the medical supplies. The growth are also driven by increasing demand arising from other end-user markets such as manufacturing, and availability of raw materials utilised in the manufacturing of rubber gloves. Given the vibrant and growing rubber glove industry in Malaysia, the prospect of our Rubber Gloves Segment would seem promising.

Nevertheless, the prospect for growth in the glove-dipping line industry in Malaysia are positive as the industry is expected to continue being driven by the growth in demand for rubber gloves globally as well as domestically. We, as one of the key industry players in the glove-dipping line industry in Malaysia, shows potential to gain from the growing domestic and international demand. With our track record and technical capabilities, as well as strong position in the domestic market, we are poised to increase our presence in the glove-dipping line industry, as well as capture opportunities in the export markets.

DIVIDEND POLICY

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

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

SUSTAINABILITY STATEMENT

INTRODUCTION

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

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

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

GOVERNANCE STRUCTURE

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

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

KEY SUSTAINABILITY AREAS

1. ECONOMIC

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

The Group is pleased to report that our subsidiary, HL Rubber Industries Sdn. Bhd. ("**HLRI**") had been certified under ISO 9001 : 2015 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 uphold 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.

KEY SUSTAINABILITY AREAS (CONT'D)

3. SOCIAL

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

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

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

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

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("**the Board**") of HLT Global Berhad ("**HLT Global**" or "**the Company**") is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiary ("**the Group**") as a fundamental part of discharging its duties to enhance shareholders' value, consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance ("**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 Code during the financial year ended 31 December 2019 ("**FYE 2019**"):

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

This Corporate Governance Overview Statement should be read together with Corporate Governance Report 2019 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 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 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 Board is supported by 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 time as well as compliance with laws, rules, corporate governance best practices, procedures and regulations affecting the Company.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

The Board Charter was formalised on 4 January 2017 and it was reviewed and revised by the Board on 24 August 2018. The Board Charter is intended to identify the role, structure and processes related to the key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity to Directors and senior management with regards to the roles of the Boards and its Committees, the role of the Chairperson and Executive Directors, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.

The Board 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 law and practices.

The Board has implemented the Code of Ethics and Conduct and Whistle Blowing Policy which will be reviewed from time to time in accordance to the needs of the Company.

PART II – COMPOSITION OF THE BOARD

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. This 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.

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

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

In accordance to the Board Charter, the maximum tenure of an Independent Director shall not exceed a cumulative term of nine (9) years from the date of first appointment as Independent Director. During the financial year under review, none of the Independent Director 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 formal and transparent process. The NRC shall consider and recommend suitable candidate for the Board, in terms of appropriate balance of skills, expertise, attributes and core competencies, taking into consideration the character, experience, integrity, competence and time commitment.

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

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

The Nomination Committee and Remuneration Committee have been merged as a single committee and known as the NRC with effect from 30 May 2019.

The composition of the NRC is as follow:

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 the 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.

The activities undertaken by the NRC during the FYE 2019 were as follows:

- Reviewed and assessed the Executive Directors' and Non-Executive Directors' Annual Performance Evaluation Forms for the FYE 2019;
- Reviewed and assessed the performance of the ARMC;
- Reviewed and assessed the effectiveness of the Board as a whole;
- Assessed 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 2019; and
- Reviewed and recommended to the Board for consideration, the Directors' fees for the FYE 2019.

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

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

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

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

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

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

Type of Meetings / Name of Directors	Board of Directors	Audit and Risk Management Committee^	Nomination Committee*	Remuneration Committee*
	No. of Meetings Attended			
Wong Wai Tzing	4/4	4/4	1/1	N/A
Wong Kok Wah	4/4	N/A	N/A	N/A
Chan Yoke Chun	4/4	N/A	N/A	1/1
Yau Ming Teck	4/4	4/4	1/1	1/1
Wong Koon Wai	4/4	4/4	1/1	1/1
Chui Mee Chuen	4/4	N/A	N/A	N/A

^ *Audit Committee was renamed as Audit and Risk Management Committee on 30 May 2019.*

* *Nomination Committee and Remuneration Committee have been merged into a single committee known as Nomination and Remuneration Committee on 30 May 2019.*

All the Directors have attended more than 50% of the total Board Meetings held during the FYE 2019 and complied with the requirement on 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 2019, all Directors have attended an in-house training session, entitled Key Amendments to the Listing Requirements of Bursa Securities relating to Continuing Disclosure Obligations and other Amendments.

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

The Remuneration Policy is available on the Company' corporate website at www.hltglobal.com.my.

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

PART III – REMUNERATION (CONT'D)

The remuneration of the Non-Executive Directors of the Company and the Group for the FYE 2019 are as follows: -

The Company

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**

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	–	–	134.4	–	194.4
Wong Koon Wai	40	–	–	–	–	40
TOTAL	**160**	**–**	**–**	**134.4**	**–**	**294.4**

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

The remuneration of Directors commensurate with their experience, contribution and commitment in discharging their responsibilities, taken into consideration the Group's performance. Their remuneration packages are reviewed by the 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.

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

PART III – REMUNERATION (CONT'D)

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

Range of Remuneration	Company	Group
	No. of Key Senior Management Officer	No. of Key Senior Management Officer
RM50,001 to RM100,000	–	3
RM100,001 to RM150,000	–	1
RM150,001 to RM200,000	–	1
RM200,001 to RM250,000	–	1
RM350,001 to RM400,000	–	1
RM650,001 to RM700,000	–	1
RM700,001 to RM750,000	–	1

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

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

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 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 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.

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.

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

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

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

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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 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.

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

The 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 continuing commitment to strengthen the Group's internal control environment and processes.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

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

The Board values the importance of dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner. Quarterly results, announcements, annual reports and circulars serve as the primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and development. The Company's corporate website at www.hltglobal.com.my 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 in shareholders communication. These include the supply of comprehensive and timely information to shareholders and encouraging active participation at the general meetings.

The AGM remains a principal forum used by the Group for communication with its shareholders. During the AGM, shareholders are accorded time and opportunity to query the Board on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group.

Shareholders are 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.

All resolutions set out in the Notice of the Fourth AGM ("**4th AGM**") of the Company held on 30 May 2019 were 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 Fifth AGM of the Company to be held on 22 June 2020 was sent to the shareholders on 22 May 2020.

All the Directors were present at the 4th AGM of the Company held on 30 May 2019 and had responded to all queries raised by the shareholders.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

AUDIT 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 during the financial year ended 31 December 2019 ("**FYE 2019**").

OBJECTIVES

The Audit Committee was renamed as the Audit and Risk Management Committee ("**ARMC"** or **"the Committee**") on 30 May 2019. The primary objective of the ARMC 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 three (3) members, all of them being Non-Executive Directors with a majority of them being Independent Non-Executive Directors, which is in compliance with the requirements of Rule 15.09 of the Listing Requirements of Bursa Securities.

The members of the 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 2019 and the attendance record of each of the ARMC member at the Committee meetings were as follows:-

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

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

SUMMARY OF WORKS CARRIED OUT BY THE ARMC DURING THE FYE 2019

The Committee carried out its duties and responsibilities as set out in the Terms of Reference and carried out the works for the FYE 2019 as follows:-

1. Financial Statements and Reporting Review

(a) Reviewed and discussed four (4) unaudited quarterly results of the Group. The review had included the comparative quarterly and year-to-date results.

(b) Reviewed the adequacy and appropriateness of disclosure of the unaudited quarterly financial statements before recommendation to the Board of Directors ("**Board**") for consideration, approval and release to Bursa Securities. When reviewing these financial statements, the Committee had obtained reasonable assurance that the condensed interim financial statements were prepared in accordance with the applicable financial reporting standards and the Listing Requirements.

(c) Reviewed the audited financial statements of the Group and of the Company as well as the statutory auditors' report thereon prior to the submission to the Board for their consideration and approval, upon being satisfied that, inter alia, the financial statements were drawn up in accordance with the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards and the requirements of Companies Act 2016. The Committee's review has included an intelligent scrutiny of the statutory financial statements based on an analytical approach whilst at the same time obtaining assurance from Management and the External Auditors that the financial statements were in compliance with the relevant statutory requirements, accounting standards and Malaysian Financial Reporting Standards to ensure it presented a true and fair view of the Company's financial performance.

(d) Reviewed the Corporate Governance Overview Statement, Corporate Governance Report, Audit and Risk Management Committee 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.

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 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 once during the Committee's meeting which was held on 22 February 2019 without the presence of the Executive Directors and Management to discuss any issues arising from the annual audit or any other matters the External Auditors may wish to discuss. There were no major issue raised during the said meeting.

(d) Considered and recommended the re-appointment of Messrs. 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 the 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 2019 (CONT'D)

3. Matters Relating to Internal Audit

(a) Reviewed and approved the Internal Audit Plan presented by the outsourced Internal Auditors to ensure adequate scope and resources of the internal audit function and coverage on the activities of the Group taking into consideration the assessment of key risk areas.

(b) Reviewed and discussed the Internal Audit Report which consist of the findings, recommendations and the Management responses to ensure that all key risks will be addressed and adequate controls put in place on timely basis.

(c) Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work.

INTERNAL AUDIT FUNCTION

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

1. Change of Outsourced 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 mitigate the risks of the Group.

Axcelasia Columbus Sdn. Bhd. had carried out the Internal Audit function of the Group since 21 February 2017. In order to maintain a transparent and appropriate relationship with the outsourced Internal Auditors as per the Board Charter, the ARMC had obtained fresh quotation from several Internal Audit service providers. Upon review and careful selection by the ARMC, Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**") has been appointed as the new outsourced Internal Audit service provider of the Group on 30 May 2019.

Sterling's engagement team personnel had affirmed to the ARMC that in relation to the Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency. Sterling does not have any direct operational responsibility or authority over any of the activities audited.

The profile of Sterling is set out as follows:

Principal Engagement Lead	:	So Hsien Ying
Qualifications	:	Certified Internal Control Professional from Internal Control Institute Associate Member of The Institute Auditors Malaysia (IIAM) Master in Business Administration (Finance) (HUII) BSc Economics (Hons) (London)
Experiences	:	More than twenty (20) 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) staffs per visit

Sterling is a corporate member of the Institute of Internal Auditors Malaysia ("**IIAM**"). Sterling use 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 2019

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 reviewed and approved by the ARMC. Details of the reviews carried out are as follows:

Name of Entity Audited	Audited Areas
HL Rubber Industries Sdn. Bhd.	• Enterprise Risk Management
HL Rubber Industries Sdn. Bhd.	• Finance and Accounts • Procurement and Cost Monitoring

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

The total costs incurred for the internal audit function during the FYE 2019 was RM 13,597.68.

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 2019 ("**FYE 2019**"). This Statement has been prepared pursuant to Rule 15.26 (b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), Malaysian Code on Corporate Governance ("**MCCG**") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

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

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

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

1. RISK MANAGEMENT

The Board regards the management of risks as an integral aspect of the daily operations of the Group. Key management staff and heads of department are delegated the responsibility to manage identified risks. The Executive Directors, Chief Financial Officer and heads of department monitor the Group's risk exposures by meeting on an annual basis to review the risk rating, key risk profile and controls in place to mitigate or manage those risks.

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

2. INTERNAL AUDIT FUNCTION

The 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**"), on 30 May 2019, to review the adequacy and integrity of its internal control system. The Internal Auditor reports directly to the ARMC semi-annually 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 2019, the Internal Auditor has 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 subsidiary of the Group were audited by the Internal Auditors:

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
3rd Quarter (July - September 2019)	November 2019	HL Rubber Industries Sdn. Bhd.	• Enterprise risk management
4th Quarter (October – December 2019)	February 2020	HL Rubber Industries Sdn. Bhd.	• Finance and accounts • Procurement and cost monitoring

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 2019 was RM13,597.68.

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 the authorisation from the relevant level of management.

- Human Resources Policy

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

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

3. INTERNAL CONTROL SYSTEM (CONT'D)

- 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 are highlighted for review, deliberation and decision on a timely basis.

- Monitoring and Review

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

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 paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, nor is factually inaccurate.

CONCLUSION

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

This statement is made in accordance with the resolution of the Board of Directors dated 15 May 2020.

ADDITIONAL COMPLIANCE INFORMATION

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

The Company has yet to fully utilise the IPO proceeds during the financial year ended 31 December 2019 ("**FYE 2019**").

The gross proceeds arising from the public issue amounting to RM17.816 million and the status of the utilisation of the proceeds were as follows:-

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

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

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

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

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

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 2019 are as follows:-

	The Group RM	The Company RM
Audit fee	107,000	35,000
Non-Audit fee	5,000	5,000
	112,000	40,000

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 22 May 2020 which is available on Bursa Securities' website and the Company's website.

Details of the RRPTs occurred during the FYE 2019 are disclosed in Note 34 to the Financial Statements set out on page 108 of this Annual Report.

5. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

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

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

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

On 2 December 2016, the Company had granted 2,000,000 options pursuant to the ESOS ("**ESOS Options**") at an exercise price of RM0.45, of which 640,000 ESOS Options were granted to the Directors. There were no options granted under the ESOS during the FYE 2019.

As at 31 December 2019, 66% of the ESOS Options has been granted to the Directors and Senior Management since the commencement date to 31 December 2019.

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

ESOS Options granted and exercised by the Non-Executive Directors of the Company since effective date to 31 December 2019 are as follows:-

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

The total number of options granted, exercised and outstanding (as adjusted) under the ESOS since commencement date to 31 December 2019, are set out as follow:

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible to ensure that the audited financial statements give a true and fair view of the state of affairs, the operations results and cash flow of the Group and of the Company for the financial year ended 31 December 2019 ("**FYE 2019**") 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 2019, 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 2019.

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
Profit/(loss) after taxation for the financial year	4,012,696	(281,625)
Attributable to:-		
Owners of the Company	4,835,844	(281,625)
Non-controlling interests	(823,148)	–
	4,012,696	(281,625)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

EMPLOYEE SHARE OPTION SCHEME

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

The details of the ESOS are disclosed in Note 18 to the financial statements.

WARRANTS

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

(a) bonus issue of free Warrants on the basis of three (3) Warrants for every four (4) existing ordinary shares; and

(b) each Warrant is exercisable into one (1) ordinary share at the exercise price of RM0.20 per share.

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

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

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

Lin, Kuo-Tang

DIRECTORS' INTERESTS

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

	< -------------- Number Of Ordinary Shares			------------- >
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Direct Interests in the Company				
Chan Yoke Chun	140,162,000	–	–	140,162,000
Wong Kok Wah	139,965,000	–	–	139,965,000
Yau Ming Teck	8,337,600	–	–	8,337,600
Wong Koon Wai	270,000	–	–	270,000
Wong Wai Tzing	345,000	–	(100,000)	245,000
Chui Mee Chuen	217,500	–	–	217,500
Indirect Interests in the Company				
Chan Yoke Chun#	139,965,000	–	–	139,965,000
Wong Kok Wah#	140,162,000	–	–	140,162,000

Deemed interested through spouse's shareholding in the Company.

	< ------------------ Number Of Warrants			------------------ >
	At 1.1.2019	**Allotted**	**Sold**	**At 31.12.2019**
Warrants in the Company				
Direct Interests in the Company				
Chan Yoke Chun	68,874,450	–	–	68,874,450
Wong Kok Wah	69,982,500	–	–	69,982,500
Yau Ming Teck	4,168,800	–	–	4,168,800
Wong Koon Wai	75,000	–	–	75,000
Wong Wai Tzing	172,500	–	–	172,500
Chui Mee Chuen	108,750	–	–	108,750
Indirect Interests in the Company				
Chan Yoke Chun#	69,982,500	–	–	69,982,500
Wong Kok Wah#	68,874,450	–	–	68,874,450

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 a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 to the financial statements.

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

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company and of the Group were RM5,000,000 and RM13,800 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENT OCCURING AFTER REPORTING PERIOD

The significant event occuring after the reporting period is 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 are disclosed in Note 28 to the financial statements.

Signed in accordance with a resolution of the directors dated 15 May 2020.

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 59 to 128 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 2019 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 15 May 2020.

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 59 to 128 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 15 May 2020

Chan Yoke Chun

Before me
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 2019 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 59 to 128.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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 26 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: • Conduct and understand the internal control procedures by performing walkthrough test; • Reviewing major single contracts (or combined 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)

Goodwill impairment Refer to Note 8 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group has goodwill of RM2,785,364 relating to the acquisition of HL Rubber Industries Sdn. Bhd. ("HLRI") in the previous financial year. This is an area of focus given the materiality of the Group's goodwill balance and the inherent subjectivity in impairment testing. Management's assessment of the 'value in use' of the Group's cash generating unit ("CGU") involves significant judgement and estimates about the future results of the business and key assumptions applied to future cash flow projections.	Our audit procedures included, among others: • 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; • Evaluating the reasonableness of management's estimates of expected future cash flows by taking into consideration the past performances of HLRI; • Performing sensitivity analysis on the key assumptions to access the impact on the recoverable amount of CGU; and • Reviewing the adequacy of disclosure of goodwill in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

Responsibilities of the Directors for the Financial Statements (Cont'd)

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.

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.

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

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

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

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
03233/09/2020 J
Chartered Accountant

Kuala Lumpur

15 May 2020

STATEMENTS OF FINANCIAL POSITION

At 31 DECEMBER 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	53,313,123	52,963,123
Property, plant and equipment	6	12,219,081	32,448,583	–	–
Right-of-use assets	7	17,304,999	–	–	–
Goodwill	8	2,785,364	2,785,364	–	–
		32,309,444	35,233,947	53,313,123	52,963,123
CURRENT ASSETS					
Inventories	9	20,785,972	23,712,622	–	–
Trade receivables	10	21,653,136	24,031,278	–	–
Other receivables, deposits and prepayments	11	12,599,985	15,512,731	1,000	1,000
Contract assets	12	1,764,249	2,434,061	–	–
Amount owing by related parties	13	8,922,063	1,682,484	–	–
Amount owing by a subsidiary	14	–	–	11,326,111	11,925,503
Short-term investments	15	9,299,434	6,165,180	7,740,232	6,165,180
Current tax assets		298,712	1,007,074	–	13,596
Cash and bank balances		12,164,373	10,683,904	452,147	2,070,474
		87,487,924	85,229,334	19,519,490	20,175,753
TOTAL ASSETS		119,797,368	120,463,281	72,832,613	73,138,876

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

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM**	**RM**	**RM**	**RM**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	73,465,039	73,465,039	73,465,039	73,465,039
Merger deficit	17	(22,032,990)	(22,032,990)	–	–
Employee share option reserve	18	83,049	83,049	83,049	83,049
Retained profits/(Accumulated losses)		1,220,882	(3,614,962)	(1,046,721)	(765,096)
Equity attributable to owners of the Company		52,735,980	47,900,136	72,501,367	72,782,992
Non-controlling interests	5	21,597,504	22,420,652	–	–
TOTAL EQUITY		74,333,484	70,320,788	72,501,367	72,782,992
NON-CURRENT LIABILITIES					
Lease liability	19	240,923	–	–	–
Term loans	20	1,342,470	1,760,943	–	–
Deferred tax liabilities	21	1,948,526	2,516,688	–	–
		3,531,919	4,277,631	–	–
CURRENT LIABILITIES					
Trade payables	22	16,455,846	26,523,792	–	–
Other payables and accruals	23	12,939,467	14,275,547	331,246	355,884
Contract liabilities	12	11,782,378	2,390,010	–	–
Amount owing to a related party	13	324,150	–	–	–
Lease liability	19	71,454	–	–	–
Term loans	20	358,670	342,298	–	–
Bank overdraft	24	–	330,555	–	–
Bankers' acceptances	25	–	1,849,000	–	–
Current tax liabilities		–	153,660	–	–
		41,931,965	45,864,862	331,246	355,884
TOTAL LIABILITIES		45,463,884	50,142,493	331,246	355,884
TOTAL EQUITY AND LIABILITIES		119,797,368	120,463,281	72,832,613	73,138,876

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 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	26	144,431,581	128,785,181	–	–
COST OF SALES		(130,762,953)	(119,927,641)	–	–
GROSS PROFIT		13,668,628	8,857,540	–	–
OTHER OPERATING INCOME		1,213,214	1,888,296	240,788	300,047
		14,881,842	10,745,836	240,788	300,047
SELLING AND DISTRIBUTION EXPENSES		(1,839,884)	(2,059,445)	–	–
ADMINISTRATIVE EXPENSES		(6,820,754)	(6,647,132)	(522,413)	(656,793)
OTHER EXPENSES		(419,333)	(9,557,364)	–	–
FINANCE COSTS		(95,856)	(91,078)	–	–
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	27	(2,161,595)	(18,754,019)	–	–
PROFIT/(LOSS) BEFORE TAXATION	28	3,544,420	(26,363,202)	(281,625)	(356,746)
INCOME TAX CREDIT/(EXPENSE)	29	468,276	288,633	–	(22,436)
PROFIT/(LOSS) AFTER TAXATION		4,012,696	(26,074,569)	(281,625)	(379,182)
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		4,012,696	(26,074,569)	(281,625)	(379,182)

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 2019
(CONT'D)

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM**	**RM**	**RM**	**RM**
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		4,835,844	(26,101,741)	(281,625)	(379,182)
Non-controlling interests		(823,148)	27,172	–	–
		4,012,696	(26,074,569)	(281,625)	(379,182)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		4,835,844	(26,101,741)	(281,625)	(379,182)
Non-controlling interests		(823,148)	27,172	–	–
		4,012,696	(26,074,569)	(281,625)	(379,182)
EARNINGS/(LOSS) PER SHARE (SEN):-	30				
Basic		0.94	(5.56)		
Diluted		0.94	(5.56)		

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 1.1.2018		40,465,039	(22,032,990)	83,049	25,432,668	43,947,766	–	43,947,766
(Loss)/Profit after taxation/Total comprehensive (expenses)/ income for the financial year		–	–	–	(26,101,741)	(26,101,741)	27,172	(26,074,569)
Contributions by and distribution to owners of the Company:								
Issuance of ordinary shares pursuant to:								
- Acquisition of a subsidiary	31(a)(i)	33,000,000	–	–	(2,844,828)	30,155,172	22,393,480	52,548,652
- Share issuance expenses		–	–	–	(101,061)	(101,061)	–	(101,061)
Total transactions with owners		33,000,000	–	–	(2,945,889)	30,054,111	22,393,480	52,447,591
Balance at 31.12.2018/1.1.2019		73,465,039	(22,032,990)	83,049	(3,614,962)	47,900,136	22,420,652	70,320,788
Profit/(Loss) after taxation/Total comprehensive income/ (expenses) for the financial year		–	–	–	4,835,844	4,835,844	(823,148)	4,012,696
Balance at 31.12.2019		73,465,039	(22,032,990)	83,049	1,220,882	52,735,980	21,597,504	74,333,484

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

The Company	Note	Share Capital RM	Non-Distributable Employee Share Option Reserve RM	Distributable Retained Profits/ (Accumulated Losses) RM	Total Equity RM
At 1.1.2018		40,465,039	83,049	2,559,975	43,108,063
Loss after taxation/Total comprehensive expenses for the financial year		–	–	(379,182)	(379,182)
Contributions by and distribution to owners of the Company:					
Issuance of ordinary shares pursuant to:					
- Acquisition of a subsidiary	31(a)(i)	33,000,000	–	(2,844,828)	30,155,172
- Share issuance expenses		–	–	(101,061)	(101,061)
Total transactions with owners		33,000,000	–	(2,945,889)	30,054,111
Balance at 31.12.2018/1.1.2019		73,465,039	83,049	(765,096)	72,782,992
Loss after taxation/Total comprehensive expenses for the financial year		–	–	(281,625)	(281,625)
Balance at 31.12.2019		73,465,039	83,049	(1,046,721)	72,501,367

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

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		3,544,420	(26,363,202)	(281,625)	(356,746)
Adjustments for:-					
Depreciation of property, plant and equipment		4,405,929	3,143,670	–	–
Depreciation of right-of-use assets		335,021	–	–	–
Plant and equipment written off		–	4,288	–	–
Impairment loss on trade receivables		2,161,595	16,266,069	–	–
Impairment loss on contract assets		–	2,487,950	–	–
Interest expense		95,856	91,078	–	–
Unrealised (gain)/loss on foreign exchange		(10,107)	450,335	–	–
(Gain)/Loss on disposal of plant and equipment		(101,635)	6,523	–	–
Fair value (gain)/loss on short-term investment		(2,720)	7,840	(2,720)	7,840
Dividend income		(297,270)	(300,047)	(238,068)	(300,047)
Interest income		(9,454)	(907,377)	–	–
Operating profit/(loss) before working capital changes		10,121,635	(5,112,873)	(522,413)	(648,953)
Decrease in inventories		2,926,650	289,175	–	–
Net increase in contract liabilities		10,062,180	3,308,458	–	–
Decrease/(Increase) in trade and other receivables		3,226,542	(8,812,528)	–	–
(Decrease)/Increase in trade and other payables		(11,378,477)	4,526,193	(24,638)	(53,294)
Net increase in amount owing by related parties		(7,091,311)	(1,703,202)	–	–
CASH FLOWS FROM/(FOR) OPERATIONS		7,867,219	(7,504,777)	(547,051)	(702,247)
Income tax paid		(578,244)	(212,824)	–	(16,322)
Income tax refunded		1,033,060	45,159	13,596	–
Interest received		9,454	907,377	–	–
Interest paid		(95,856)	(91,078)	–	–
NET CASH FROM/(FOR) OPERATING ACTIVITIES		8,235,633	(6,856,143)	(533,455)	(718,569)

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

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	31(c)	–	5,582,562	–	–
Additional investments in an existing subsidiary		–	–	(350,000)	–
Payment of share issuance transaction cost		–	(101,061)	–	(101,061)
Payment of acquisition-related costs		–	–	–	(374,961)
Advances to a subsidiary		–	–	–	(2,000,000)
Dividend received		299,990	292,207	240,788	292,207
Purchase of property, plant and equipment	32(a)	(1,342,312)	(2,041,497)	–	–
Purchase of right-of-use assets	32(a)	(100,000)	–	–	–
Proceeds from disposal of plant and equipment		102,500	944	–	–
Receipts from the repayment of advances made to a subsidiary		–	–	599,392	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,039,822)	3,733,155	490,180	(2,183,815)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Repayment of term loans	32(b)	(402,101)	(291,483)	–	–
Repayment of hire purchase obligations	32(b)	–	(22,263)	–	–
Net (repayment)/drawdown of bankers' acceptances	32(b)	(1,849,000)	383,453	–	–
Repayment of lease liability	32(b)	(62,623)	–	–	–
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(2,313,724)	69,707	–	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,882,087	(3,053,281)	(43,275)	(2,902,384)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		63,191	(15,852)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		16,518,529	19,587,662	8,235,654	11,138,038
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32(d)	21,463,807	16,518,529	8,192,379	8,235,654

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

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

Registered office	:	Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 May 2020.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

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

MFRS 16 Leases
IC Interpretation 23 Uncertainty Over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 39 to the 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
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2022

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.

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 and Right-of-use Assets**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets 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 and right-of-use assets 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 amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 respectively to the financial statements.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 8 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)

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

The Group determines whether its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 respectively to the financial statements.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 8 to the financial statements.

(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 respectively to the financial statements.

(f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount owing by a subsidiary as at the reporting date are disclosed in Notes 11 and 14 respectively 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)

(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 todate 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 and deferred tax provisions in the year in which such determination is made.

(i) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impact the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the previous financial year were disclosed in Note 31 to the financial statements.

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).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(b) Contingent Liabilities

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

(c) Share-based Payment

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

4.2 BASIS OF CONSOLIDATION

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

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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

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

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

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

(c) Non-Controlling Interests

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

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

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

(e) Loss of Control

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

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

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

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 GOODWILL

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

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

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

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transactions and Balances

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

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 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

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

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

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

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

(c) Equity Instruments

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

<u>Ordinary shares</u>

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

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

(d) Derecognition

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN SUBSIDIARIES

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

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

4.7 PROPERTY, PLANT AND EQUIPMENT

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

Leasehold apartments	Over the lease period of 85 years)
Leasehold land	Over the lease periods of 75 - 84 years)
Buildings	2%
Factory equipment	10%
Plant and machineries	10%
Air conditioners	10% - 20%
Computers	20%
Electrical installation	20%
Furniture and fittings	20%
Lab equipment	20%
Motor vehicles	20%
Office equipment	10% - 20%
Renovation	20%
Tools and utensils	50%

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 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.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 LEASES (CONT'D)

Accounting Policies Applied Until 31 December 2018

(a) Finance Leases

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

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

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

(b) Operating Leases

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

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

4.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

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

4.10 CONTRACT ASSET AND CONTRACT LIABILITY

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 CASH AND CASH EQUIVALENTS

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

4.12 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT

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

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

4.13 PROVISIONS

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

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

(c) Share-based Payment Transactions

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 EMPLOYEE BENEFITS (Cont'd)

(c) Share-based Payment Transactions (Cont'd)

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

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

4.15 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

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

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 CONTINGENT LIABILITIES

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

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

4.17 OPERATING SEGMENTS

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

4.18 EARNINGS PER ORDINARY SHARE

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

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

4.19 BORROWING COSTS

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

4.20 FAIR VALUE MEASUREMENTS

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 FAIR VALUE MEASUREMENTS (CONT'D)

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

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

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

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

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

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

(a) Manufacturing of Glove-Dipping Machine

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(b) Rendering of Services

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

(c) Sale of Goods

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

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

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	
	2019 RM	2018 RM
Unquoted shares, at cost		
At 1 January	52,963,123	22,432,990
Addition during the financial year	350,000	30,530,133
At 31 December	53,313,123	52,963,123

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 2019 %	2018 %	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	55	55	Manufacture and trading of rubber gloves.

(a) In the last financial year, the Company had acquired 55% equity interest in HLRI. The details of the acquisition are disclosed in Note 31 to the financial statements.

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

	Effective Equity Interest		The Group	
	2019 %	2018 %	2019 RM	2018 RM
HLRI	45	45	21,597,504	22,420,652

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 The Group	
	2019 RM	2018 RM
At 31 December		
Non-current assets	24,990,273	27,834,570
Current assets	41,921,724	51,293,524
Non-current liabilities	(2,441,177)	(3,273,655)
Current liabilities	(16,476,366)	(26,030,768)
Net assets	47,994,454	49,823,671
Financial Year Ended 31 December		
Revenue	90,672,346	78,534,089
(Loss)/Profit for the financial year	(1,829,217)	60,383
Total comprehensive (expenses)/income	(1,829,217)	60,383
Total comprehensive (expenses)/income attributable to non-controlling interests	(823,148)	27,172
Net cash flows from/(for) operating activities	8,220,793	(3,354,440)
Net cash flows for investing activities	(1,335,795)	(2,584,742)
Net cash flows (for)/from financing activities	(1,772,466)	1,845,507

6. PROPERTY, PLANT AND EQUIPMENT

The Group	< ------------- 1.1.2019 As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM ------------- >	Additions (Note 32(a)) RM	Disposal RM	Depreciation Charges RM	At 31.12.2019 RM
2019							
Carrying Amount							
Leasehold apartments	73,715	(73,715)	–	–	–	–	–
Leasehold land	4,153,753	(4,153,753)	–	–	–	–	–
Buildings	12,937,552	(12,937,552)	–	–	–	–	–
Factory equipment	1,158,539	–	1,158,539	53,154	–	(283,412)	928,281
Plant and machineries	12,292,446	–	12,292,446	441,653	–	(2,856,042)	9,878,057
Air conditioners	31,802	–	31,802	–	–	(11,923)	19,879
Computers	93,136	–	93,136	28,513	(865)	(41,887)	78,897
Electrical installation	125,621	–	125,621	–	–	(34,086)	91,535
Furniture and fittings	1,580	–	1,580	–	–	(630)	950
Lab equipment	12,895	–	12,895	–	–	(2,614)	10,281
Motor vehicles	496,883	–	496,883	–	–	(287,622)	209,261
Office equipment	51,753	–	51,753	3,850	–	(19,744)	35,859
Renovation	79,913	–	79,913	99,403	–	(39,165)	140,151
Tools and utensils	938,995	–	938,995	715,739	–	(828,804)	825,930
	32,448,583	(17,165,020)	15,283,563	1,342,312	(865)	(4,405,929)	12,219,081

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

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

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
The Group			
At 31.12.2019			
Factory equipment	3,154,958	(2,226,677)	928,281
Plant and machineries	34,589,849	(24,711,792)	9,878,057
Air conditioners	130,036	(110,157)	19,879
Computers	459,509	(380,612)	78,897
Electrical installation	170,429	(78,894)	91,535
Furniture and fittings	130,438	(129,488)	950
Lab equipment	52,164	(41,883)	10,281
Motor vehicles	3,236,772	(3,027,511)	209,261
Office equipment	137,003	(101,144)	35,859
Renovation	249,195	(109,044)	140,151
Tools and utensils	2,974,776	(2,148,846)	825,930
	45,285,129	(33,066,048)	12,219,081
At 31.12.2018			
Leasehold apartments	82,330	(8,615)	73,715
Leasehold land	4,488,065	(334,312)	4,153,753
Buildings	13,982,161	(1,044,609)	12,937,552
Factory equipment	3,101,804	(1,943,265)	1,158,539
Plant and machineries	34,148,996	(21,856,550)	12,292,446
Air conditioners	130,036	(98,234)	31,802
Computers	433,071	(339,935)	93,136
Electrical installation	170,429	(44,808)	125,621
Furniture and fittings	130,438	(128,858)	1,580
Lab equipment	52,164	(39,269)	12,895
Motor vehicles	3,633,418	(3,136,535)	496,883
Office equipment	133,153	(81,400)	51,753
Renovation	149,792	(69,879)	79,913
Tools and utensils	3,107,691	(2,168,696)	938,995
	63,743,548	(31,294,965)	32,448,583

In the last financial year, the leasehold land and buildings of the Group had been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 20, 24 and 25 to the financial statements.

7. RIGHT-OF-USE ASSETS

The Group	< 1.1.2019 As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM >	Addition (Note 32(a)) RM	Depreciation Charges RM	At 31.12.2019 RM
2019						
Carrying Amount						
Leasehold apartments	–	73,715	73,715	–	(957)	72,758
Leasehold land	–	4,153,753	4,153,753	–	(59,603)	4,094,150
Buildings	–	12,937,552	12,937,552	–	(179,461)	12,758,091
Motor vehicle	–	–	–	475,000	(95,000)	380,000
	–	17,165,020	17,165,020	475,000	(335,021)	17,304,999

Analysed by: -	
Cost	19,027,556
Accumulated depreciation	(1,722,557)
	17,304,999

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

The Group leases certain pieces of leasehold land and motor vehicle of which the leasing activities are summarised below:-

(i) Leasehold apartments and leasehold land — The Group has entered into 4 non-cancellable operating lease agreements for the use of apartments and land. The leases are for a period of 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.

(ii) Motor vehicle — The Group has leased a motor vehicle under hire purchase arrangement with lease term of 5 years. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount. The lease bears effective interest rate of 4.22%.

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 Notes 20, 24 and 25 to the financial statements.

8. GOODWILL

	The Group 2019 RM	The Group 2018 RM
Cost:-		
At 1 January	2,785,364	–
Acquisition of a subsidiary (Note 31(d))	–	2,785,364
At 31 December	2,785,364	2,785,364

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

	Gross Profit Margin		Growth Rate		Discount Rate	
	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
HLRI	3.00 - 5.00	4.00 - 6.00	5.00 - 6.00	8.00	11.35	11.40

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

(b) Sensitivity to changes in assumptions

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

9. INVENTORIES

	The Group	
	2019	**2018**
	RM	**RM**
Raw materials	6,431,829	9,725,673
Work-in-progress	8,870,912	6,897,636
Good in transit	1,259,649	–
Finished goods	4,223,582	7,089,313
	20,785,972	23,712,622

None of the inventories is carried at net realisable value.

The amount of inventories recognised as an expense in cost of sales was RM93,587,815 (2018 - RM61,381,871).

10. TRADE RECEIVABLES

	The Group	
	2019	**2018**
	RM	**RM**
Trade receivables	40,684,333	40,900,880
Allowance for impairment losses	(19,031,197)	(16,869,602)
	21,653,136	24,031,278
Allowance for impairment losses:-		
At 1 January	(16,869,602)	(603,533)
Addition during the financial year (Note 27)	(2,161,595)	(16,266,069)
At 31 December	(19,031,197)	(16,869,602)

The Group's normal trade credit terms range from 30 to 90 (2018 - 30 to 90) days.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Other receivables: -					
Third parties	(a)	10,443,656	10,268,044	–	–
Goods and services tax recoverable		670,918	3,263,638	–	–
		11,114,574	13,531,682	–	–
Deposits		422,776	462,705	1,000	1,000
Prepayments		434,568	904,076	–	–
Advance payment	(b)	628,067	614,268	–	–
		12,599,985	15,512,731	1,000	1,000

(a) Included in other receivables of the Group is a profit guarantee receivable of RM10,000,000 (2018 - RM10,000,000) from the acquisition of a subsidiary.

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

12. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2019	2018
	RM	RM
Contract Assets		
Contract assets relating to construction contracts	4,252,199	4,922,011
Allowance for impairment losses	(2,487,950)	(2,487,950)
	1,764,249	2,434,061
Allowance for impairment losses:-		
At 1 January	(2,487,950)	–
Addition during the financial year (Note 27)	–	(2,487,950)
At 31 December	(2,487,950)	(2,487,950)
Contract Liabilities		
Contract liabilities relating to construction contract	(11,782,378)	(2,390,010)

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

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 6 (2018 - 6) months.

(b) The contract liabilities primarily relates to advance considerations received from few customers for construction contracts of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 3 to 6 months.

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

	The Group	
	2019 RM	2018 RM
At 1 January	44,051	5,840,459
Revenue recognised in profit or loss during the financial year	50,070,434	48,001,174
Bilings to customers during the financial year	(60,132,614)	(51,309,632)
Impairment loss on contract assets	–	(2,487,950)
At 31 December	(10,018,129)	44,051
Represented by:-		
Contract assets	1,764,249	2,434,061
Contract liabilities	(11,782,378)	(2,390,010)
	(10,018,129)	44,051

13. AMOUNTS OWING BY/(TO) RELATED PARTIES

The amounts owing are trade in nature and subject to the normal trade credit terms of 30 (2018 - 30) days.

14. AMOUNT OWING BY A SUBSIDIARY

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

15. SHORT-TERM INVESTMENTS

	The Group			
	2019		2018	
	Carrying Amount RM	Market Value RM	Carrying Amount RM	Market Value RM
Money market fund, at fair value (Note 32(d))	9,299,434	9,299,434	6,165,180	6,165,180

	The Company			
	2019		2018	
	Carrying Amount RM	Market Value RM	Carrying Amount RM	Market Value RM
Money market fund, at fair value (Note 32(d))	7,740,232	7,740,232	6,165,180	6,165,180

16. SHARE CAPITAL

		The Group/The Company			
	Note	2019 Number of Shares	2018 Number of Shares	2019 RM	2018 RM
Issued and Fully Paid-Up					
Ordinary shares					
At 1 January		511,977,099	398,183,999	73,465,039	40,465,039
New shares issued pursuant to:					
- Acquisition of a subsidiary	31(a)	–	113,793,100	–	33,000,000
At 31 December		511,977,099	511,977,099	73,465,039	73,465,039

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

17. MERGER DEFICIT

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

18. EMPLOYEE SHARE OPTION RESERVE

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

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

The main features of the ESOS are as follows:-

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

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

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

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

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

18. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

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

			<--- Number of Optios over Ordinary Shares --->			
Date of Offer	**Exercise Price**	**Contractual Life of Options**	**At 1 January 2019**	**Granted**	**Exercised**	**At 31 December 2019**
2 December 2016	RM0.30*	5 Years	697,500	–	–	697,500

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

On 2 December 2016, the Company has granted 2,000,000 share options under the ESOS. These options expire on 1 December 2021 and are exercisable within the Option Period.

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

	The Group/ The Company 2019
Fair value of share options at the grant date (RM)	0.1786
Weighted average ordinary share price (RM)	0.45
Exercise price of share option (RM)	0.30^
Expected volatility (%)	38.27
Expected life (years)	5
Risk free rate (%)	3.885
Expected dividend yield (%)	0

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

19. LEASE LIABILITY

	The Group 2019 RM
At 1 January	–
Acquisition of new lease	375,000
Interest expense recognised in profit or loss (Note 28)	13,761
Repayment of principal	(62,623)
Repayment of interest expense	(13,761)
At 31 December	312,377
Analysed by:-	
Current liabilities	71,454
Non-current liabilities	240,923
	312,377

The lease liability of the Group is secured by the Group's motor vehicle under the hire purchase arrangement as disclosed in Note 7 to the financial statements, with lease term of 5 years and bears effective interest rate of 4.22%.

20. TERM LOANS

	The Group	
	2019 RM	2018 RM
Current liabilities	358,670	342,298
Non-current liabilities	1,342,470	1,760,943
	1,701,140	2,103,241

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

	Effective Interest Rate %	The Group	
		2019 RM	2018 RM
Floating rate term loans	4.52- 4.92	1,701,140	2,103,241

The term loans are secured by:-

(i) deed of assignments cum loan agreements over the leasehold land and buildings of the Group as disclosed in Notes 6 and 7 to the financial statements;

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

(iii) a first charge over the leasehold land and building of the Group;

(iv) a basic factory debenture over the leasehold land and building of the Group; and

(v) a corporate guarantee from a former corporate shareholder of the subsidiary.

21. DEFERRED TAX LIABILITIES

The Group	< -------------- 1.1.2019 -------------- > As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Recognised in Profit or Loss (Note 29) RM	At 31.12.2019 RM
2019					
Deferred Tax Liabilities					
Property, plant and equipment	4,561,629	(1,970,384)	2,591,245	(2,591,245)	–
Right-of-use assets	–	1,970,384	1,970,384	(21,858)	1,948,526
Deferred Tax Asset					
Unused tax losses	(2,044,941)	–	(2,044,941)	2,044,941	–
	2,516,688	–	2,516,688	(568,162)	1,948,526

The Group	At 1.1.2018 RM	Recognised in Profit or Loss (Note 29) RM	Acquisition of A Subsidiary (Note 31) RM	At 31.12.2018 RM
2018				
Deferred Tax Liability				
Property, plant and equipment	–	723,863	3,837,766	4,561,629
Deferred Tax Asset				
Unused tax losses	–	(1,315,929)	(729,012)	(2,044,941)
	–	(592,066)	3,108,754	2,516,688

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 7 to 120 (2018 - 7 to 120) days.

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Advance payment from customers	244,797	211,046	–	–
Other payables	7,977,353	8,563,597	160,736	185,374
Accruals	4,717,317	5,500,904	170,510	170,510
	12,939,467	14,275,547	331,246	355,884

24. BANK OVERDRAFT

The bank overdraft of the Group is secured by a fixed charge over certain of the Group's right-of-use assets (2018 - property, plant and equipment) as disclosed in Note 7 (2018 - Note 6) to the financial statements.

In the last financial year, the bank overdraft of the Group at the end of the reporting period bore floating interest rate of 7.47% per annum.

25. BANKERS' ACCEPTANCES

(a) The bankers' acceptances of the Group are secured by:-

(i) a first charge over the leasehold land and building of the Group as disclosed in Notes 6 and 7 to the financial statements;

(ii) a basic factory debenture over the leasehold land and building of the Group;

(iii) a joint and several guarantee of certain directors of the Group; and

(iv) a corporate guarantee from a former corporate shareholder of the subsidiary.

(b) In the last financial year, the bankers' acceptances of the Group at the end of the reporting period bore floating interest rate of 4.09% per annum.

26. REVENUE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Contract revenue	50,070,434	48,001,174	–	–
Sale of goods	91,740,784	78,670,104	–	–
Rendering of services	2,620,363	2,113,903	–	–
	144,431,581	128,785,181	–	–

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

27. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group	
	2019 RM	2018 RM
Impairment losses:		
- trade receivables (Note 10)	(2,161,595)	(16,266,069)
- contract assets (Note 12)	–	(2,487,950)
	(2,161,595)	(18,754,019)

28. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fee:				
- current financial year	107,000	108,000	35,000	35,000
- (over)/underprovision in the previous financial year	(5,000)	7,500	–	5,000
- non-audit fees				
- current financial year	5,000	5,000	5,000	5,000
- underprovision in the previous financial year	–	5,000	–	5,000
Compensation claim	–	9,011,045	–	–
Depreciation:				
- property, plant and equipment (Note 6)	4,405,929	3,143,670	–	–
- right-of-use assets (Note 7)	335,021	–	–	–
Directors' remuneration:				
- fees	160,000	160,000	160,000	160,000
- non-fees emoluments	1,868,040	1,407,340	–	–
Plant and equipment written off (Note 6)	–	4,288	–	–
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- bank overdraft	1,740	4,780	–	–
- hire purchases	–	246	–	–
- term loans	44,230	39,165	–	–
- bankers' acceptances	36,125	46,887	–	–
Interest expense on lease liability (Note 19)	13,761	–	–	–
(Gain)/Loss on disposal of plant and equipment	(101,635)	6,523	–	–
Rental expenses on:				
- equipment	289,047	275,215	–	–
- premises	37,626	61,485	–	–
- warehouse	11,023	20,000	–	–

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before taxation is arrived at after charging/(crediting) (Cont'd):-				
Staff costs (including other key management personnel as disclosed in Note 33):				
- salaries, bonus and allowances	12,955,131	10,802,129	–	–
- defined contribution plan	509,738	556,910	–	–
- others	105,889	40,326	–	–
Loss/(Gain) on foreign exchange:				
- realised	276,534	(570,699)	–	–
- unrealised	(10,107)	450,335	–	–
Interest income on financial assets measured at amortised cost:				
- trade receivables	–	(900,000)	–	–
- others	(9,454)	(7,377)	–	–
Dividend income:				
- short-term investments	(297,270)	(300,047)	(238,068)	(300,047)
Fair value (gain)/loss on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investment	(2,720)	7,840	(2,720)	7,840

29. INCOME TAX (CREDIT)/EXPENSE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Current tax:				
- for the financial year	130,000	246,783	–	–
- (over)/underprovision in the previous financial year	(30,114)	56,650	–	22,436
	99,886	303,433	–	22,436
Deferred tax (Note 21):				
- origination and reversal of temporary differences	(481,938)	(769,306)	–	–
- (over)/underprovision in the previous financial year	(86,224)	177,240	–	–
	(568,162)	(592,066)	–	–
	(468,276)	(288,633)	–	22,436

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

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before taxation	3,544,420	(26,363,202)	(281,625)	(356,746)
Tax at the statutory tax rate of 24% (2018 - 24%)	850,661	(6,327,168)	(67,590)	(85,619)
Tax effects of:-				
Non-deductible expenses	303,590	1,929,376	125,379	157,630
Non-taxable income	(57,789)	(72,011)	(57,789)	(72,011)
Deferred tax assets not recognised during the financial year	–	3,947,280	–	–
Utilisation of deferred tax assets previously not recognised	(1,448,400)	–	–	–
(Over)/Underprovision of current tax in the previous financial year	(30,114)	56,650	–	22,436
(Over)/Underprovision of deferred tax in the previous financial year	(86,224)	177,240	–	–
Income tax (credit)/expense for the financial year	(468,276)	(288,633)	–	22,436

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year.

The current taxation of the Group is in respect of interest income. A wholly-owned subsidiary of the Group had qualified for the Pioneer Status incentive under the Promotion of Investment Act 1986 and enjoyed full exemption from income tax on its statutory income from pioneer activities for a period of 5 years from 4 July 2014 to 3 November 2019.

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unused tax losses	–	7,401,000	–	–
Allowance for impairment losses	21,651,000	19,358,000	–	–
Unabsorbed capital allowances	9,160,000	686,000	–	–
Temporary differences on property, plant and equipment	(10,104,000)	(1,102,000)	–	–
Unrealised (gain)/loss on foreign exchange	(10,000)	389,000	–	–
	20,697,000	26,732,000	–	–

30. EARNING/(LOSS) PER SHARE

	The Group 2019	The Group 2018
Basic earning/(loss) per share		
Profit/(Loss) after taxation attributable to owners of the Company (RM)	4,835,844	(26,101,741)
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January	511,977,099	398,183,999
Effects of new ordinary shares issued pursuant to:		
- Acquisition of subsidiary	–	71,393,479
Weighted average number of ordinary shares at 31 December	511,977,099	469,577,478
Basic earning/(loss) per share (Sen)	0.94	(5.56)

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

31. ACQUISITION OF A SUBSIDIARY

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

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

(a) Fair Value of Purchase Consideration

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

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

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

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

31. ACQUISITION OF A SUBSIDIARY (CONT'D)

(b) Identifiable Assets Acquired and Liabilities Assumed

	The Group/ The Company 2018 RM
Property, plant and equipment (Note 6)	28,180,074
Inventories	18,238,670
Trade receivables	6,632,783
Other receivables	13,894,226
Cash and cash equivalents	5,582,562
Trade payables	(8,910,728)
Other payables	(8,098,692)
Deferred tax liabilities (Note 21)	(3,108,754)
Borrowings (Note 32(b))	(2,646,853)
Fair value of net identifiable assets acquired	49,763,288

(c) Cash Flows Arising from Acquisition

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

(d) Goodwill Arising from Acquisition

	The Group 2018 RM
Total consideration transferred (item(a) above)	30,155,172
Add: Non-controlling interests (item(d)(i) below)	22,393,480
Less: Fair value of net identifiable assets (item(b) above)	(49,763,288)
Goodwill from the acquisition of a subsidiary (Note 8)	2,785,364

(i) The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

(ii) The Group has incurred acquisition-related costs of RM374,961 related to external legal fees and due diligence costs. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

(iii) The goodwill is attributable to the workforce and the high profitability of the acquired business as well as the synergies expected to be achieved from integrating the subsidiary into the Group's existing Glove-Dipping Lines segment. The goodwill is not deductible for tax purposes.

31. ACQUISITION OF A SUBSIDIARY (CONT'D)

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

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

	The Group 2018 RM
Revenue	78,534,089
Profit after taxation	60,383

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

There were no acquisitions of new subsidiaries during the financial year.

32. 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	
	2019 RM	2018 RM
Cash disbursed for purchase of property, plant and equipment (Note 6)	1,342,312	2,041,497
Cost of right-of-use assets (Note 7)	475,000	–
Less: Amount financed through lease (Note (b) below)	(375,000)	–
Cash disbursed for purchase of right-of-use assets	100,000	–
	1,442,312	2,041,497

32. CASH FLOW INFORMATION (CONT'D)

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

The Group	**Lease Liability RM**	**Bankers' Acceptances RM**	**Term Loans RM**	**Total RM**
2019				
At 1 January	–	1,849,000	2,103,241	3,952,241
Changes in Financing Cash Flows				
Acquisition of new lease	375,000	–	–	375,000
Repayment of borrowing principal	(62,623)	(1,849,000)	(402,101)	(2,313,724)
Repayment of borrowing interests	(13,761)	(36,125)	(44,230)	(94,116)
	298,616	(1,885,125)	(446,331)	(2,032,840)
Non-cash Changes				
Finance charges recognised in profit or loss (Note 28)	13,761	36,125	44,230	94,116
At 31 December	312,377	–	1,701,140	2,013,517
2018				
At 1 January	–	–	1,235,681	1,235,681
Changes in Financing Cash Flows				
Proceeds from drawdown	–	383,453	–	383,453
Repayment of borrowing principal	(22,263)	–	(291,483)	(313,746)
Repayment of borrowing interests	(246)	(46,887)	(39,165)	(86,298)
	(22,509)	336,566	(330,648)	(16,591)
Non-cash Changes				
Acquisition of a subsidiary (Note 31)	22,263	1,465,547	1,159,043	2,646,853
Finance charges recognised in profit or loss (Note 28)	246	46,887	39,165	86,298
	22,509	1,512,434	1,198,208	2,733,151
At 31 December	–	1,849,000	2,103,241	3,952,241

(c) The total cash outflows for leases as a leasee are as follows:-

	The Group 2019 RM
Interest paid on lease liability	(13,761)
Payment of lease liability	(62,623)
	(76,384)

32. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term investments (Note 15)	9,299,434	6,165,180	7,740,232	6,165,180
Cash and bank balances	12,164,373	10,683,904	452,147	2,070,474
Bank overdraft	–	(330,555)	–	–
	21,463,807	16,518,529	8,192,379	8,235,654

33. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(a) Directors				
Directors of the Company				
Non-Executive Directors				
Short-term employee benefits:				
- fees	160,000	160,000	160,000	160,000
- allowances	134,400	–	–	–
	294,400	160,000	160,000	160,000
Executive Directors				
Short-term employee benefits:				
- salaries, bonuses and allowances	1,557,000	1,261,267	–	–
- defined contribution plan	176,640	146,073	–	–
	1,733,640	1,407,340	–	–
	2,028,040	1,567,340	160,000	160,000
(b) Other Key Management Personnel				
Short-term employee benefits:				
- salaries, bonuses and allowances	695,713	794,243	–	–
- defined contribution plan	85,651	95,439	–	–
	781,364	889,682	–	–

34. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Advances to a subsidiary	–	–	–	(2,000,000)
Purchases from a related party	933,651	–	–	–
Sales to related parties	75,366,287	1,711,082	–	–

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

35. OPERATING SEGMENTS

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

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

(i) Glove-dipping lines - manufacture of glove-dipping machines, fabrication works on metal and stainless steel products and carry out all supporting services associated therewith

(ii) Rubber gloves - manufacturing and trading of rubber gloves

(iii) Corporate - provision of corporate services to the entities within the Group

(a) The Chief Executive Officer assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

35. OPERATING SEGMENTS

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

(b) Reportable segment assets are measured based on all assets (including goodwill) of the segment other than tax-related assets.

(c) Reportable segment liabilities are measured based on all liabilities of the segment other than the borrowings and tax-related liabilities.

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

35.1 BUSINESS SEGMENTS

2019	Glove-Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Revenue				
External Revenue	53,759,235	90,672,346	–	144,431,581
Inter-segment Revenue	396,243	–	–	396,243
	54,155,478	90,672,346	–	144,827,824
Consolidation adjustments				(396,243)
Consolidated revenue				144,431,581
Represented by:-				
Revenue recognised at a point of time				
- Sales of goods	1,068,438	90,672,346	–	91,740,784
- Rendering of services	3,016,606	–	–	3,016,606
Revenue recognised over time				
- Contract revenue	50,070,434	–	–	50,070,434
	54,155,478	90,672,346	–	144,827,824
Consolidation adjustments				(396,243)
				144,431,581

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

2019	Glove-Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Results				
Segment profit/(loss)	6,095,962	(2,220,849)	(281,625)	3,593,488
Finance cost				(95,856)
Consolidation adjustments				46,788
Consolidated profit before taxation				3,544,420
Segment profit/(loss) include the following:-				
Interest income	(9,454)	–	–	(9,454)
Depreciation	589,120	4,085,676	–	4,740,950*
Impairment loss on trade receivables	2,161,595	–	–	2,161,595
Gain on disposal of plant and equipment	(101,500)	(135)	–	(101,635)
Unrealised foreign exchange loss/(gain)	81,342	(91,449)	–	(10,107)
Fair value gain on short-term investment	–	–	(2,720)	(2,720)

* After consolidation adjustments of RM66,154

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

2019	Glove-Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Assets				
Segment assets	43,415,235	48,754,183	72,832,613	165,002,031
Unallocated assets:				
- current tax assets				298,712
Consolidation adjustments				(45,503,375)
Consolidated total assets				119,797,368
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	24,890	1,336,794	–	1,342,312*
Right-of-use assets	475,000	–	–	475,000

* After consolidation adjustments of RM19,372

Liabilities				
Segment liabilities	37,953,220	16,206,091	331,246	54,490,557
Unallocated liabilities:				
- lease liability				312,377
- term loans				1,701,140
Consolidation adjustments				(11,040,190)
Consolidated total liabilities				45,463,884

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

2018	Glove-Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Revenue				
External Revenue	50,251,092	78,534,089	–	128,785,181
Inter-segment Revenue	1,293,305	–	–	1,293,305
	51,544,397	78,534,089	–	130,078,486
Consolidation adjustments				(1,293,305)
Consolidated revenue				128,785,181
Represented by:-				
Revenue recognised at a point of time				
- Sales of goods	136,015	78,534,089	–	78,670,104
- Rendering of services	3,407,208	–	–	3,407,208
Revenue recognised over time				
- Contract revenue	48,001,174	–	–	48,001,174
	51,544,397	78,534,089	–	130,078,486
Consolidation adjustments				(1,293,305)
				128,785,181

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

2018	Glove-Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Results				
Segment loss	(24,845,360)	(398,307)	(356,746)	(25,600,413)
Finance cost				(91,078)
Consolidation adjustments				(671,711)
Consolidated loss before taxation				(26,363,202)
Segment loss include the following:-				
Interest income	(907,377)	–	–	(907,377)
Depreciation	587,397	2,506,624	–	3,143,670*
Impairment loss on trade receivables	16,266,069	–	–	16,266,069
Impairment loss on contract assets	2,487,950	–	–	2,487,950
Equipment written off	–	4,288	–	4,288
Compensation claim	9,011,045	–	–	9,011,045
Loss on disposal of plant and equipment	6,523	–	–	6,523
Unrealised foreign exchange loss	389,075	61,260	–	450,335
Fair value loss on short-term investment	–	–	7,840	7,840

* After consolidation adjustments of RM49,649

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

2018	Glove-Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Assets				
Segment assets	31,881,001	59,921,203	73,125,280	164,927,484
Unallocated assets:				
- current tax assets				1,007,074
Consolidation adjustments				(45,471,277)
Consolidated total assets				120,463,281
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	73,541	2,215,057	–	2,041,497*

* After consolidation adjustments of RM247,101

2018	Glove-Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
Liabilities				
Segment liabilities	32,499,785	23,924,065	355,884	56,779,734
Unallocated liabilities:				
- deferred tax liabilities				546,304
- term loans				2,103,241
- bankers' acceptances				1,849,000
- current tax liabilities				153,660
Consolidation adjustments				(11,289,446)
Consolidated total liabilities				50,142,493

35. OPERATING SEGMENTS (CONT'D)

35.2 GEOGRAPHICAL INFORMATION

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

	The Group	
	2019	2018
Revenue	**RM**	**RM**
Taiwan	54,774,165	47,139,937
Vietnam	28,997,360	14,261,729
United States	22,219,799	23,598,868
Malaysia	21,971,302	28,302,628
Thailand	8,188,956	10,903,044
Others	8,279,999	4,578,975
	144,431,581	128,785,181

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:-

	At A Point in Time		Over Time		The Group	
	2019	2018	2019	2018	2019	2018
Revenue	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Taiwan	54,774,165	47,139,937	–	–	54,774,165	47,139,937
Vietnam	–	–	28,997,360	14,261,729	28,997,360	14,261,729
United States	22,219,799	23,598,868	–	–	22,219,799	23,598,868
Malaysia	7,732,463	5,466,227	14,238,839	22,836,401	21,971,302	28,302,628
Thailand	–	–	8,188,956	10,903,044	8,188,956	10,903,044
Others	6,812,717	4,578,975	1,467,282	–	8,279,999	4,578,975
	91,539,144	80,784,007	52,892,437	48,001,174	144,431,581	128,785,181

35. OPERATING SEGMENTS (CONT'D)

35.3 MAJOR CUSTOMERS

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

	Revenue		Geographical Segment
	2019 RM	2018 RM	
Customer A	76,753,816	47,139,937	Taiwan
Customer B	N/A	13,190,387	Vietnam

36. CONTINGENT LIABILITY

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

	The Group	
	2019 RM	2018 RM
Bank guarantee extended by a subsidiary to a third party	910,000	910,000

37. FINANCIAL INSTRUMENTS

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

37.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

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

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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

Foreign Currency Exposure

The Group	United States Dollar RM	Chinese Yuan RM	Thai Baht RM	Ringgit Malaysia RM	Total RM
2019					
Financial Assets					
Trade receivables	2,377,010	–	–	19,276,126	21,653,136
Amount owing by related parties	8,886,029	–	–	36,034	8,922,063
Other receivables	–	–	–	10,443,656	10,443,656
Short-term investments	–	–	–	9,299,434	9,299,434
Cash and bank balances	3,190,161	–	–	8,974,212	12,164,373
	14,453,200	–	–	48,029,462	62,482,662
Financial Liabilities					
Term loans	–	–	–	1,701,140	1,701,140
Trade payables	1,453,659	205,625	46,318	14,750,244	16,455,846
Amount owing to a related party	–	–	–	324,150	324,150
Other payables and accruals	–	–	–	12,694,670	12,694,670
	1,453,659	205,625	46,318	29,470,204	31,175,806
Net financial assets/ (liabilities)	12,999,541	(205,625)	(46,318)	18,559,258	31,306,856
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	–	(18,559,258)	(18,559,258)
Currency exposure	12,999,541	(205,625)	(46,318)	–	12,747,598

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Chinese Yuan RM	Vietnamese Dong RM	Thai Baht RM	Ringgit Malaysia RM	Total RM
2018						
Financial Assets						
Trade receivables	16,684,182	–	–	–	7,347,096	24,031,278
Amount owing by related parties	1,653,055	–	–	–	29,429	1,682,484
Other receivables	–	–	–	–	10,268,044	10,268,044
Short-term investment	–	–	–	–	6,165,180	6,165,180
Cash and bank balances	2,621,521	–	–	–	8,062,383	10,683,904
	20,958,758	–	–	–	31,872,132	52,830,890
Financial Liabilities						
Term loans	–	–	–	–	2,103,241	2,103,241
Bankers' acceptances	–	–	–	–	1,849,000	1,849,000
Bank overdraft	–	–	–	–	330,555	330,555
Trade payables	2,539,486	252,378	–	5,882	23,726,046	26,523,792
Other payables and accruals	–	–	17,143	–	14,047,358	14,064,501
	2,539,486	252,378	17,143	5,882	42,056,200	44,871,089
Net financial assets/ (liabilities)	18,419,272	(252,378)	(17,143)	(5,882)	(10,184,068)	7,959,801
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	–	–	–	10,184,068	10,184,068
Currency exposure	18,419,272	(252,378)	(17,143)	(5,882)	–	18,143,869

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

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

		The Group	
		2019	**2018**
		RM	**RM**
Effects on Profit/(Loss) After Taxation			
USD/RM	- strengthened by 5%	493,983	699,932
	- weakened by 5%	(493,983)	(699,932)
Effects on Other Comprehensive Income/(Expenses)			
USD/RM	- strengthened by 5%	493,983	699,932
	- weakened by 5%	(493,983)	(699,932)

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

(ii) Interest Rate Risk

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

The Group's fixed rate borrowing 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 Notes 20, 24 and 25 to the financial statements.

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

(iii) Equity Price Risk

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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 92% of its trade receivables (including amount owing by related parties) at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

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

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

Trade Receivables and Contract Assets

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

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

The Group considers any trade receivables having financial difficulty in default with significant balances outstanding for more than 6 months overdue are deemed credit impaired.

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

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

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

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

The Group	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2019			
Current (not past due)	10,286,075	(4,846)	10,281,229
Past due:			
- less than 3 months	15,610,373	(30,835)	15,579,538
- 3 to 6 months	3,003,710	(39,490)	2,964,220
- more than 6 months	1,936,677	(186,465)	1,750,212
	30,836,835	(261,636)	30,575,199
Credit impaired:			
- individually impaired	18,769,561	(18,769,561)	–
Trade balances	49,606,396	(19,031,197)	30,575,199
Contract assets	4,252,199	(2,487,950)	1,764,249
	53,858,595	(21,519,147)	32,339,448

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

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

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

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

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

Cash and Bank Balances

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Amount Owing By A Subsidiary

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

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

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

(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.

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2019						
Trade payables	–	16,455,846	16,455,846	16,455,846	–	–
Amount owing to a related party	–	324,150	324,150	324,150	–	–
Other payables and accruals	–	12,694,670	12,694,670	12,694,670	–	–
Lease liability	4.22	312,377	340,244	83,328	256,916	–
Term loans	4.52 – 4.92	1,701,140	2,169,823	452,751	1,122,243	594,829
		31,488,183	31,984,733	30,010,745	1,379,159	594,829
2018						
Trade payables	–	26,523,792	26,523,792	26,523,792	–	–
Other payables and accruals	–	14,064,501	14,064,501	14,064,501	–	–
Term loans	4.77 – 5.17	2,103,241	2,675,307	452,751	1,411,568	810,988
Bankers' acceptances	4.09	1,849,000	1,872,960	1,872,960	–	–
Bank overdraft	7.47	330,555	330,555	330,555	–	–
		44,871,089	45,467,115	43,244,559	1,411,568	810,988
The Company						
2019						
Other payables and accruals	–	331,246	331,246	331,246	–	–
2018						
Other payables and accruals	–	355,884	355,884	355,884	–	–

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 CAPITAL RISK MANAGEMENT

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

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

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

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019		2018	
	The Group RM	**The Company RM**	**The Group RM**	**The Company RM**
Financial Assets				
Mandatorily at Fair Value Through Profit or Loss				
Short-term investments (Note 15)	9,299,434	7,740,232	6,165,180	6,165,180
Designated at Fair Value Through Profit or Loss Upon Initial Recognition				
Other recrivables (Note 11)	10,000,000	–	10,000,000	–
Amortised Cost				
Trade receivables (Note 10)	21,653,136	–	24,031,278	–
Other receivables (Note 11)	443,656	–	268,044	–
Amount owing by related parties (Note 13)	8,922,063	–	1,682,484	–
Amount owing by a subsidiary (Note 14)	–	11,326,111	–	11,925,503
Cash and bank balances	12,164,373	452,147	10,683,904	2,070,474
	43,183,228	11,778,258	36,665,710	13,995,977
Financial Liability				
Amortised Cost				
Trade payables (Note 22)	16,455,846	–	26,523,792	–
Other payables and accruals (Note 23)	12,694,670	331,246	14,064,501	355,884
Amount owing to a related party (Note 13)	324,150	–	–	–
Term loans (Note 20)	1,701,140	–	2,103,241	–
Bank overdraft (Note 24)	–	–	330,555	–
Bankers' acceptances (Note 25)	–	–	1,849,000	–
	31,175,806	331,246	44,871,089	355,884

37. FINANCIAL INSTRUMENTS (CONT'D)

37.4 (GAINS) OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2019		2018	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Assets				
Fair Value Through Profit and Loss				
Net gains recognised in profit or loss	(299,990)	(240,788)	(292,207)	(292,207)
Amortised Cost				
Net losses recognised in profit or loss	2,152,141	–	15,358,692	–
Financial Liability				
Amortised Cost				
Net losses recognised in profit or loss	82,095	–	91,078	–

37.5 FAIR VALUE INFORMATION

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

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	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
2019								
Financial Asset								
Short-term investments								
- Money market fund	–	9,299,434	–	–	–	–	9,299,434	9,299,434
Financial Liability								
Term loans	–	–	–	–	1,701,140	–	1,701,140	1,701,140

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2018								
Financial Asset								
Short-term investment - Money market fund	–	6,165,180	–	–	–	–	6,165,180	6,165,180
Financial Liability								
Term loans	–	–	–	–	2,103,241	–	2,103,241	2,103,241
The Company								
2019								
Financial Asset								
Short-term investment - Money market fund	–	7,740,232	–	–	–	–	7,740,232	7,740,232
2018								
Financial Asset								
Short-term investment - Money market fund	–	6,165,180	–	–	–	–	6,165,180	6,165,180

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

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

The fair value of money market fund is determined by reference to statements provided by the financial institution, with which the investments were entered into.

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

The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

38. SIGNIFICANT EVENT OCCURING AFTER THE REPORTING PERIOD

The COVID-19 outbreak has evolved into a global pandemic, adversely affecting economies worldwide due to the widespread imposition of travel restrictions, constraints on the movement of people and the suspension of many business operations to curb the spread of this virus. The spread of the COVID-19 and its impact on economies worldwide are major concerns globally and to the Group. Given these unprecedented times of uncertainty, the Group is unable to quantify magnitude and duration of such impact at this juncture as the outbreak continues to progress and the conditions are unpredictable.

The business operations of a subsidiary, HL Advance Technologies Sdn Bhd ("HLA"), was temporarily suspended from 18 March 2020 in compliance with the Movement Control Order ("MCO") announced by the Prime Minister of Malaysia. Subsequently, HLA had resumed its business operations on 10 April 2020 after having obtained the approval from Ministry of International Trade and Industry ("MITI") dated 8 April 2020. The other subsidiary, HL Rubber Industries Sdn Bhd ("HLRI"), is considered to be an essential service provider, hence HLRI continued its business operations throughout the MCO period. Accordingly, the directors are of the opinion that the COVID-19 outbreak will not have a significant impact on the Group's financial statements.

39. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019 and has not restated the comparative information as permitted under the specific transition provisions in the standard. The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At 1 January 2019, for leases that were classified as finance leases, the Group has recognised the carrying amount of the lease asset as the carrying amount of the right-of-use asset as at the date of initial application. The adjustment included a transfer of revalued leasehold land from property and equipment to right-of-use asset that is measured subsequently using the cost model.

As a result, the Group did not make any adjustments to its retained profits upon the transition to MFRS 16 at 1 January 2019 other than the reclassification of certain balances in the Group's statement of financial position on that date.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2019

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 2019 (RM)	Approximate Age of Building (Years)	Date of Valuation (V)/ Date of Acquisition (A)
1.	HL Advance Technologies (M) Sdn. Bhd.	No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor PM 4518, Lot 36522, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan	Three (3)-storey office building with annexed single storey detached factory	Land area - 40,688 Gross floor area - 30,388	Office-cum-factory	Leasehold for a period of 99 years expiring on 11 August 2096	3,628,402	10	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	44,854	13	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	27,904	12	23 December 2010 (A)
4.	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	13,223,839	23	14 November 2018 (V)

ANALYSIS OF SHAREHOLDINGS
AS AT 24 APRIL 2020

Class of Equity Securities	: Ordinary Shares ("Shares")
Total number of issued Shares	: 511,977,099 Shares
Voting rights by show of hand	: One vote for every member
Voting rights by poll	: One vote for every Share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 Shares	32	1.77	1,451	#
100 - 1,000 Shares	146	8.07	69,748	0.01
1,001 - 10,000 Shares	701	38.75	4,395,850	0.86
10,001 - 100,000 Shares	775	42.84	28,208,300	5.51
100,001 - less than 5% of issued Shares	152	8.40	128,669,850	25.13
5% and above of issued Shares	3	0.17	350,631,900	68.49
Total	**1,809**	**100.00**	**511,977,099**	**100.00**

Negligible

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

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Wong Kok Wah	139,965,000	27.34	140,162,000[(1)]	27.38
Chan Yoke Chun	140,162,000	27.38	139,965,000[(2)]	27.34
Yau Ming Teck	8,337,600	1.63	–	–
Wong Wai Tzing	145,000	0.03	–	–
Wong Koon Wai	270,000	0.05	–	–
Chui Mee Chuen	217,500	0.04	–	–

Notes:

(1) *Deemed interested by virtue of the Shares held by his spouse, Chan Yoke Chun in HLT Global Berhad.*
(2) *Deemed interested by virtue of the Shares held by her spouse, Wong Kok Wah in HLT Global Berhad.*

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Wong Kok Wah	139,965,000	27.34	140,162,000[(1)]	27.38
Chan Yoke Chun	140,162,000	27.38	139,965,000[(2)]	27.34
Suntel International Co., Ltd	70,504,900	13.77	–	–

Notes:

[(1)] *Deemed interested by virtue of the Shares held by his spouse, Chan Yoke Chun in HLT Global Berhad.*
[(2)] *Deemed interested by virtue of the Shares held by her spouse, Wong Kok Wah in HLT Global Berhad.*

30 LARGEST SECURITIES ACCOUNT HOLDERS

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

No.	Name	No. of Shares held	%
1	Chan Yoke Chun	140,162,000	27.38
2	Wong Kok Wah	139,965,000	27.34
3	Suntel International Co., Ltd	70,504,900	13.77
4	Lee Sow Yin	19,663,300	3.84
5	Wong May Ching	19,663,300	3.84
6	Yau Ming Teck	8,337,600	1.63
7	Lee Kong Wing	6,918,350	1.35
8	Hup Lek Engineering & Trading Sdn. Bhd.	6,462,500	1.26
9	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chin Lih Lih	4,704,700	0.92
10	AXG Capital Sdn. Bhd.	4,113,300	0.80
11	Tan Ka Lian	3,079,900	0.60
12	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Sastry A/L Raman	2,774,000	0.54
13	Leong How Luan	2,332,750	0.46
14	Wong Wei Cheong	2,092,500	0.41
15	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Saravanan A/L Raman	2,069,100	0.40

30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)
(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares held	%
16	Ng Tiow Min	1,900,000	0.37
17	Yap Ban Foo	1,243,650	0.24
18	Ng Eng Hong	1,200,100	0.23
19	Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Kok Mun	1,190,200	0.23
20	Lau Feng Mey	1,100,000	0.21
21	Public Nominees (Tempatan) Sdn. Bhd. -Pledged Securities Account for Lee Leong Lai	1,055,400	0.21
22	Ng Li Moi	1,032,000	0.20
23	Liew Wai Seng	1,000,000	0.20
24	Ng Ghee Chow	1,000,000	0.20
25	Low Soo Ha @ Low Cheen Chong	931,800	0.18
26	Lim Mei Kong	840,000	0.16
27	Saidatul Akhmar Binti Yahya	840,000	0.16
28	Tam Kok Weng	825,900	0.16
29	Chuan Teck Weng	825,000	0.16
30	Chang Poh Choo	800,000	0.16

ANALYSIS OF WARRANT HOLDINGS
AS AT 24 APRIL 2020

Type of Convertible Securities	: Warrants 2017/2022 (“Warrants”)
No. of Warrants Issued	: 199,091,998
Exercise Price	: RM0.20
Exercise Period	: 28 December 2017 to 27 December 2022

DISTRIBUTION SCHEDULE OF WARRANT HOLDERS

Size of Holdings	No. of Holders	%	No. of Warrants	%
Less than 100 Warrants	132	11.64	6,846	#
100 - 1,000 Warrants	76	6.70	38,027	0.02
1,001 - 10,000 Warrants	356	31.39	2,213,825	1.11
10,001 - 100,000 Warrants	467	41.18	18,729,825	9.41
100,001 - less than 5% of issued Warrants	101	8.91	53,246,525	26.75
5% and above of issued Warrants	2	0.18	124,856,950	62.71
Total	**1,134**	**100.00**	**199,091,998**	**100.00**

Negligible

DIRECTORS’ WARRANT HOLDINGS
(As per the Register of Directors’ Warrant holdings)

	Direct Interest		Indirect Interest	
Name of Directors	No. of Warrants	%	No. of Warrants	%
Wong Kok Wah	69,982,500	35.15	50,874,450(1)	25.56
Chan Yoke Chun	50,874,450	25.56	69,982,500(2)	35.15
Yau Ming Teck	0	0.00	–	–
Wong Wai Tzing	172,500	0.09	–	–
Wong Koon Wai	75,000	0.04	–	–
Chui Mee Chuen	108,750	0.05	–	–

Notes:

(1) *Deemed interested by virtue of the Warrants held by his spouse, Chan Yoke Chun in HLT Global Berhad.*
(2) *Deemed interested by virtue of the Warrants held by her spouse, Wong Kok Wah in HLT Global Berhad.*

ANALYSIS OF WARRANT HOLDINGS
AS AT 24 APRIL 2020
(CONT'D)

30 LARGEST WARRANT HOLDERS
(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Warrants held	%
1	Wong Kok Wah	69,982,500	35.15
2	Chan Yoke Chun	54,874,450	27.56
3	Suntel International Co., Ltd	4,364,000	2.19
4	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Yong Loong Chen	4,000,000	2.01
5	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Lim Willie	3,000,000	1.51
6	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lee Leong Lai	2,917,200	1.47
7	Maybank Nominees (Tempatan) Sdn. Bhd. - Pang Kian Wee	2,500,000	1.26
8	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Saravanan A/L Raman	2,252,400	1.13
9	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Sastry A/L Raman	2,099,900	1.05
10	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kong Kok Choy	2,000,000	1.00
11	Toh Wee Meng	1,600,000	0.80
12	Leong How Luan	1,166,375	0.59
13	Chuan Teck Weng	1,062,500	0.53
14	Wong Wei Cheong	1,023,250	0.51
15	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. - Exempt an for UOB Kay Hian Pte Ltd	1,000,000	0.50
16	Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Kok Mun	983,650	0.49
17	Wong Seng Mow	800,000	0.40
18	Ng Li Moi	732,500	0.37
19	Lee Kong Wing	691,175	0.35
20	Lai Kui Chin	677,000	0.34
21	Siti Norashikin Binti Zulkefli	660,000	0.33
22	Ng Eng Hong	650,200	0.33
23	Tan Cheit Chai	576,000	0.29
24	Ng Tiow Min	529,100	0.27
25	Er Kong Seng	502,500	0.25
26	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ng Long Tiang	500,000	0.25
27	Ahmad Razali Bin Nordin	500,000	0.25
28	Low Soo Ha @ Low Cheen Chong	465,900	0.23
29	Chew Ah Chay	450,000	0.23
30	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Muhamad Ramlan Bin Taib	450,000	0.23

PROXY **FORM**

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

I/We* ____
(full name in capital letters)

NRIC/Registration No./Passport No./Company No.* ______________________________

of ____
(full address)

being (a) member(s) of **HLT GLOBAL BERHAD ("the Company"** or **"HLT")** hereby appoint (s) ____________________

______________________________ NRIC No. ____________________
(full name in capital letters)

of ____
(full address)

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

of ____
(full address)

or the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Fifth Annual General Meeting of the Company ("AGM" or "the Meeting") to be held fully virtual and entirely via remote participating and voting at the Broadcast Venue: Conference Room of HLT, No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong Selangor on Monday, 22 June 2020 at 10:30 a.m. and at any adjournment thereof.

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

No.	Ordinary Resolution	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM300,000.00 for the financial year ending 31 December 2020.		
2.	To re-elect Ms. Chan Yoke Chun as a Director of the Company.		
3.	To re-elect Ms. Wong Wai Tzing 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 Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		

No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Constitution of the Company		

** delete whichever not applicable*

CDS Account No.	
No. of Shares Held	

Dated this __________ day of ____________________ 2020.

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

____
Signature/ Common Seal of Member(s)

Notes:

(a) A member who is entitled to attend, participate, speak and vote at the Fifth Annual General Meeting ("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 16 June 2020. Only members whose names appear in the General Meeting Record of Depositors as at 16 June 2020 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) As guided by the Securities Commission's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and subsequently revised on 14 May 2020, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the Meeting.

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

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(f) 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.

(g) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

(h) To be valid, the instrument appointing a proxy must be deposited at Share Registrar of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.

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

(j) The Meeting will be conducted on fully virtual at the Broadcast Venue, members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.

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Stamp

The Share Registrar
HLT Global Berhad

Securities Services (Holdings) Sdn Bhd
[197701005827 (36869-T)]
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
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