Hartalega

2020
Annual Report

Touching Lives

THE COVER

The cover visual and theme of this year's report, "Touching Lives", depict how Hartalega makes lives better for all stakeholders – from healthcare practitioners and by extension the individuals, families and communities that they care for across the globe, to Hartalega's own people, fondly known as Hartanians, as well as the Group's surrounding communities and shareholders. Symbolised by the image of a happy family and with its warm tone and clear skies, the visual illustrates how Hartalega positively impacts the world through its products. The natural setting also emphasises Hartalega's steadfast commitment to sustainability.

CONTENTS

14th
Annual General Meeting
15 September 2020

Corporate & Management Overview

2 Vision & Values

4 Industry Firsts

5 Awards & Recognition

6 The Hartalega Nitrile Glove Story

9 Financial Summary

11 Share Price Performance

12 Corporate Information

14 Media Milestones

16 Profile of Directors

21 Profile of Senior Management Team

26 Chairman's Review and Management Discussion & Analysis

32 Sustainability Report

Responsibility & Financials

51 Corporate Governance Overview Statement

63 Audit Committee Report

67 Statement on Risk Management and Internal Control

70 Report of the Directors and Financial Statements

150 Additional Compliance Information

151 List of Properties

153 Analysis of Shareholdings

157 Notice of Annual General Meeting

162 Statement Accompanying the Notice of Annual General Meeting

163 Proxy Form

VISION & VALUES

OUR VISION

To be the Number One glove company that produces and delivers the best and most innovative gloves in the world; and to be recognised as a caring company to the community and environment.

OUR MISSION

To deliver the best possible protection to people who work with their hands in exposed and challenging environments by providing consistently superior, safer, and more convenient gloves in chosen product markets.

DRIVEN BY CORE VALUES

Our Core Values are embodied in the acronym, SHIELD, which stands for:

SYNERGY

HONESTY

INNOVATIVENESS

EXCELLENCE

LEARNING

DEDICATION

These values represent the qualities that Hartalega incorporates in all that we do, in order to propel the Group forward and enable us to realise our Vision and Mission to deliver the best possible protection via our high quality gloves.

INDUSTRY FIRSTS

FIRST to develop polymer-coated powder-free examination gloves in 1994 and among the first to receive FDA 510(k) to market low protein latex gloves

FIRST Malaysian company to develop and implement a robotic glove stripping system in 1995, which mimics the human hand motion to strip gloves off from the production lines

FIRST to commercially produce high-stress-relaxation NBR examination and surgical gloves in 2002 and 2006, respectively

FIRST in the industry to use industrial bar-coding and RFID Tags for product traceability and stock management

FIRST in the industry to use empty oil palm fruit bunches as biomass fuel to generate heat for production processes

FIRST in the industry to have successfully registered our biomass energy plants with the United Nations Framework Convention on Climate Change (UNFCCC) or Kyoto Protocol

FIRST biomass energy plant in Malaysia registered with the UNFCCC or Kyoto Protocol, that is in operation and running mainly on empty oil palm fruit bunches

FIRST to commission high-capacity production lines operating at a record speed of 45,000 pieces of gloves per hour, setting a new benchmark for the industry

FIRST in the world to develop and implement successful double former production line with sophisticated process controls

AWARDS
& RECOGNITION

- The Star Export Excellence Awards 2019 - Exporter of the Year Award & Gold Award (Other Industries Category)
- The Edge Billion Ringgit Club Awards - Most Profitable Company (Industrial Products Sector) 2013, 2014, 2015 & 2016; Highest Return on Equity Over 3 Years 2018; Highest Return on Equity Over 3 Years & Highest Profit Growth Over 3 Years 2019
- Kincentric Best Employer's Special Recognition for Purposeful Workplace Award 2019
- GCA Graduate Choice Award 2019 (Manufacturing Category)
- HR Excellence Awards 2019 (Excellence in HR Communication Strategy)
- Aon Best Employer Award (2018)
- AIA - Malaysia's Healthiest Employees Award (Large Organisation 2018)
- HR Excellence Awards 2018
  - Excellence in Workplace Wellbeing (Silver)
  - Excellence in HR Communication Strategy (Bronze)
- MREPC Industry Awards 2018
  - Most Outstanding Company
  - Export Excellence
  - Green Business
- M100 Graduate Employer Award (2015)
- Asiamoney Corporate Governance Award (2015)
- University of Malaya Excellence Awards (2014 - Human Capital Development)
- FinanceAsia Best Companies (2014 - Best Mid Cap Malaysia)
- Forbes Asia Best Under A Billion List (2010, 2011, 2012 & 2013)
- HR Asia Best Companies To Work For in Asia Awards (2013, 2014)
- Asiamoney Best Managed Company (2010, 2012, 2014)
- ISO 9001 : 2015
- ISO 13485 : 2016
- EN ISO 13485 : 2016
- ISO 14001 : 2015
- OHSAS 18001 : 2007
- EC-Certificate
- JGMP
- U.S. Food and Drug Administration 510(k)
- UL Certification
- National Fire Protection Association
- China Food and Drug Administration
- ANVISA
- ISEGA Food Contact Test Certification (German)
- PPE Cert

THE HARTALEGA NITRILE GLOVE STORY

2002

- Commenced R&D on elastic thin nitrile glove
- Overcame technology, pricing and intellectual property barriers
- Introduced users to a nitrile glove that mimics the softness and stretchiness of a natural rubber glove

2003

- Commenced R&D on production technology
- Focused on effective and low-cost nitrile glove production
- Operated the world's first double former production line at year end 2003
- Increased production line capacity to 28,000 pcs/hr of nitrile gloves – highest in the industry

2005

- Launched the world's first 4.7g nitrile glove. It mimicked the stretchiness and softness of natural rubber gloves without protein allergy risks, was competitively priced and outside the Tillotson's patent
- Ringgit de-pegged from the US dollar

2007

- Competitor launched a 4.2g nitrile glove
- Hartalega responded with the world's first 3.7g nitrile glove. It was developed at the same time as the 4.7g glove but kept in the 'war chest'

2008

- Hartalega's nitrile glove production increased by 30-fold
- Became the nation's largest and world's second largest nitrile glove producer
- Obtained 20% share of the US synthetic glove market

2010

- Hartalega became the world's largest nitrile glove producer
- Natural rubber price reached a record RM9.83 and nitrile gloves became cheaper than natural rubber gloves

2011

- Launched 3.2g soft nitrile gloves
- Nitrile sales increased 59 times over a period of seven years

2012

- Increased production line capacity to 45,000 pcs/hr of nitrile gloves, the fastest in the industry
- Strong switching momentum to nitrile gloves continued worldwide

2013

- 25th Anniversary Silver Jubilee Celebration of Hartalega
- Groundbreaking for the Next Generation Integrated Glove Manufacturing Complex (NGC)
- Launched 2.7g nitrile glove
- Introduced patented glove coating technology, Colloidal Oatmeal Active Therapeutic System or COATS

2014

- Commissioned first production lines of the NGC
- Launched new global distribution arm, MUN
- Launched new umbrella brand, GloveOn

2015

- Completed Plants 1 and 2 of the NGC

2016

- Commenced commissioning of Plant 3 of the NGC
- Launched patented Goodpac packing technology

2017

- Launched world's first non-leaching antimicrobial glove
- Completed commissioning of Plant 4 of the NGC

2018

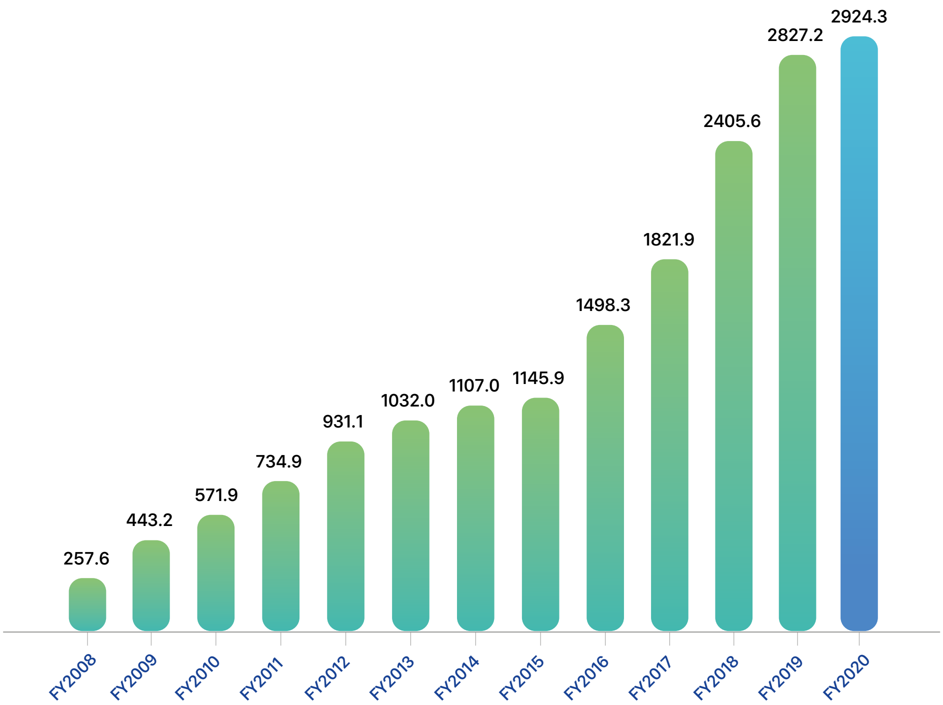
- Commenced commissioning of Plant 5 of the NGC
- Hartalega listed on FBM KLCI Top 30 Largest Public Listed Companies in Malaysia

2019

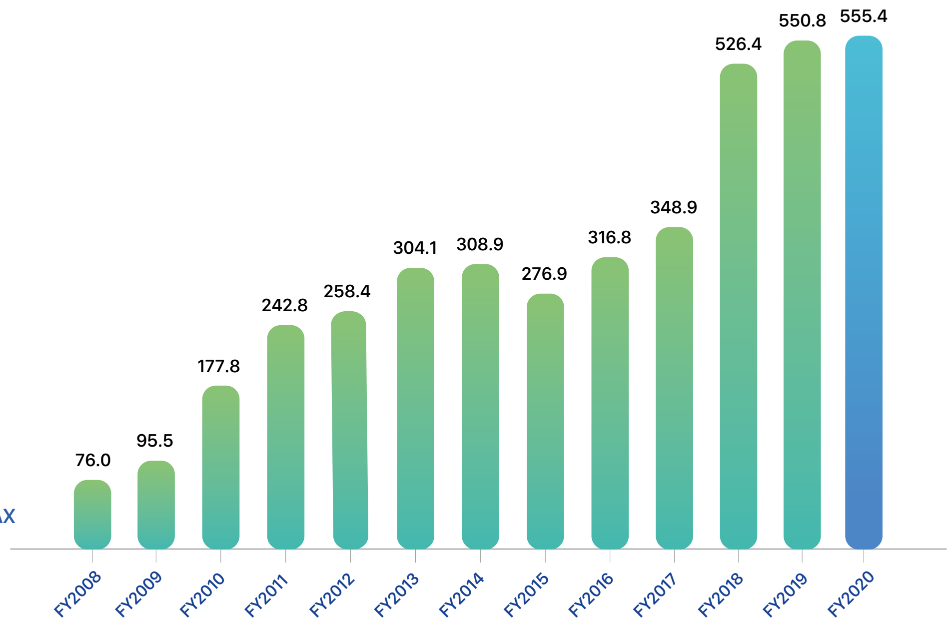
- Completed commissioning of Plant 5 of the NGC

FINANCIAL SUMMARY

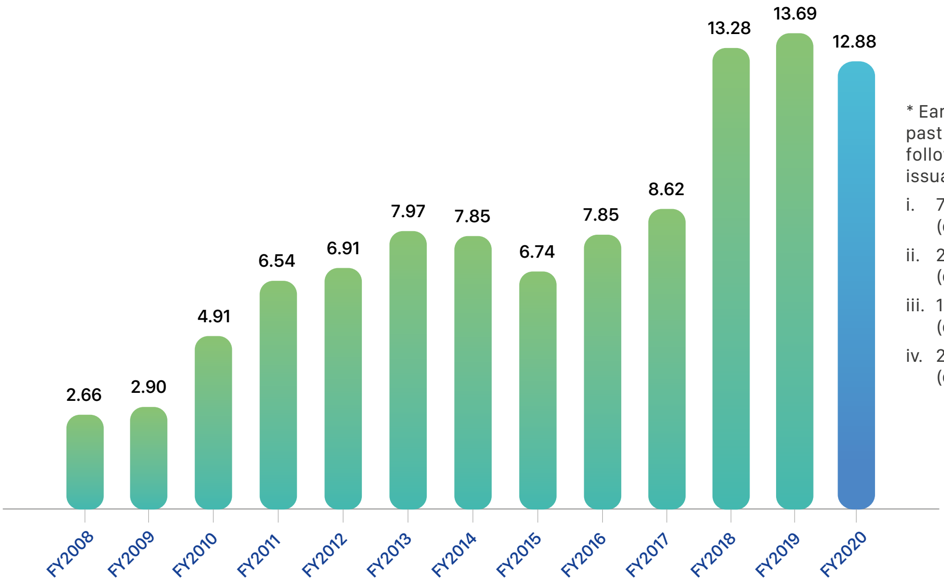
REVENUE (RM MILLION)



PROFIT BEFORE TAX (RM MILLION)



EARNINGS PER SHARE (SEN)*



* Earnings Per Share for past years restated following bonus issuance completed on:

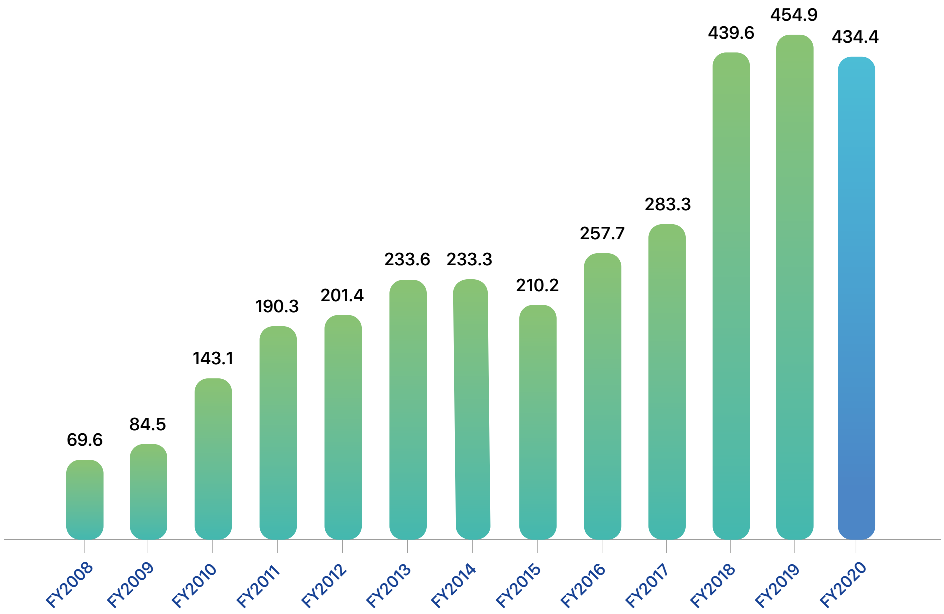
i. 7 September 2010 (one-for-two)

ii. 29 May 2012 (one-for-one)

iii. 18 September 2015 (one-for-one)

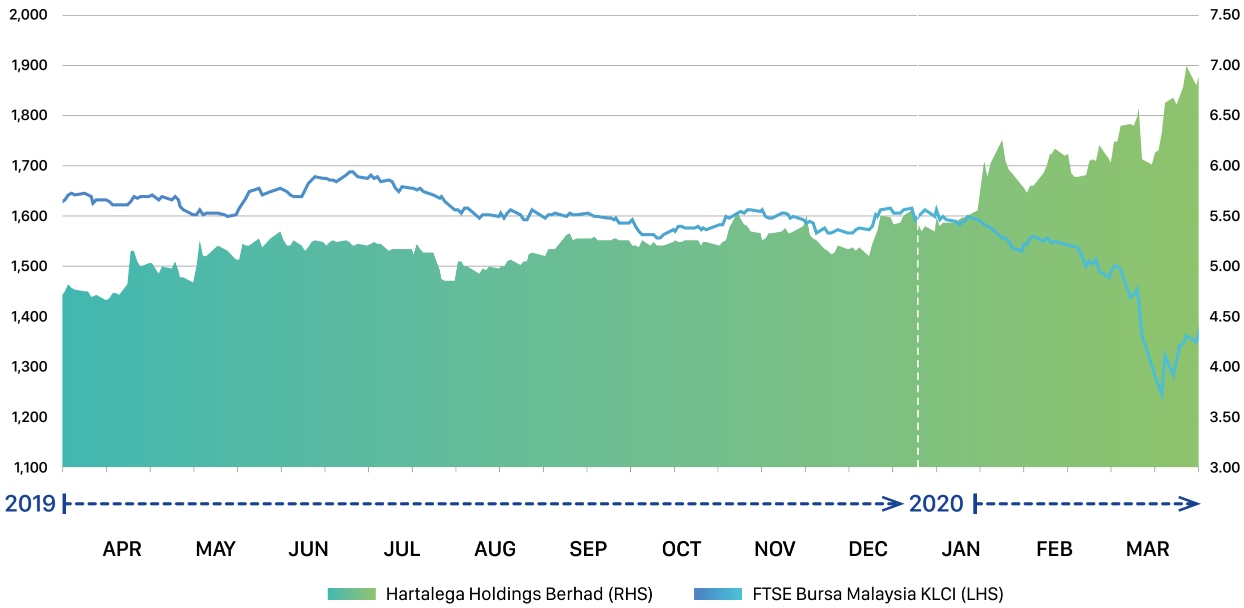
iv. 28 March 2018 (one-for-one)

PROFIT AFTER TAX (RM MILLION)



SHARE PRICE PERFORMANCE

PRICE MOVEMENT



CORPORATE INFORMATION

BOARD OF DIRECTORS

Kuan Kam Hon @ Kwan Kam Onn	Executive Chairman
Kuan Mun Leong	Chief Executive Officer
Kuan Mun Keng	Chief Commercial Officer
Dr. Danaraj A/L Nadarajah (Resigned on 1/7/2020)	Non-Independent Executive Director
Dato' Tan Guan Cheong	Independent Non-Executive Director
Razman Hafidz bin Abu Zarim	Independent Non-Executive Director
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Senior Independent Non-Executive Director
Datuk Seri Nurmala binti Abd Rahim	Independent Non-Executive Director
Datuk Loo Took Gee (Appointed on 5/11/2019)	Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Tan Guan Cheong	Chairman
Razman Hafidz bin Abu Zarim	Member
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member
Datuk Seri Nurmala binti Abd Rahim	Member

REMUNERATION COMMITTEE

Razman Hafidz bin Abu Zarim	Chairman
Dato' Tan Guan Cheong	Member
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member
Datuk Seri Nurmala binti Abd Rahim	Member

NOMINATION COMMITTEE

Razman Hafidz bin Abu Zarim	Chairman
Dato' Tan Guan Cheong	Member
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member

RISK MANAGEMENT COMMITTEE

Dato' Tan Guan Cheong	Chairman
Razman Hafidz bin Abu Zarim	Member
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member
Datuk Seri Nurmala binti Abd Rahim	Member
Kuan Mun Leong	Member

ESOS COMMITTEE

Kuan Vin Seung	Chairman
Kuan Mun Leong	Member
Kuan Mun Keng	Member
Yong Pat Chau	Member
Say Teck Guan	Member

COMPANY SECRETARIES
Wong Maw Chuan (MIA 7413)
SSM PC No.: 202008003554
Wong Youn Kim (F) (MAICSA 7018778)
SSM PC No.: 201908000410
Lee Chin Wen (F) (MAICSA 7061168) (Appointed on 7/7/2020)
SSM PC No.: 202008001901

REGISTERED OFFICE
B-25-2, Block B, Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: +603-7955 0955
Fax: +603-7955 0959

INVESTOR RELATIONS
Jayden Liew
Email: liew.jk@hartalega.com.my
Tel: +603-6277 1733, ext 310

FACTORY Location 1
No. 7, Kawasan Perusahaan Suria
45600 Bestari Jaya
Selangor Darul Ehsan, Malaysia
Tel: +603-3280 3888

FACTORY Location 2
No. 1, Persiaran Tanjung
Kawasan Perindustrian Tanjung
43900 Sepang
Selangor Darul Ehsan, Malaysia
Tel: +603-8707 3000

PRINCIPAL BANKERS
Hong Leong Bank Berhad
Standard Chartered Bank Malaysia Berhad
CIMB Bank Berhad
Ambank (M) Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad
RHB Bank Berhad
Cathay United Bank, Labuan Branch

REGISTRAR
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: +603-7890 4700
Fax: +603-7890 4670

AUDITORS
DELOITTE PLT (LLP0010145-LCA) (AF0080)
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur, Malaysia

CORPORATE OFFICE
C-G-9, Jalan Dataran SD1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur, Malaysia
Tel: +603-6277 1733
Url: www.hartalega.com.my
Email: info@hartalega.com.my

STOCK EXCHANGE
Main Market of Bursa Malaysia Securities Berhad
Stock Name: Harta
Stock Code: 5168

MEDIA
MILESTONES

The Edge Financial Daily
September 11, 2019

7 HOME BUSINESS

Hartalega sees strong sales as US glove buyers switch from China to Malaysia

Nanyang Siang Pau
July 26, 2019

扩充产能提升技术

贺特佳3年投资7.45亿

天然气涨价没影响

The Malaysian Reserve
September 11, 2019

Hartalega sees increase in demand from US, despite ongoing trade war

Sin Chew Daily
September 11, 2019

受惠贸战 贺特佳下半年料更好

Oriental Daily
February 12, 2020

贺特佳Q3营收创新高

Harian Metro
July 26, 2019

Hartalega peruntuk capex RM745j

Berita Harian
July 26, 2019

Hartalega sedia modal RM630 juta tingkat operasi

Tambah kapasiti pengeluaran kepada 42 bilion keping sarung tangan setahun

The Edge Financial Daily
September 11, 2019

Hartalega sees strong sales as US glove buyers switch to Malaysia

US sales will rise further from October after new tariffs are imposed on Chinese goods

BY JUSTIN LIM

KUALA LUMPUR: Hartalega Holdings Bhd sees strong growth in glove demand from the US, as buyers there switch from China to Malaysia amid the trade tension between the two economic superpowers.

Hartalega managing director Kuan Mun Leong said the US remains its core market and expects sales orders to pick up from October following the imposition of new tariffs on Chinese imports by the US.

"In the second half, we are seeing a much better volume. We have been operating at a utilisation rate of 95% since August compared with 88% previously. We are expecting that plant utilisation will be full in October and November," Kuan said at a press conference after the group's annual general meeting (AGM) yesterday.

However, Kuan said Hartalega needs to keep its eyes on China, as the glove producers there are expanding into other markets, especially Europe.

He expects some impact on glove pricing in the European market as Chinese glove manufacturers have adopted a more aggressive pricing strategy in Europe after losing the US market.

Both the US and China have imposed fresh tariffs on each other's goods from September. Washington announced a 15% tariff on a variety of Chinese goods — including footwear, smartwatches and medical gloves — as China imposed new duties on US goods such as crude oil and soybean.

Hartalega's sales volume rose 10.1% to over 28 billion pieces for the financial year ended March 31, 2019 (FY19), of which 95% were nitrile gloves.

The group is the world's largest nitrile glove producer and the US is its No 1 export market, accounting for 54% of total sales in FY19. Europe and Asia-Pacific account for 25% and 18% of total exports respectively.

Despite Hartalega being the first mover in nitrile gloves, Kuan noted that competition remains stiff in the rubber glove industry as other manufacturers have caught up by expanding their nitrile glove production lately.

"I am very well aware of that [competition]. We will continue to make improvements in our operation, including cost optimisation. For example, we look into further automatisation in the production line and also advancement in technology, and research and development to make us more competitive," he added.

Asked about the group's strategy to strengthen its performance in the coming quarters, Kuan said the group's focus is to defend its market share. Hence, Hartalega has lowered the average selling prices across its products and also ensured its plants are running at a high utilisation rate.

The group's net profit fell by a quarter to RM94.06 million for the first quarter ended June 30, 2019, from RM124.87 million a year earlier, on lower sales and higher costs. Revenue dropped 9% to RM640.1 million from RM706.35 million.

Hartalega's share price rose 15 sen or 2.91% to RM5.31 yesterday, bringing the group a market capitalisation of RM17.84 billion. Over the past year, the group has retreated by 20.54%.

(From left) Hartalega executive chairman Kuan Kam Hon and Mun Leong at the company's AGM. Photo by Kenny Yap

The Star
July 26, 2019

Hartalega allocates RM630mil capex

Rubber glovemaker to build two plants over next three years

China Press
July 26, 2019

賀特佳續擴建廠房

未來3年斥6.3億資本開銷

（雪邦25日讯）手套生产商贺特佳（HARTA，5168，主要板医疗保健）计划在未来3年，投入6亿3000万令吉扩建厂房。

贺特佳目前拥有5间厂房，该公司董事经理关民亮在带领媒体参观厂房后，在记者会上透露，第6间厂房的第一条生产线预计在明年首季投入生产；第7间厂房则预计在2022年下半年投运。

一旦第7间厂房落成，该公司的手套产能有望从现有的340亿双增加至420亿双。

"我们将把扩建焦点放在大马市场，并放眼在未来3年，每年平均增加10%的产能，但我们仍会考虑市场的需求，以维持供应和需求的平衡。"

随著科技日星月异，我国政府近年来不断鼓励企业需要关注科技发展，以追上其他先进国工业4.0的步伐，贺特佳在这方面也不落人后，宣布将在未来3年投入1亿1500万令吉在工业4.0的相关资本支出上。

关民亮指出："在厂房的生产线上，公司将使用机器人包装系统，取代人工手动将手套装入盒子的过程。"

"我们是首家和唯一一家拥有完整的企业资源规划的手套公司，也是首家装备制造执行系统的手套公司。"

"我们将注重开发自动化解决方案、物联网（IoT）和人工智能（AI），以减少对劳工的依赖，并提高运营效率。"

今日出席记者会的贺特佳代表，还有投资关系经理刘浚健。

The Edge Financial Daily
February 12, 2020

Hartalega 3Q net profit up marginally on higher sales

BY WONG EE LIN

KUALA LUMPUR: Hartalega Holdings Bhd posted a marginal 1.27% increase in its latest quarterly net profit to RM121.27 million or 3.6 sen per share, from RM119.76 million or 3.6 sen per share a year earlier, thanks to a higher sales volume.

Revenue for the third quarter (3Q) ended Dec 31, 2019 rose 10.11% to RM796.55 million, from RM723.39 million previously, the glovemaker said in a filing with Bursa Malaysia yesterday.

"Demand growth is expected to continue, particularly in the near term given the ongoing [Wuhan virus] outbreak in China," Hartalega managing director Kuan Mun Leong said in a separate statement.

"We are committed to playing our role effectively by ensuring timely delivery of glove shipments to China to aid efforts in controlling the outbreak. As part of our corporate social responsibility efforts, we have pledged to donate a total of 2.58 million pieces of gloves to this cause," said Kuan.

The group has declared an interim dividend of 1.8 sen per share, payable on March 27.

For the nine-month period ended Dec 31, 2019, Hartalega's net profit slipped 12.51% to RM319.21 million or 9.49 sen per share, from RM364.84 million or 10.97 sen per share in the previous corresponding period, while revenue was flat at RM2.146 billion, against RM2.144 billion previously.

The group said earnings for the cumulative nine months were lower due to lower average selling prices and higher natural gas and research and development expenses, despite the higher sales volume.

Hartalega is optimistic about its longer-term prospects underpinned by the growing demand for rubber gloves and ongoing next-generation integrated glove manufacturing complex expansion.

"With the progressive commissioning of Plants 6 and 7, Hartalega's annual installed capacity is expected to increase from the current 36.6 billion to 44.7 billion pieces by the financial year ending Dec 31, 2022," said Hartalega.

It said Plant 6 will have an annual installed capacity of 4.7 billion pieces once completed, while Plant 7 will have an annual installed capacity of 3.4 billion pieces.

"Hartalega will also intensify investment in Industry 4.0 technologies to develop automation solutions, IoT (Internet of things) technology and AI (artificial intelligence) solutions in order to reduce dependency on manual labour and enhance operational effectiveness," the glovemaker added.

Shares in Hartalega closed seven sen or 1.18% higher at RM6 yesterday, valuing the group at RM20.28 billion.

New Straits Times
July 26, 2019

Kosmo
July 26, 2019

Bina kilang keenam, ketujuh untuk tingkat kapasiti pengeluaran

Hartalega labur RM630 juta

Oriental Daily
May 19, 2020

贺特佳末季净利涨28%
扩充手套产能迎需求

吉隆坡18日讯｜贺特佳（HARTA，5168，主板保健股）2020财政年末季（截至3月31日止）净利按年上涨27.95%，至1亿1558万令吉；营业额则按年增长13.86%，至7亿7790万令吉。

全年累计净利下滑4.48%，至4亿3478万令吉；营业额则增加3.42%，至29亿2397万令吉。

同时，贺特佳也宣布派发每股2.05仙的第3次中期股息。

其销售量增长18.3%，是推高末季营业额的主要原因。高营业额、低原料及能源成本，和公司的控制成本奏效推动，税前盈利在末季按年增加22.1%或2490万令吉。

该公司全年营业额达到29亿令吉，增长3.4%或9670万令吉。全年平均售价也随著更低的原料价格及其他业者更低的售价，而降低4%。税前盈利则按年增长1%或540万令吉，至5亿5620万令吉。

另一方面，随著全球对手套的需求增加，其独资子公司——贺特佳NGC私人有限公司的扩展计划将持续。贺特佳NGC第6工厂的4条生产线已启用，其余的生产线也将陆续启用。

第6工厂在完成后，每年将可以生产47亿只手套。同时，第7工厂也正在新建中，以生产特殊产品为主。年产24亿只手套。随著这两家工厂的逐步沿用，该公司的产能料将从目前的381亿只手套，在2022财政年增至437亿只手套。贺特佳周一微涨2仙或0.22%，收在9.13令吉，成交量为116亿股。

贺特佳末季净利按年上涨27.95%。

The Edge Financial Daily
July 26, 2019

Hartalega sets RM745m capex for next three years

BY JUSTIN LIM

SEPANG: Hartalega Holdings Bhd has budgeted RM745 million in capital expenditure (capex) for the next three years as it seeks to ramp up production capacity and to further automate and digitise its factories in preparation for Industry 4.0 standard.

Bigger production capacity will also allow the world's largest nitrile glove manufacturer to increase its sale volume amid increasing pressure to maintain its margin at the current level.

"I don't think it (margin) will be [maintained] at 16%. In order to grow, we cannot hold on to our margins, as we need to sell volume. So, maintaining 16% is challenging," managing director Kuan Mun Leong said during a media tour of its factory yesterday. "If you look at our margins, it is always above the industry average. So we will continue to strive for above-industry margins."

Kuan said RM630 million would be set aside for expansion of plants six and seven in its Next Generation Integrated Glove Manufacturing Complex located in Sepang.

The first line for plant six is targeted to commence operations in the first quarter of 2020, and for plant seven by the second half.

Both plants are scheduled to be completed by the financial year ending March 31, 2020 (FY20) and FY22 respectively, depending on market demand.

When completed, Hartalega's annual glove production capacity would be boosted to 42 billion pieces, from 34 billion pieces currently, or an average of 10% growth per annum over the next three years — in-line with the projected 8% to 10% growth in global demand for gloves, Kuan added.

Some RM115 million would be set aside for investments in industrial 4.0 related technologies, with a focus on automation solutions, Internet of Things and artificial intelligence to reduce dependency on manual labour and to enhance operational effectiveness.

"Ultimately, we aim to cut manual labour (foreign labour) by 18% in the next three years," Kuan said. Salaries make up about 12% of total operation costs.

Meanwhile, Hartalega expects the natural gas tariff hike earlier this month to have minimal impact on its margins as it would be absorbed by customers although glove manufacturers would have preferred longer notice of the hike.

"In the glove business, we provide customers with quotation on a monthly basis. [We have some]...

On July 12, Gas Malaysia Bhd announced the increase in natural gas price to RM32.74 per million British thermal units (MMBtu) for the period July 15 to Dec 31, 2019, from RM32.69 per MMBtu. A surcharge of RM1.92/MMBtu will apply to all tariff categories under the gas cost pass-through mechanism.

This translates into an average effective tariff of RM34.66/MMBtu, which is an increase of 5.3% from the previous average tariff.

Kuan said the group's focus is to grow absolute earnings going forward. Its net profit for the financial year ended March 31, 2019 climbed 4% year-on-year to RM456.2 million on a near 18% rise in revenue to RM2.83 billion.

Shares in Hartalega closed six sen or 1.15% lower at RM5.16 yesterday, valuing the company at...

Sin Chew Daily
May 19, 2020

销售增 成本降

贺特佳末季多赚28%

The Malaysian Reserve
May 19, 2020

Hartalega's 4QFY20 jumps 28% on higher sales volume

HARTALEGA Holdings Bhd's net profit rose 28% to RM115.58 million in the fourth quarter ended March 31, 2020 (4QFY20), from RM90.33 million a year ago on higher sales revenue, lower raw material and energy costs, and company's initiatives to reduce operation costs. Revenue climbed 13.9% to RM777.898 million from RM683.23 million the year prior, as sales volume increased 18.3%, the glove maker told Bursa Malaysia yesterday. It declared a third interim dividend of 2.05 sen, to be paid on June 26. For FY20 ended March 31, the group's earnings fell 4.5% to RM434.78 million from RM455.18 million previously. Revenue increased 3.2% to RM2.92 billion from RM2.83 billion as sales volume rose 8.8% and average selling price declined 4%. The group also announced the redesignation of MD Kuan Mun Leong as CEO and the appointment of his cousin Kuan Eu Jin as COO.

New Straits Times
July 26, 2019

RM745m CAPEX

Hartalega aims to boost output to 42b pieces of gloves annually

The Sun
February 12, 2020

Hartalega Q3 earnings up on higher sales volume

Glove maker to declare interim dividend of 1.8 sen per share

PROFILE OF DIRECTORS

KUAN KAM HON @ KWAN KAM ONN

EXECUTIVE CHAIRMAN

AGE: 73 • GENDER: MALE • MALAYSIAN

Kuan Kam Hon @ Kwan Kam Onn was appointed as Executive Chairman and Managing Director on 7 May 2007. He stepped down as Managing Director on 16 November 2012, and continues to play an integral role in the Group as Executive Chairman. Kuan Kam Hon is primarily responsible for the overall business, strategic planning and entire operations of the Group, including research and development.

He began his career in the building and construction sector in 1969 under Kuan Yuen & Sons Company, a well-known quality homebuilder in the 70s specialising in upper-class residential units in the Klang Valley. In 1978, he started Timol Weaving Sdn Bhd, one of the pioneers in woven labels and badges. In 1981, he formed Hartalega Sdn Bhd. Under his leadership, Hartalega Sdn Bhd has since become a reputable manufacturer of latex gloves in the industry and is now a public listed company on the Main Board of Bursa Malaysia Securities Berhad, known as Hartalega Holdings Berhad. He has established a set of management values that is quality-driven and encourages creativity and innovation to produce highly-skilled personnel. He presently sits on the Board of several other private limited companies as well.

KUAN MUN LEONG

CHIEF EXECUTIVE OFFICER

AGE: 44 • GENDER: MALE • MALAYSIAN

Kuan Mun Leong was appointed as Executive Director on 7 May 2007 and re-designated as the Chief Executive Officer on 18 May 2020. Mun Leong is a member of the Risk Management and ESOS Committees. He holds a Bachelor's Degree in Mechanical Engineering from Monash University, Australia, and a Masters in Business Administration (MBA) from the University of Strathclyde, Scotland.

Mun Leong began his career in the renewable energy sector as a project engineer overseeing EPCC (Engineering, Procurement, Construction and Commissioning) of renewable energy plants for two years before he joined Hartalega's engineering department in 2001. He moved up the ranks to be appointed as an Executive Director of the Group in 2007. He was also duly appointed as the Deputy Managing Director and subsequently as the Managing Director in 2012.

Mun Leong spearheaded the implementation of the sector's first oil palm empty fruit bunch fibre fuelled renewable energy plant in 2004 and was instrumental in leading its successful registration with the United Nations Framework Convention on Climate Change (UNFCCC) or Kyoto Protocol. He went on to undertake several glove production capacity expansion projects that were key to Hartalega's current leading position in manufacturing technology and efficiency. He currently leads the organisation's transformation efforts, taking it to the next level by creating a vision to guide the necessary change to ensure sustainable growth by having the right systems, processes and people in place. In his capacity as Managing Director, Hartalega's sales revenue has grown more than two-fold through many expansion projects, the most notable being the Next Generation Integrated Glove Manufacturing Complex. He continues to chart the organisation's strategy with the aim for Hartalega to attain global mobility in the near future.

KUAN MUN KENG

CHIEF COMMERCIAL OFFICER / NON-INDEPENDENT EXECUTIVE DIRECTOR

AGE: 45 • GENDER: MALE • MALAYSIAN

Kuan Mun Keng was appointed as Executive Director on 4 July 2008. He was also promoted to the position of Sales and Marketing Director of Hartalega Holdings Berhad at the same time. On 18 May 2020, he was re-designated as the Chief Commercial Officer. Presently, Mun Keng sits on the ESOS Committee. He graduated with a Bachelor's Degree in Business (Accounting) and a Bachelor's Degree in Computing from Monash University, Australia, in 1997. He is also a Certified Practising Accountant with CPA Australia.

Upon graduation, he joined Kassim Chan Business Services as an Analyst in the Information Technology Consultation Division in 1997. In 1998, he left to join Hartalega as a Production Executive. He then worked in the Accounts and Management Information Services Departments implementing various beneficial changes before he was promoted to Deputy Operations Manager in 2003. His long experience in operations complements the Sales and Marketing team as he is able to align functions in the company with the needs and wants of customers.

He currently sits on the Malaysian Rubber Export and Promotion Council (MREPC) Board of Trustees and was also elected and appointed as the Secretary of the Malaysian Association of Rubber Glove Manufacturers (MARGMA).

DATO' TAN GUAN CHEONG

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 76 • GENDER: MALE • MALAYSIAN

Dato' Tan Guan Cheong was appointed as an Independent Non-Executive Director on 31 December 2011. Dato' Tan sits on the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. He holds a Bachelor of Commerce degree from Otago University, New Zealand, majoring in economics, marketing management and accountancy.

Earlier in his career, he has worked in international audit firm Coopers & Lybrand (now known as PricewaterhouseCoopers) in New Zealand and Malaysia. Additionally, Dato' Tan has wide working experience in the financial services industry and has served in various senior capacities. He joined Orix Leasing Malaysia Bhd, an international diversified financial services institution, in 1976 as a financial and accounting controller. Dato' Tan rose to become the Managing Director in 1988 and held this position until his retirement. He has been a member of the Malaysian Institute of Accountants since 1983.

He is also currently an Independent Non-Executive Director of Malayan Cement Berhad and Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

RAZMAN HAFIDZ BIN ABU ZARIM

INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE: 65 • GENDER: MALE • MALAYSIAN

Razman Hafidz bin Abu Zarim was appointed as Independent Non-Executive Director on 2 March 2015. Razman sits on the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee.

A Chartered Accountant by qualification, Razman's career in Accountancy began in 1977 when he joined Touche Ross & Co, London, as an Auditor. He then went on to become a Partner at Hacker Young, a medium-sized international accounting firm. He returned to Malaysia in 1989, joining Price Waterhouse (PW) as an Audit Partner. He was subsequently promoted to Partner-In-Charge of PW's Management Consulting Practice and became one of the six members of the firm's Executive Board. His leadership and execution of the firm's Regional Privatisation and Corporate Finance assignments are some of his many notable achievements. In 1994, he founded Norush Sdn Bhd, an investment holding and business advisory firm, where he was Chairman until 31 March 2016. Over the years, he assumed positions as Managing Director and Chief Executive Officer of various public listed companies.

TAN SRI DATUK DR. REBECCA FATIMA STA. MARIA

SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE: 62 • GENDER: FEMALE • MALAYSIAN

Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria was appointed to the Board as Independent Non-Executive Director on 23 August 2016 and re-designated as the Senior Independent Non-Executive Director with effect from 15 May 2018. She sits on the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee.

Tan Sri Datuk Dr. Rebecca was the Secretary-General of the Malaysian Ministry of International Trade and Investment from 2010 to 2016, where she oversaw the formulation of Malaysia's international trade policies and positions and often took the lead in their implementation as chief negotiator for bilateral and regional free trade agreements such as the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership. She played an integral role in Malaysia's participation in multilateral forums such as the Asia-Pacific Economic Cooperation (APEC), where she often represented her economy during the APEC Ministers' Responsible for Trade Meetings and the Small and Medium Enterprises Ministerial Meetings. In the Association of Southeast Asian Nations (ASEAN), she chaired the body that drafted the ASEAN Economic Community 2015 Blueprint as well as the ASEAN Economic Community 2025 Blueprint. An accomplished academic and writer, her scholarship has been recognised through awards from the American Academy of Human Resource Development and from the University of Georgia. In 2017, she authored a book about her personal slice of Malaysian heritage and cuisine, called The Smell of Home. She is currently the executive director of the APEC Secretariat based in Singapore, which serves as advisory body, implementation arm and custodian of institutional memory for the 21 member economies that make up the APEC forum. She is the first woman executive director of the APEC Secretariat.

She also currently serves as Non-Executive Director on the Boards of RHB Bank Berhad, Eco World International Berhad and Sunway Berhad.

DATUK SERI NURMALA BINTI ABD RAHIM

INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE: 65 • GENDER: FEMALE • MALAYSIAN

Datuk Seri Nurmala binti Abd Rahim was appointed as Independent Non-Executive Director on 23 August 2016. Datuk Seri Nurmala is a member of the Audit Committee, Remuneration Committee and Risk Management Committee. She holds various qualifications, which are B.A. Hons. Social Science, Universiti Sains Malaysia (1977), Diploma in Public Administration, INTAN (1978) and M.A. Public Administration, Pennsylvania State University, USA (1988).

Datuk Seri Nurmala has vast experience working with the Government for 38 years as a Diplomatic and Administrative Officer in various capacities in the field of public management, training, planning, coordinating, financial management, ISO 9000, marketing and promotion, performance evaluation of Government Agencies as well as international trade relations and negotiations.

She has held various positions in the past, which include Assistant Secretary, International Division, Ministry of Agriculture; Assistant Secretary, Planning and Development Division, Ministry of Agriculture; Principal Private Secretary to the Hon. Minister of Agriculture (1978-1984); Senior Project Officer, National Institute of Public Administration (INTAN) (1984-1986); Assistant Director/Principal Assistant Director, MAMPU, Prime Minister's Department (1988-2002); Director of ASEAN Division, Ministry of International Trade and Industry (MITI) (2002-2004); Minister Counsellor, MITI Office, Malaysian Embassy, Tokyo, Japan (2004-2006); Senior Director, Strategic Planning Division, MITI; Senior Director, Management Services, MITI (2006); Deputy Secretary-General, Ministry of Plantation Industries and Commodities (2007) and Secretary-General, Ministry of Plantation Industries and Commodities (2011-2014).

She also currently holds a non-executive directorship position in DPI Holdings Berhad.

DATUK LOO TOOK GEE

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 63 • GENDER: FEMALE • MALAYSIAN

Datuk Loo Took Gee was appointed to the Board on 5 November 2019 as an Independent Non-Executive Director. She graduated from University of Malaya with a Bachelor of Arts (Honours) Degree in 1978 and joined the government service upon graduation. She furthered her postgraduate studies in Japan in 1988 and graduated with a Master Degree in Policy Science from Saitama University, Japan.

Datuk Loo served in various capacities during her 38 years of service with the Federal Government of Malaysia. She had very broad experiences in policy formulation and implementation in human resources, financial management and infrastructure privatisation while serving at the Public Services Department, Ministry of Works and Ministry of Energy, Green Technology and Water.

She was appointed as the Secretary-General of the Ministry of Energy, Green Technology and Water in August 2010 and served in that capacity before her retirement in August 2016. Subsequently, she was appointed as the Advisor to the Minister of Energy, Green Technology and Water on a one-year contract from September 2016. During her tenure as the Secretary-General, she also served as Chairman of MyPower Corporation as well as Board Member of various government agencies and corporations including Sarawak Hidro Sdn Bhd, Energy Commission, Malaysia Nuclear Power Corporation, Sustainable Energy Development Authority, Malaysia, Malaysia-Thailand Joint Development Authority and Pengurusan Aset Air Berhad.

Currently, Datuk Loo is a Board Member of YTL Power International Berhad. She is also the Chairman of the Malaysia-Kazakhstan Business Council.

Family Relationship with Director and/or Major Shareholder

Kuan Kam Hon @ Kwan Kam Onn is the father of Kuan Mun Keng and Kuan Mun Leong. Save as disclosed herein, none of the Directors have any family relationships with any director and/or major shareholder of the Company.

Conflict of Interest

None of the Directors have any conflicts of interest with the Company.

Conviction of Offences

None of the Directors have been convicted of any offences in the past five (5) years.

PROFILE OF SENIOR MANAGEMENT TEAM

KUAN EU JIN
CHIEF OPERATING OFFICER

AGE: 49 • GENDER: MALE • MALAYSIAN

Date of Appointment: 18 May 2020

Experience:

Kuan Eu Jin is primarily responsible for Hartalega's Manufacturing Operations, Product Research & Development, Quality Assurance and Operational Excellence departments. He is also Hartalega's Quality Management Representative responsible for all matters relating to the Company's Quality System. He possesses a Bachelor's Degree in Business (Manufacturing Management) from Monash University and an MBA from the University of Strathclyde Business School, Scotland. Upon graduating in 1993, he joined Hartalega as a Management Trainee and was transferred to the Quality Assurance ("QA") department and promoted to the position of QA Manager in the same year. In 1996, he was promoted to Deputy Operations Manager to oversee Hartalega's manufacturing operations. Prior to this appointment, he was the Director of Research and Development ("R&D") and Technical where he was managing the R&D and Technical functions.

His uncle, Kuan Kam Hon and his cousins Kuan Mun Keng and Kuan Mun Leong are members of the Board. His father, Kuan Kam Peng is a major shareholder.

KUAN VIN SEUNG
CHIEF HUMAN RESOURCE OFFICER

AGE: 46 • GENDER: MALE • MALAYSIAN

Date of Appointment: 18 May 2020

Experience:

Kuan Vin Seung has been Hartalega's Director of Human Resources since 2009. He is responsible for Hartalega's entire spectrum of human capital management, including employer branding, talent acquisition, performance and rewards, people engagement and wellness, talent management, as well as industrial relations and social compliance. He also oversees the administration function.

In addition, he oversees Hartalega's Corporate Social Responsibility (CSR) initiatives and Yayasan Hartalega. He is the Chairman of Hartalega's ESOS Committee. He possesses a Bachelor's Degree in Commerce (Accounting & Finance) from Monash University, a CPA certification from CPA Australia and an MBA (Merit) from the Manchester Business School, UK.

Having joined Hartalega in 2001, after working for three years in the Assurance and Advisory Business Services (AABS) Department of Ernst & Young, KL, he was exposed to operations and HR. He subsequently headed the HR department from 2004 where he initiated a HR Transformation programme in 2010. The programme resulted in the implementation of various modernised people practices required to support the growth of Hartalega.

He is also currently a Vice-Chairman of the Federation of Malaysian Manufacturers (FMM) Selangor & KL Branch since 2019, and Chairman of the FMM Kuala Selangor Regional Committee since 2011.

His uncle, Kuan Kam Hon and his cousins Kuan Mun Keng and Kuan Mun Leong are members of the Board. His father, Kuan Kam Peng is a major shareholder.

LOH KEAN WOOI

CHIEF FINANCIAL OFFICER

AGE: 45 • GENDER: MALE • MALAYSIAN

Date of Appointment: 10 February 2020

Experience:
Loh Kean Wooi is primarily responsible for the Finance and Procurement department of the Company. He is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

Loh started his career with Berjaya Group as a management trainee and his last position held was the Group Accountant of one of the affiliate listed companies of Berjaya Group. Thereafter, he started working with fast-moving consumer goods companies, namely Carlsberg, Reckitt Benckiser and Unilever in Malaysia.

Prior to joining Hartalega, he spent 10 years with the FrieslandCampina group of companies where he started as Financial Controller of Dutch Lady Milk Industries Berhad. In 2014, he was posted to the FrieslandCampina corporate office in the Netherlands where he worked as Corporate Controller. Thereafter, he spent three years as Regional Business Controller based in Singapore and before returning to Malaysia, he was appointed as CFO based in Bangkok for the Betagen Group, a joint venture of FrieslandCampina and a Thai family.

NG SWEE ANG

DIRECTOR OF MANUFACTURING

AGE: 53 • GENDER: MALE • MALAYSIAN

Date of Appointment : 01 October 2016

Experience:
Ng Swee Ang is responsible for overseeing Hartalega's manufacturing operations covering production, engineering, former management, health, safety & environment and supply chain management. He possesses an MBA from Open University Malaysia. He has more than 32 years of experience in the manufacturing environment with both local and multinational companies and was formerly the General Manager – Operations of GS Paper & Packaging. He joined Hartalega in February 2014 as General Manager – Manufacturing covering the NGC and was promoted to his current position in 2016. He played a key role in the building of the NGC in Sepang.

MUHAMMAD HAKIMI TAN BIN ABDULLAH

DIRECTOR OF MANUFACTURING

AGE: 56 • GENDER: MALE • MALAYSIAN

Date of Appointment: 22 June 2012

Experience:
Muhammad Hakimi Tan bin Abdullah is responsible for providing technical advisory to Hartalega's manufacturing operations, OJT development and former development. He possesses a Bachelor's Degree in Science majoring in Biology and Chemistry from Campbell University, USA and Certified in Production and Inventory Management (CPIM) certification from the APICS Association for Operations Management, USA. He began his career with Hartalega after graduating in 1988 as one of the pioneer production staff and worked his way up the ranks over the years due to his dedicated service and stellar contributions. Prior to his current role which he assumed from October 2016, he was overseeing the manufacturing operations of Hartalega.

LEANG WAH CHOON

GENERAL MANAGER OF IT

AGE: 45 • GENDER: MALE • MALAYSIAN

Date of Appointment: 13 July 2015

Experience:
Leang Wah Choon is responsible for Hartalega's Group IT. He possesses a Bachelor's Degree (Hons), Electronics and Information Technology from Sheffield Hallam University, United Kingdom. He has more than 19 years of IT professional experience in various industries such as IT, Oil and Gas, Pharmaceutical, Apparels, Properties, Banking, Shared Service Providers, Telecommunication, etc. He previously held various senior manager positions in the companies he served namely Motorola, Citigroup, CASSIS and IBM. Prior to joining Hartalega, he was Shell Global Delivery ITSO Manager.

TAN TECK HENG

GENERAL MANAGER OF FINANCE

AGE: 46 • GENDER: MALE • MALAYSIAN

Date of Appointment: 22 February 2016

Experience:
Tan Teck Heng is a fellow member of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and member of ASEAN Chartered Professional Accountant (ASEAN CPA).

He has more than 20 years of financial management experience from various manufacturing industries. Prior to joining Hartalega, he was the Group Financial Controller of Kian Joo Can Factory Berhad where he worked for more than 11 years and the Controller of Malaysia, Australia & India of Allnex, a multinational specialty chemicals company.

NG KIM LUI

GENERAL MANAGER OF SALES & MARKETING

AGE: 55 • GENDER: MALE • MALAYSIAN

Date of Appointment: 06 February 2017

Experience:
Ng Kim Lui is a member of the Chartered Management Accountant (CIMA), Chartered Global Management Accountant (CGMA), CPA Australia and obtained his MBA from Charles Stuart University Australia. He held various senior Sales & Marketing capacities with 19 years working experience serving multinational companies, namely Kereny Norman Pte Ltd, British Telecom Plc, Rank Xerox Ltd and Fuji Xerox Asia Pacific Pte Ltd. Prior to joining Hartalega, he was the General Manager/Country Manager of Greif Incorporated USA (Malaysia Operations). Besides the corporate MNC appointments, he also spent a period of 12 years managing his own established company, Bito Group Worldwide.

WONG HOONG TON

GENERAL MANAGER OF PROJECT & TECHNOLOGY

AGE: 40 • GENDER: MALE • MALAYSIAN

Date of Appointment: 01 August 2016

Experience:
Wong Hoong Ton is heading the Project & Technology team. He possesses a Bachelor's Degree in Mechanical Engineering from University of Technology Tun Hussein Onn and obtained his MBA from University of Strathclyde Business School, Scotland. He has more than 16 years of experience in the Production & Manufacturing environment. He joined Hartalega in March 2011 as Engineering Manager and played a key role in the building of Hartalega's NGC in Sepang. He was promoted to his current position in 2016.

LOW TIAN CHAI

GENERAL MANAGER OF QUALITY ASSURANCE

AGE: 51 • GENDER: MALE • MALAYSIAN

Date of Appointment: 26 March 2018

Experience:
Low Tian Chai is responsible for Hartalega's Group Quality Assurance System. He possesses a Bachelor's Degree in Science majoring in Biology and Chemistry from Campbell University, USA and obtained his MBA from University of Strathclyde Business School, Scotland. He has more than 25 years of production and quality assurance experience in both the Semiconductor and Pharmaceutical industries. He joined Hartalega in March 2018 as General Manager - QAS. Prior to joining Hartalega, he was Quality Assurance Manager of Xepa-Soul Pattinson (M) Sdn Bhd.

SHELDON DENG
GENERAL MANAGER OF HUMAN RESOURCES

AGE: 45 • GENDER: MALE • MALAYSIAN

Date of Appointment: 28 August 2018

Experience:
Sheldon Deng is responsible for HRBP, Security, Talent Management and the Administration Department. He possesses a Bachelor's Degree in Business Administration from the University of Montana, Missoula and obtained his MBA from the same Business School. His work experience spans over 19 years of experience in Human Resources & Talent Management. He joined Hartalega in August 2018 and his experiences are backed by the various industries he embarked on earlier in his career such as Semi-Conductors, Logistics & Supply Chain, OPC Cement Manufacturing, Fiber Cement Boards, Iron & Steel Manufacturing, Pharmaceutical and Shared Service Providers. Prior to joining Hartalega, he was the Senior Manager, Human Resources of Zuellig Pharma Sdn Bhd.

LEE BUN BIA
GENERAL MANAGER OF MANUFACTURING

AGE: 49 • GENDER: MALE • MALAYSIAN

Date of Appointment: 22 April 2019

Experience:
Lee Bun Bia is responsible for overseeing the Company's manufacturing operations for the Bestari Jaya Plant. He possesses a Bachelor's Degree in Chemical Engineering from University Technology of Malaysia. He has more than 25 years of experience in the Production & Manufacturing environment in both MNCs and local conglomerates. He spent eight years in China setting up and managing two new factories for Snap-on Inc, a US based leading global innovator, manufacturer and marketer of high end tools and equipment for professionals. He gained his experience and exposure from various industries such as Semi-Conductors, Home Appliances, Wood Panel, Food Processing, Tools Manufacturing and Palm Oil Refinery. Prior to joining Hartalega, he was the General Manager – Operation of Bunge Loders Croklaan.

DR. LAI FOOK CHUAN
HEAD SCIENTIST – INNOVATION

AGE: 54 • GENDER: MALE • MALAYSIAN

Date of Appointment: 03 December 2018

Experience:
Dr. Lai Fook Chuan is responsible for Hartalega Group's Innovation Division. He possesses a Bachelor's Degree and Master Degree (Chemistry & Polymer) and PhD (Civil & Structure Engineering) from National University of Malaysia (UKM). He has more than 27 years of R&D and manufacturing experience in both Cement Concrete and Speciality Chemicals industries. Prior to joining Hartalega, he was the General Manager – R&D of Hume Concrete Products Research Center (M) Sdn Bhd.

CHEW CHIEN LIT
GENERAL MANAGER OF QUALITY ASSURANCE

AGE: 46 • GENDER: FEMALE • MALAYSIAN

Date of Appointment: 16 March 2020

Experience:
Chew Chien Lit is responsible for Hartalega's Group Quality Assurance System. She possesses a Bachelor's Degree in Science majoring in Biochemistry and Microbiology from Putra University. She has more than 21 years of working experience in the field of quality management system, regulatory affairs, quality engineering, quality control, laboratory setup and testing primarily in various MNC medical devices industries. She joined Hartalega in March 2020 as General Manager – QAS (non-operation). Prior to joining Hartalega, she worked in China for 11 years, with her last position as the Director of Quality of Flex Suzhou, China.

SAY TECK GUAN

DEPUTY GENERAL MANAGER OF HUMAN RESOURCES

AGE: 44 • GENDER: MALE • MALAYSIAN

Date of Appointment: 01 April 2018

Experience:

Say Teck Guan is responsible for the Company's Talent Management functions of talent acquisition, performance management and rewards as well as HR Management System (HRMS) function. He is also a member of the ESOS Committee. Say possesses a Bachelor's Degree in Human Resource Management from Universiti Utara Malaysia (UUM) and an Executive Diploma in Industrial Relations from Malaysian Employers Federation (MEF). He obtained his MBA with Heriot Watt University, Scotland in 2019. He has more than 19 years of HR professional experience gained from various diverse industries, primarily from manufacturing companies. Prior to joining Hartalega in 2012, he was engaged in a Regional HR role in Greater China. He was promoted to his current position in 2018.

SEOW TECK CHOONG

DEPUTY GENERAL MANAGER OF MANUFACTURING

AGE: 41 • GENDER: MALE • MALAYSIAN

Date of Appointment: 01 April 2018

Experience:

Seow Teck Choong possesses a Bachelor's Degree in Electronic System Design Engineering from University of Northumbria at Newcastle. Seow has more than 16 years of Production & Manufacturing experience gained from various industries. He joined Hartalega in August 2012 as Production Manager and played a key role in the building of Hartalega's NGC in Sepang. He was promoted to his current position in 2018.

LIEW GEOK KUAN

DEPUTY GENERAL MANAGER OF MANUFACTURING

AGE: 37 • GENDER: MALE • MALAYSIAN

Date of Appointment: 01 April 2018

Experience:

Liew Geok Kuan obtained his MBA (Distinction) from Anglia Ruskin University, UK. Liew has more than 16 years of project and manufacturing experience from both MNCs and local conglomerate. He joined Hartalega in March 2014 as Engineering Manager and played a key role in the building of Hartalega's NGC in Sepang. He was promoted to his current position in 2018.

CHEAH MEI LING

DEPUTY GENERAL MANAGER OF R&D

AGE: 37 • GENDER: FEMALE • MALAYSIAN

Date of Appointment: 01 April 2020

Experience:

Cheah Mei Ling is responsible for the Hartalega Group's Research & Development. She possesses a Bachelor's Degree in Analytical Chemistry from Universiti Sains Malaysia (USM). She joined Hartalega in May 2009 as an R&D Chemist responsible for Product Research & Development and Technical Support. She was promoted to her current position in 2020.

NURUL AISYAH KONG BINTI ABDULLAH

DEPUTY GENERAL MANAGER OF QUALITY ASSURANCE

AGE: 50 • GENDER: FEMALE • MALAYSIAN

Date of Appointment: 02 January 1998

Experience:

Nurul Aisyah Kong possesses a Bachelor's Degree in Science majoring in Biology and Chemistry from Campbell University, USA. She has 27 years of working experience in the fields of quality management systems, regulatory affairs, quality assurance and laboratory testing. She was promoted to her current position in April 2020.

Notes

Save as disclosed, none of the Key Senior Management have:

1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S REVIEW AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholder,

Despite prevailing challenges in 2019, the past few months have been irrevocably marked by the unprecedented and highly disruptive Covid-19 pandemic. This unfortunate crisis has greatly impacted markets across the world, across industries and sectors.

The glove industry, as an integral part of the healthcare sector, has had an instrumental role in the fight against this pandemic. As the world's largest nitrile glove manufacturer, the Group has been ever-conscious of our responsibility to ensure that we are able to continue supplying our high-quality products, which are vital personal protective equipment (PPE) to safeguard healthcare practitioners and other frontliners.

Towards this end, we have remained focused on ensuring the continuity of our manufacturing operations and ramping up production capacity in light of increased demand. Intensified investments into automation, Industry 4.0 and Internet of Things technologies are fundamental to the Group as we focus on enhancing efficiency and productivity across all facets of our operations.

On this note, I present to you our annual report for the financial year ended 31 March 2020.

ECONOMIC LANDSCAPE

The year 2019 started off on a challenging note, as market demand dynamics for the glove industry were impacted by the ongoing trade dispute between the US and China. This saw lower demand in the first half of the financial year due to overstocking of gloves and a period of readjustment of inventory levels. Nevertheless, the situation was short-lived and demand for gloves rebounded in the third quarter of 2019.

Total exports of rubber gloves for 2019 grew to approximately 263 billion pieces from 256 billion pieces in 2018. In Malaysia, local glove manufacturers contributed more than 60% of global supply, with Malaysian exports totalling 78.9 billion pairs. Due to the weaker exports during the first half of 2019, this was a marginal reduction from 81.5 billion in 2018.

Exports of synthetic rubber gloves stood at 50.8 billion pairs, representing RM10.8 billion in value terms. The shift in market demand continued towards synthetic rubber gloves compared with natural rubber gloves, commanding a 64:36 ratio for the year under review. Of total synthetic glove exports, nitrile gloves comprised 99%.

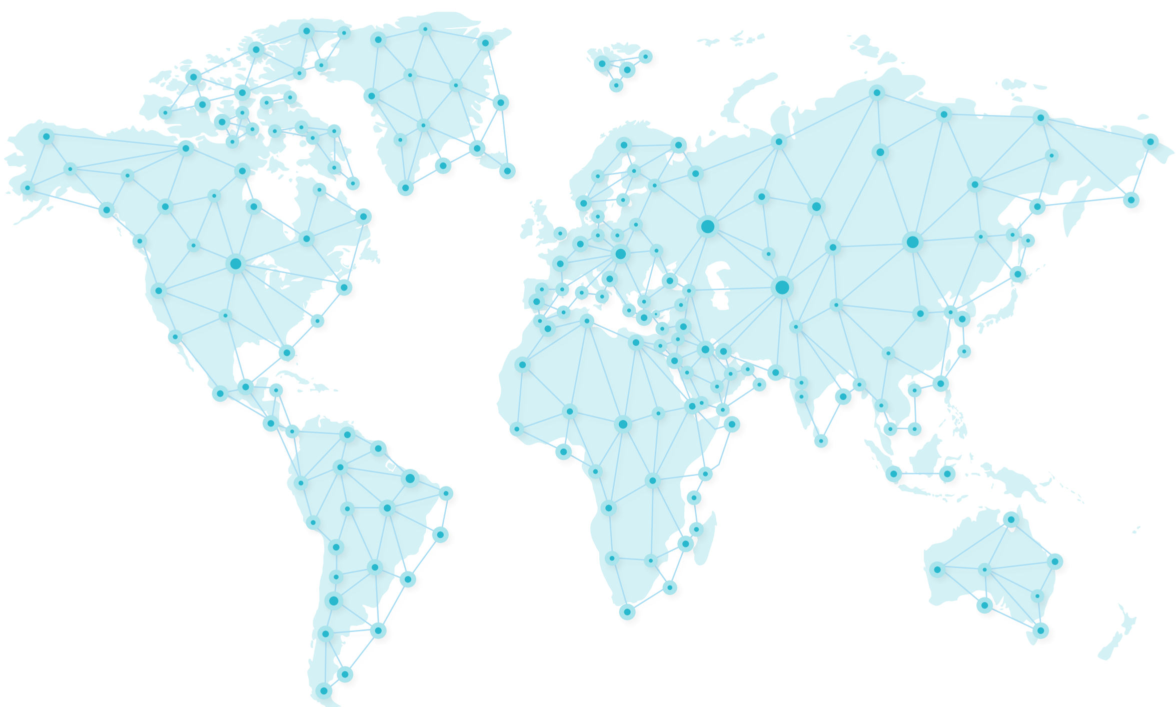
Malaysian exports of synthetic rubber gloves to key regions saw a marginal decline in 2019, with the US sustaining its position as the primary importer followed by the European Union (EU), amounting to 47% and 26% of Malaysia's total export value, respectively. The Asian region recorded higher exports during the year.

While global demand typically expands at an average of 8% to 10% per annum, 2020 has seen a significant increase in demand as a result of the Covid-19 pandemic, which occurred at the beginning of the year and is unfortunately still ongoing. In view of this, the Group is committed to scaling up our capabilities and capacity to play our role in the fight against the pandemic.

FINANCIAL PERFORMANCE

For the financial year under review, Hartalega registered a higher profit before tax of RM555.4 million, while revenue increased to RM2.9 billion. However, the Group recorded a lower profit after tax of RM434.4 million compared to RM454.9 million in the previous year. This was largely due to higher deferred tax expense incurred during the financial year. Intense competition and higher operational costs also put pressure on margins, although this was mitigated as market demand normalised in the latter half of the year. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 3.9% to RM691.5 million for the financial year.

The Group's performance was supported by higher sales volume, which increased by 8.8% to 31 billion pieces during the year. In line with global demand growth, Hartalega was well-equipped to cater to this as a result of our strategic expansion plans via our Next Generation Integrated Glove Manufacturing Complex (NGC).



Investment in capital expenditure for the year amounted to RM251.1 million, primarily utilised for expansion of the NGC. Total borrowings was reduced to RM274 million. Our net cash position remained healthy, with cash and bank balances of RM305.2 million. This clearly demonstrates Hartalega's strong balance sheet, which will enable the Group to fund our capacity expansion in line with our long-term growth plans.

As at 31 March 2020, shareholders' funds stood at RM2.5 billion. Earnings per share (EPS) came in at 12.88 sen while net assets per share attributable to owners of the company rose to RM0.75.

The Group also recorded higher total assets of RM3.3 billion, reflecting a 10% growth from last year. This was primarily due to increase in property, plant and equipment due to the ongoing progressive commissioning of production lines and construction of production facilities at the NGC.

In tandem, the Group registered a higher share capital of RM1.5 billion for the financial year ended 31 March 2020, as a result of issuance of new shares pursuant to the exercise of employees' share options during the year.

In view of our solid performance, Hartalega maintained our position as a component stock of the FBM KLCI, comprising Malaysia's top 30 largest public listed companies.

DIVIDENDS

Hartalega is firmly dedicated to providing consistent dividends in order to enhance value for our shareholders. This is evidenced by our dividend policy to distribute a minimum of 60% of our annual net profit, which we continue to uphold.

Testament to this, we have paid out a total dividend of 5.65 sen per share to date and the Board will propose a final dividend of 2.1 sen per share single tier for shareholders' approval at the upcoming 14th Annual General Meeting. As a result, total dividend for the year will be 7.75 sen per share. This will amount to a total payout of RM262.2 million, representing a payment ratio of 60.5%.

OPERATIONS REVIEW

Research & Development

Innovation is deeply rooted within Hartalega and has been a key driver of our growth and success over the years. Research and development (R&D) is a cornerstone, cementing the Group's leadership position within the glove manufacturing sector.

Hartalega's competitive edge in technological advancements continues to play a crucial role in propelling the Group forward. The NGC is a prime example of the Group's commitment to expanding capacity and capabilities via our state-of-the-art manufacturing plants. This includes high-level automation and implementation of Industry 4.0 and Internet of Things technologies, with the NGC home to the fastest and most efficient glove production lines in the world, running at 45,000 pieces per hour.

As at 31 March 2020, Plants 1 to 5 of the NGC are fully completed. Further to this, the Group has commissioned four out of 12 production lines at Plant 6. This brings our current installed capacity to 39.3 billion pieces per annum, with the Group maintaining high utilisation rates of above 85%.

We have also continued our product innovation drive. A key milestone was Hartalega's invention of the world's first non-leaching antimicrobial glove (AMG), which was first launched in the United Kingdom in 2018 and more recently in China in 2019. The AMG is set to be a game-changer in the healthcare industry, helping to curb the spread of healthcare-associated infections.

We remain driven to raising the bar in terms of our R&D efforts, in order to ensure that we are well-poised to meet the evolving needs of the healthcare sector.

Marketing

Building on our unwavering commitment to excellence, Hartalega has cultivated a trusted reputation in the industry. This has enabled us to reinforce our established presence in global markets. In recognition of our achievements, Hartalega was named Exporter of the Year in the inaugural Export Excellence Awards 2019.

Reflecting our proven track record, the Group recorded a compounded annual sales growth rate of 22.4% for the past 12 years. In the financial year under review, we achieved a sales volume growth of 8.8% to over 31 billion pieces, of which 97% comprised nitrile gloves.

Leveraging on our strengths, the Group has developed a broad client base, particularly in North America and Europe which remain key export destinations comprising 51.3% and 25.3% of our total exports, respectively. The Group also secured new clientele during the year, successfully extending our reach into the Russian Market and Commonwealth of Independent States (CIS) countries.

Spurring export growth, demand for Malaysian-produced rubber gloves strengthened from September 2019, as the US-China trade dispute saw tariffs imposed on Chinese-manufactured gloves. This led to higher utilisation rates for the Group towards the end of 2019. The Group continues to remain focused to cater to the robust demand for gloves across the globe.

People Capital

Recognising that our people, fondly known as Hartanians, are prime assets, the Group is steadfast in our efforts to enhance the calibre of our talent pool. This enables us to drive performance and productivity, while nurturing our employees' personal and professional development.

We have various measures in place to ensure that our employees are fully aligned with the Company's core values of SHIELD, representing Synergy, Honesty, Innovativeness, Excellence, Learning and Dedication. To this end, the Group has introduced numerous talent development programmes. A key initiative is the Competency Development Programme (CDP), which aims to equip Hartanians with pertinent skills that facilitate their talent development. This is also part of our succession planning and vision to nurture potential future leaders of Hartalega.

In line with the Group's passion for innovation and technology, we have incorporated digital components to strengthen e-learning capabilities via the HartaLearns platform. This Learning Management System utilises online training modules that are easily accessible via smartphones and laptops. Moving forward, we aim to invest in additional learning opportunities for Hartanians through the HartaLearns platform.

Alongside talent development, our Hartagize programme emphasises employee engagement and wellness, founded on the pillars of Health, Volunteerism and Engagement.

As a result of our comprehensive people practices, Hartalega was honoured to receive Special Recognition for Purposeful Workforce in the Kincentric Best Employer Awards 2019.

The Group is committed to nurturing a strong and fully engaged talent pool, to drive Hartalega forward and enable us to realise our aspirations.

SUSTAINABILITY COMMITMENT

Our growth as an organisation is intrinsically tied to our dedicated sustainability approach. To reinforce the resilience and longevity of the Group, we ensure that sustainability is not merely a fleeting aspiration but attainable through our actions.

We remain dedicated to our Sustainability Vision of caring, sharing and creating long-lasting benefits for the community, environment, marketplace and workplace. For the betterment of the society, we are committed to our Economic, Environmental and Social pillars. Through Yayasan Hartalega, we implement programmes aimed at enriching quality of life for the communities around us and contribute to nation-building efforts.

In all that we do, we advocate the fair and equitable treatment of all our employees, regardless of nationality, race, religion, gender or age. Hartalega is resolute in upholding social compliance, adhering to the highest standards, and in fact, surpassing industry benchmarks to protect the welfare of all our people.

A comprehensive account of our ongoing sustainability efforts and achievements for the year can be found in our Sustainability Report herein.

IMPACT OF THE COVID-19 PANDEMIC

The Covid-19 outbreak in late January 2020 has seen an overwhelming demand for gloves. Beginning in China, this evolved into a deadly pandemic subsequently affecting the US, the EU and countries around the world. Reports have indicated that amid this pandemic, the usage of gloves in hospitals has increased substantially.

Hence, Malaysian glove manufacturers are a critical component in the lifecycle to overcome this pandemic. Particularly as nitrile gloves are essential PPE for healthcare workers as well as other frontliners, this has further propelled the Group to ensure that there is no slippage in our productivity levels.

To accelerate production capacity via our NGC, we have commissioned four production lines at Plant 6 of our NGC while construction of the remaining lines is in the pipeline. Construction of Plant 7 of the NGC is also targeted to commence in late 2020. Upon completion by the 2022 financial year, our annual installed capacity will increase to 44 billion pieces. The Group also aims to optimise integration of technological solutions including Industry 4.0 within our business processes and operations.

While it is our hope that Covid-19 will abate, and indeed, preventive measures have achieved some progress worldwide, this truly unfortunate situation is expected to persist for the time being. As this period of heightened demand continues, we are committed to doing our part to protect those on the frontlines of this epidemic.

OUTLOOK

As we continue to ramp up capacity, we are cognisant of the fact that the baseline for global demand has shifted and this is expected to be the new normal. Premised on this and as a Group which adopts a longer-term perspective, our strategic growth plans are aligned with the anticipated long-term needs of the global healthcare industry.

As we expand and diversify our market base, this sets the foundation for our next phase of expansion, NGC 2.0. Towards this end, during the year, the Group has acquired a parcel of land located in Banting, Selangor. Totalling approximately 95 acres, this is intended to serve as the future site for NGC 2.0.

Our preliminary plans for NGC 2.0 entail seven production plants, comprising 82 production lines with an installed capacity of 32 billion pieces of gloves. Once completed, this will bring the Group's total installed capacity to 76 billion pieces per annum.

For the short term, given this critical period for the world, we are steadfast in fulfilling our role and responsibility in the healthcare value chain. Going beyond this and looking ahead, we intend to leverage on our strong foundation and technological edge to maintain our positive trajectory in the years to come.

ACKNOWLEDGEMENT

Over the years, our Board members and management team have demonstrated outstanding leadership in steering the Group to where we are today. Their support and commitment in driving us forward have been particularly notable amid turbulent times like this.

I would also like to convey my sincere appreciation to all our Hartanians for their unwavering dedication. They are truly the backbone of Hartalega and it is thanks to their dedication that the Group has been able to achieve our objectives.

Last but not least, I would like to thank our shareholders, financiers, business partners, consultants and relevant approving authorities for their continued trust and support.

Kuan Kam Hon
Executive Chairman

SUSTAINABILITY REPORT

Hartalega's steadfast commitment to responsible, sustainable growth continues to propel us forward. With sustainability firmly entrenched throughout our organisation, we are focused on creating a culture and eco-system that benefit not only the Group and our stakeholders, but also society.

Our sustainability vision is underpinned by our Economic, Environmental and Social commitments, which revolve around four key pillars:

- Safeguarding the environment
- Contributing to the wellbeing of local communities
- Caring for our employees
- Upholding the highest standards in our business practices and product quality

Guided by our core values, this approach to sustainability anchors our business operations and dedicated efforts to make a positive impact in all that we do.

GOVERNANCE STRUCTURE

To integrate sustainability within our operations, we have instituted a clear and definitive governance structure. This allows us to effectively steer the Group towards achieving our objectives and review the progress of our sustainability initiatives.

Board of Directors

- Reviews and approves the Group's Sustainability Report

Chief Executive Officer

- Reviews sustainability matters with the Sustainability Committee
- Reports to the Board on sustainability matters

Sustainability Committee

- Comprises representatives from HSE, HR, CSR and Investor Relations departments
- Responsible for Materiality Assessment, Identification and Monitoring of Initiatives/Actions, Execution of Initiatives/Actions and Reporting
- Reports to the Chief Executive Officer on sustainability matters

MATERIALITY ASSESSMENT PROCESS

Our materiality assessment process enables us to closely monitor sustainability matters. This facilitates the management of key issues and effective allocation of resources to address pertinent sustainability issues.

Stakeholder Mapping	Determine Sustainability Issues	Categorisation & Prioritisation	Process Review
• Identify the Group's key stakeholders	• Stakeholder engagement • Determine material sustainability concerns for each key stakeholder	• Categorise and prioritise key sustainability issues • Action planning and reporting of key sustainability issues	• Review materiality assessment process

COMMITMENT TO STAKEHOLDER ENGAGEMENT

As the world's leading nitrile glove manufacturer, our stakeholders play a critical role in our business. Their views are of utmost importance to us as we progress in our journey of sustainable growth. We are committed to consistent, meaningful engagement with our stakeholders to develop a thorough understanding and gain knowledge of their concerns and needs, thereby allowing Hartalega to ensure that our sustainability priorities correspond well with relevant material issues.

Our engagement approach encompasses a wide range of channels throughout the year, including tradeshows, exhibitions, meetings, surveys and audits. Along with communicating pertinent developments about the Group, we are also able to collaborate with our stakeholders on how to best extract value for both our business and the larger community through our sustainability objectives.

Based on our stakeholder engagement activities, the following material sustainability issues were identified during the financial year:

Key Stakeholder Group	Engagement Type	Material Sustainability Issues		
		Economic	Environmental	Social
Customers	Periodic meetings, surveys & social compliance audits	Financial stability	Environmental protection	Human rights, employee welfare, occupational health & safety
Employees (Permanent & Contract Staff)	Yearly performance appraisals, induction programme, employee surveys, engagement sessions, campaigns, volunteer programmes, recreational events	Financial stability, economic contribution & job creation	Environmental protection	Occupational health & safety, employee welfare & corporate social responsibility
Government Agencies (Department of Occupational Safety & Health, Department of Environment, Local Councils, Regulatory Authorities)	Periodic meetings, on-site inspections, correspondences, social activities, industry group & local council meetings	Domestic investment & job creation, labour productivity, regulatory compliance	Environmental standards compliance	Occupational health & safety standards compliance
Local Communities (Communities surrounding Bestari Jaya & Sepang)	Corporate social responsibility programmes, community engagement activities, industry association & local council meetings	Economic contribution & job creation	Environmental protection	Corporate social responsibility
Shareholders & Investors	Annual general meeting, quarterly reporting, investment conferences & analyst briefings	Economic contribution	Environmental protection	Corporate social responsibility
Suppliers & Business Partners	Periodic meetings	Procurement practices & financial stability	Environmental protection	Corporate social responsibility

CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

As part of our drive to continuously enhance our sustainability approach, we have taken the proactive step of aligning our initiatives with the United Nations (UN) 2030 Agenda for Sustainable Development. Introduced in 2015, the Agenda has been adopted by all UN member states with the ultimate aim of eradicating poverty, protecting the planet and ensuring peace and prosperity by 2030.

Underpinning this Agenda are 17 Sustainable Development Goals (SDGs). We have outlined our key sustainability programmes and initiatives in accordance to the relevant SDGs, as set forth in the table below:

SDGs	Initiative/Activity/Policy
3 GOOD HEALTH AND WELL-BEING	• Hartagize wellness programme for Hartanians • Implementation of workspace safety practices in accordance to OHSAS 18001:2007 • Implementation of Systematic Occupational Health Enhancement Level Programme (SoHELP) • Yearly Audit by Department of Occupational Safety and Health (DOSH) • Yearly Health, Safety and Environment (HSE) Campaign • Occupational safety training programmes and talks
4 QUALITY EDUCATION	• Sponsorship towards educational causes under Yayasan Hartalega - TAR UC student loan fund, Teach for Malaysia, etc. • Graduate Readiness Internship Programme (GRIP) • EAS - Education Assistance Scheme for Hartanians and their children • HartaLearns - Digital training platform for Hartanians
6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY	• State-of-the-art water treatment plants which allow for 100% self-treated water • Conforming to DOE's highest benchmark for effluent water discharge (Standard A), for BOD, COD and TSS • Implementation of biomass plant • Implementation of cogeneration plant • Accorded environmental management system certification ISO 14001:2015
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND	• Monitoring of natural gas, water, electricity and material usage intensity at production facility • Monitoring of waste reduction and disposal at production facility • Launch of Biodegradable Nitrile Gloves (BDG) • Various initiatives/activities supporting environmental preservation: - Firefly conservation efforts in collaboration with Inspirasi KAWA - Annual River Cleaning at Sungai Selangor - Beach Cleaning and Tree Replanting at Bagan Lalang - Tapir Conservation Programmme
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Code of conduct for directors and employees • Grievance handling mechanism • Whistleblowing policy • Social compliance policy covering child labour and forced labour • Anti-corruption policy
17 PARTNERSHIPS FOR THE GOALS	• Collaboration with NGOs/government authorities/organisations on various initiatives/ activities to support local communities and preserve the environment

WE CARE FOR OUR ENVIRONMENT

As a conscientious and caring company, we are committed to conducting business in a responsible manner. Given the nature of our operations which comprise manufacturing facilities, we have undertaken comprehensive measures to manage our resources well and reduce our carbon footprint.

Towards this end, our efforts are premised on the following key areas:

- **PERFORMING BEYOND COMPLIANCE STANDARDS**
- **WASTE MANAGEMENT**
- **EFFECTIVE ENERGY MANAGEMENT**
- **ENVIRONMENTAL CONSERVATION ACTIVITIES**

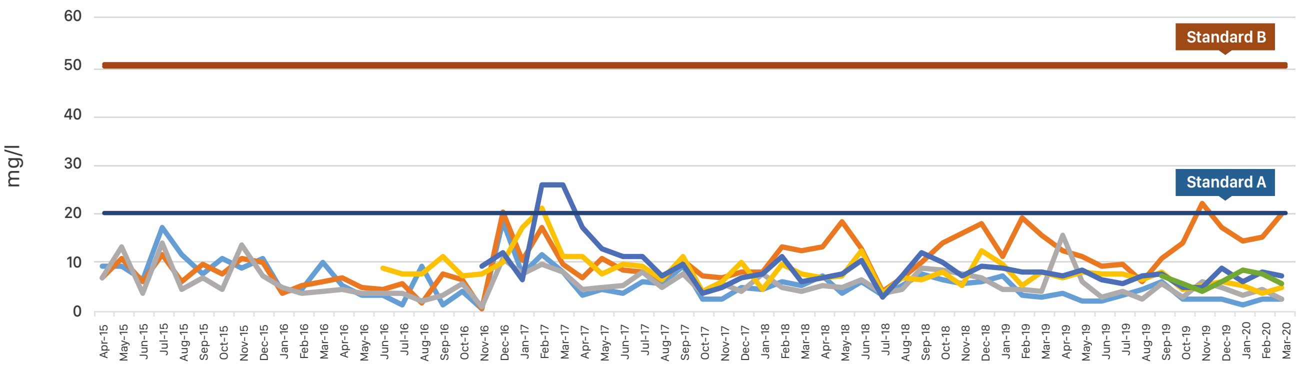
Beyond Compliance Standards

By incorporating environmental best practices, the Group has been able to not only comply with, but go beyond what is required of us. Through our extensive environmental controls, we are able to fulfil the exacting standards of the Malaysian Department of Environment (DOE) and have taken steps to raise the bar further by surpassing these requirements, reflecting our dedication to play an active role in preserving the environment.

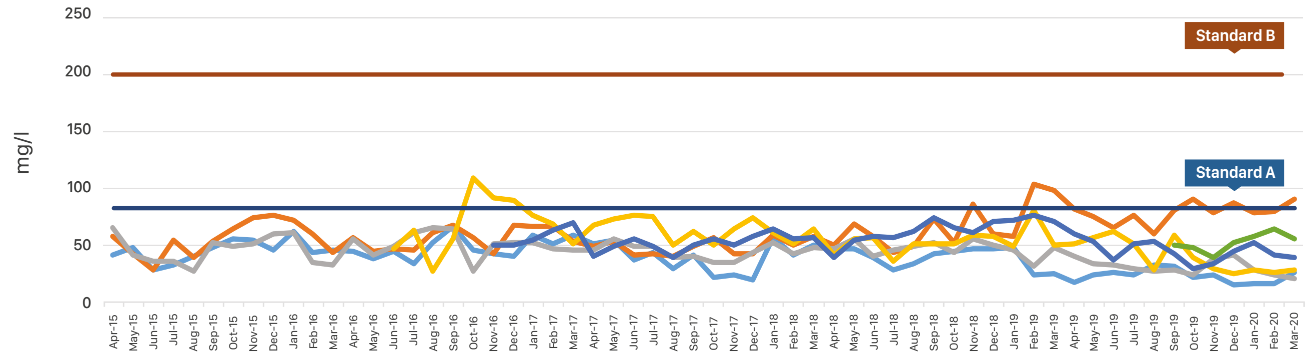
In order to set clear objectives for our environmental performance, we have established Key Performance Indicators. This allows us to monitor and continuously assess our progress, in line with our commitment to reduce carbon emission levels.

With this in view, our waste water treatment plants enable the Group to ensure sustainable effluent water discharge practices. This year, we upheld our heightened levels of in-house compliance as all our manufacturing facilities successfully maintained a Standard A rating, the highest benchmark determined by DOE. This is a step above the Standard B rating which is required by the DOE for effluent water discharge.

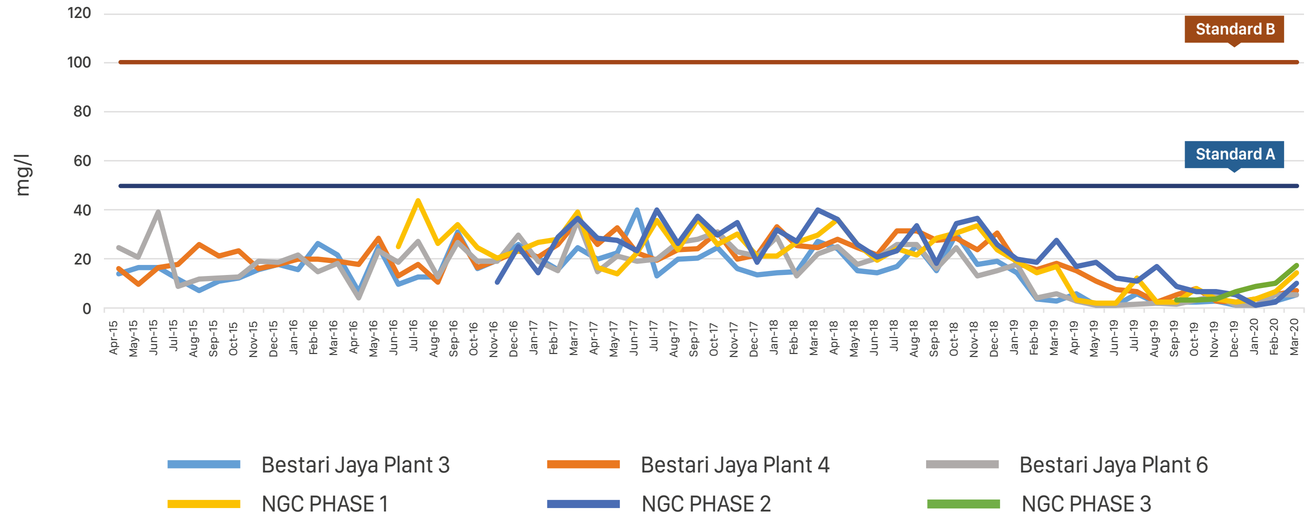
Biochemical Oxygen Demand (BOD-mg/l)



Chemical Oxygen Demand (COD-mg/l)



Total Suspended Solid (TSS-mg/l)



Due to our consistent environmental performance, the Group received ISO 14001:2015 certification in 2017. An environmental management system which Hartalega was first certified for in 2013, we have conscientiously adhered to this international standard since then.

Moving forward, we will continue to apply and strengthen our sustainable best practices, in order to scale up our efforts to safeguard the environment.

Responsible Energy Management

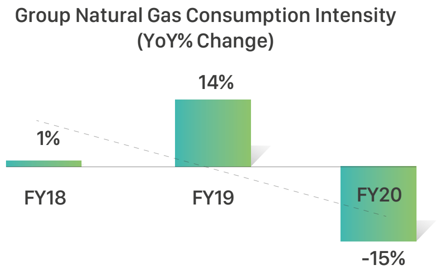
As key components of our operations, we are committed to practising responsible resource management by improving water consumption and energy usage efficiency.

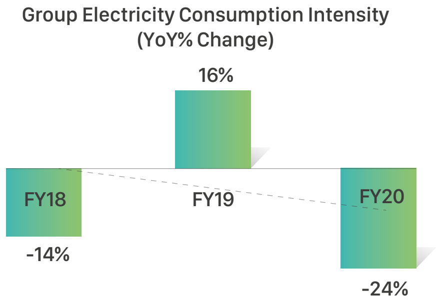
A key enabler for energy efficiency is the Plan-Do-Check-Act model which we adopted as per ISO 14001:2015 standards, allowing us to identify areas for potential energy optimisation.

To support our energy-saving initiatives, we have deployed a high level of automation throughout our facilities and manufacturing processes. In tandem, we continuously undertake proactive measures to ensure overall equipment efficiency.

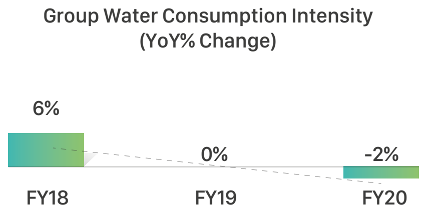
Tapping into alternative energy sources, the cogeneration power plant which we have installed at the NGC provides greater energy efficiency, while reducing carbon emissions. This has already delivered tangible results, as we have achieved significant reductions in energy and natural gas consumption during the year.

During the year, electricity consumption per unit of production was reduced by 24%, while natural gas consumption per unit of production decreased by 15%.





Apart from this, we have successfully trimmed down water consumption per unit of production by 2% during the year, as a result of our initiatives to reduce water consumption in our manufacturing and production activities.

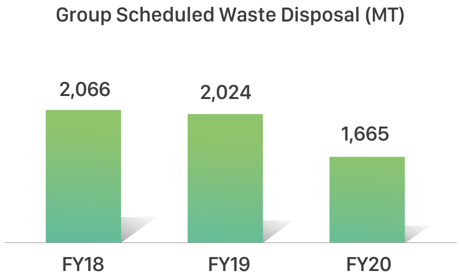


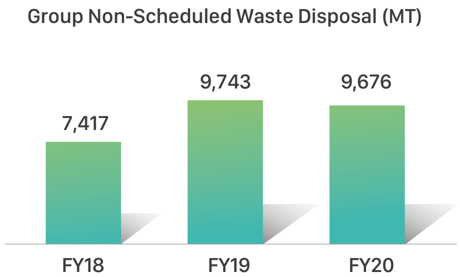
Minimising Waste

As the Group expands, our environmental footprint expands as well. Mindful of this, we have taken great care to ensure that we manage the waste generated from our operations in a sustainable manner, in order to mitigate our potential impact on the environment.

We extend responsible waste management throughout the Group and have put in place a waste reduction programme in line with ISO 14001:2015 standards. Along with reducing, reusing and recycling our resources wherever possible, we encourage our employees to adopt recycling practices into their daily lives. We also ensure that waste disposal is monitored through regular audits.

We are pleased to note that our efforts have borne fruit this year, as the Group saw a significant decline in both scheduled and non-scheduled waste disposal per unit of production, recording reductions of 26% and 12%, respectively.





Nurturing Environmental Conservation

Environmental preservation can be much more effective and impactful when people are united by a shared purpose to drive positive change. Operating on this principle, Hartalega collaborates with like-minded partners and relevant stakeholders on our various environmental programmes, from local communities to non-profit organisations and the authorities.

During the financial year, we organised two river clean-ups at Sungai Selangor. This was in line with the Group's objective to conserve river hygiene, as clean water plays a critical role in our glove-making process. As a result of our efforts, we have successfully cleaned up a total of 1,950 tonnes of garbage during the two river cleaning sessions.

We also partnered with the Malaysian Nature Society, the Kuala Selangor District Council and Taman Alam Selangor to organise a 'World Wet Lands' programme. This was aimed at raising awareness and educating the community on the importance of protecting flora and fauna.

WE CARE FOR OUR COMMUNITY

As a leader in the industry and a socially responsible company, we believe it is our duty to make a difference in the lives of those in need. Towards this end, our community outreach activities are aimed at extending a helping hand to uplift the communities we operate within.

We have established various programmes to make positive contributions to society. Driving many of these efforts are our very own people, fondly known as Hartanians, who have volunteered their time to take part in these activities. In the year under review, Hartanians devoted over 1,660 volunteer hours, impacting over 27,700 lives.

1,660
VOLUNTEER HOURS

27,700
People Positively Impacted

Investing in Our Communities

When communities prosper, this subsequently has positive spillover effects on businesses as well, facilitating a more sustainable and inclusive socio-economic eco-system. With this in view, we have taken conscious steps to support the communities which we are part of.

This includes creating job opportunities to help elevate quality of life in these communities. As we grow our talent pool, we prioritise local applicants from our surrounding communities, as evidenced by the fact that close to half of permanent Hartalega employees are from these communities.

Following on the heels of our successful collaboration with *Majlis Perbandaran Sepang* (MPS) last year, we continued to strengthen our ties with MPS. Through *'Program 'Policing Community' & Pencegahan Jenayah'*, we promoted career opportunities to the Sepang community and created awareness of Hartalega as a top preferred employer.

In order to encourage healthy habits among the community, we collaborated with *Pejabat Kesihatan Daerah (PKD) Kuala Selangor* for *'Program Kembara Sihat',* an outdoor programme premised on encouraging healthy lifestyles. We also worked with Bomba Selangor to organise the 'Bomba Run' during the year.

To help those less fortunate, we organised our annual festive charity drive where we provided groceries and pocket money to underprivileged communities in Bestari Jaya and Sepang during festive seasons. We also conducted our annual *gotong-royong* and regularly donated groceries to Jashiera Old Folks Home.

In tandem, we continued to build rapport with key stakeholders, including educational institutions and district police headquarters by providing financial support for their respective community-related activities.

Cultivating a Brighter Tomorrow

Hartalega believes that access to quality education is vital to create better opportunities for young Malaysians. As part of our commitment to giving back to the community, we are passionate about enabling young talent to further their education and enhance their prospects.

As the world's largest producer of nitrile gloves, we recognise the importance of being well-equipped with pertinent skills and knowledge, especially in this era of globalisation. Through Yayasan Hartalega, our very own corporate social responsibility foundation, we carried out a number of education-focused initiatives during the year.

Yayasan Hartalega

Established in 2018 as a dedicated entity for our extended corporate social responsibility initiatives, Yayasan Hartalega was founded with a vision to help the less fortunate regardless of race, religion and background, and ultimately contribute towards nation-building by cultivating a society that is equitable, harmonious and prosperous. To achieve this, we focus on the key pillars of Health, Education and Environment.

In the year under review, we strengthened our ties with Tunku Abdul Rahman University College by supporting deserving students with study loans, as part of our annual programme. We also continued to provide sponsorship to Teach for Malaysia (TFM), contributing to the mobilisation of TFM Fellows to teach in sub-urban areas across the country. As an extension of our sponsorship, Hartanians also volunteered to teach alongside TFM Fellows at SMK Taman Daya 2 and SMK Taman Pelangi Indah during the year. This was part of TFM's annual 'Co-Teach Programme', which enables stakeholders to gain a first-hand perspective on schools in the sub-urban areas in which TFM Fellows serve.

Furthermore, through the 'Students with Ambition & Goals' (SWAG) project, we partnered with social enterprise Sisterhood Alliance and Discover Muay Thai. The project enabled us to play a part in enhancing the self-esteem of students from rural schools and encourage self-understanding as well as the development of critical thinking. This year saw the second cohort benefit from the three-month programme.

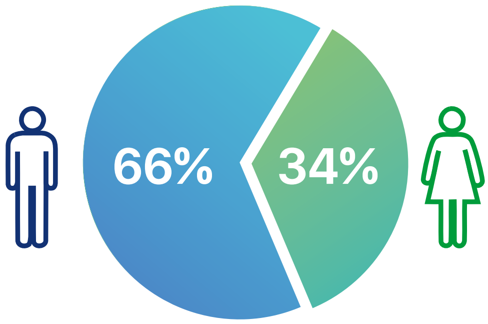
Under our Environmental pillar, we collaborated with social enterprise Inspirasi KAWA to empower local youth through biodiversity conservation in communities such as Kuala Selangor, Ijok and Bestari Jaya. This included fun and interactive activities to expose students to mangrove forests, freshwater fish and river habitats, as well as organising local tourism activities such as boat tours for tourists, activists and researchers.

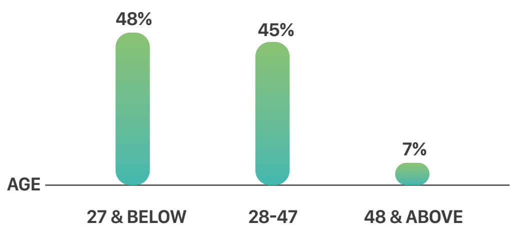
In addition, the Foundation contributed to *'Anak Sains'*, a firefly genome sequencing studentship programme established to safeguard this unique biodiversity asset in Selangor. Participants underwent training sessions organised in collaboration with *Pusat Sains Negara*, gaining valuable exposure to different aspects of insect DNA science.

To promote good health, we sponsored free health screenings at numerous clinics in order to help identify possible risk factors. This was aimed as a preventive measure to minimise the impact of potential health problems through early detection and treatment.

WE CARE FOR OUR PEOPLE

Hartanians form the bedrock of our success. To drive the Group forward, we are committed to continuously strengthening our workforce with a diverse and highly skilled talent pool. Testament to this, today, Hartalega's human capital stands at over 8,800 people.





To cultivate a high-performance, highly engaged team, we ensure that our workforce is well-aligned with our core values, SHIELD: Synergy, Honesty, Innovativeness, Excellence, Learning and Dedication.

Investing in Our People

To enable our people to unlock their full potential, the Group readily plays its part in providing all Hartanians with opportunities to hone their skills and capabilities. This is achieved through structured talent development and training programmes.

To steer this, we have a dedicated in-house training department as well as external training programmes in place. A core component is our Human Resource (HR) Transformation Programme which we established in 2010. In order to support our employees' progress in their career with Hartalega, we have instituted targeted initiatives relevant for recruitment all the way to talent retention.

To facilitate a good understanding of their job scope and the Group's corporate culture, we organise an induction programme for our fresh recruits. Through this programme, new employees also learn about relevant policies and regulations.

Competency Development Programme

>600 TRAINING PROGRAMMES LINKED TO COMPETENCIES

COMPETENCIES MAPPED	SOJT MODULES DEVELOPED
>600	380

TOTAL TRAINING HOURS

> 280,000 HOURS

Our Competency Development Programme (CDP) allows our employees to sharpen their functional and leadership capabilities, complemented by a systematic training methodology known as Structured On-the-Job Training (SOJT). We have populated our SOJT database with over 300 modules to equip employees with relevant skills in line with their respective roles.

On top of that, new employees are required to participate in training modules tailored to their specific functions and departments. This helps them to become familiar with their roles, while cultivating a sense of confidence in their abilities. Best practices across departments are also incorporated into SOJT modules as part of our growth blueprint.

As part of the Group's succession planning, our Leadership Competency Programme nurtures future leaders for the company, while encouraging good leadership practices. To bring about ideal outcomes for our succession planning, we collaborate with prominent external HR consultants for this programme.

Further to this, we believe that our employees should be provided with opportunities to further their education and elevate their own capabilities. To this end, we offer educational and financial assistance. Recognising the heightened competition in today's environment, we consider such assistance an encouraging measure that will strengthen talent pipeline while enabling Hartalega to grow as a sustainable corporate entity.

In the year under review, we capitalised on digital opportunities by enhancing HartaLearns, a learning management system software application which offers a host of e-learning and online training modules, as well as providing easy accessibility to training records and e-learning capabilities. This application has been used by more than 4,000 companies around the world and can easily be accessed through a mobile application and laptops. We have invested more than RM2 million over the span of five years into developing HartaLearns as a one-stop solution and convenient platform for Hartanians to Learn, Connect, Engage and Play.

In addition, we officially launched Workday, a software which integrates HR related matters into a single platform which can be accessed through mobile phones. This facilitates good management and increases accessibility of HR processes in a more effective and efficient manner. The system provides benefits such as digitisation and automation of key processes, outlining each stage of an employee's journey and providing data analytics and contextual insights to streamline and support decision-making processes.

Along with encouraging our employees' professional and personal development, we also incentivise our people through our employee share option scheme (ESOS). This creates a greater sense of unified purpose and employee engagement, cultivating a culture of ownership and ensuring that Hartanians share in the Group's growth and success. To date, the combined total profit generated by our ESOS programmes for employees is represented by more than RM500 million.

2nd ESOS Scheme

ESTIMATED PROFIT GENERATION (INCLUDING UNVESTED)

>RM500 MILLION

Along with this, we organised various employee engagement activities including employee engagement surveys, focus groups, townhalls and briefings. Besides connecting through digital means such as our Hartanet intranet network, social media and email blasts, these employee engagement sessions allow us to update our workforce on latest developments as well as to raise any questions or concerns they may have.

Reflecting our strong people practices and employee engagement, Hartalega was honoured as a recipient in the Kincentric Best Employers Award 2019, accorded with 'Special Recognition for Purposeful Workforce'. We were also awarded with the Graduate Choice Award 2019 (Manufacturing Category) and the HR Excellence Awards 2019 (Excellence in HR Communication Strategy).

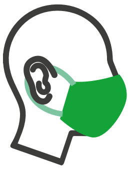
Creating a Safe and Healthy Workplace Environment

The wellbeing of our employees has always been a priority for Hartalega. We strive to create a workplace environment that instils health and safety as core tenets.

Our dedicated Health, Safety and Environment (HSE) approach took on even more critical importance this year with the onset of the unprecedented Covid-19 pandemic. Due to the Group's vital role in the healthcare value chain, it was crucial to ensure the continuity of our operations, in order to continue producing our high-quality products to protect healthcare frontliners. As such, we have gone to great lengths to safeguard our own employees.

We have in place stringent preventive and control measures which are ongoing. This includes:

- Stringent entry procedures for all employees and visitors
- Temperature screening at all entry points and high-traffic areas
- Provision of masks
- Mandatory use of hand sanitiser
- Comprehensive social distancing across all premises
- Daily sanitising of workplaces
- In-house sickbay
- Travel restriction policy
- Team segregation
- Increased communication and tips on prevention
- Dedicated helpline for employees



For employees' convenience during the Movement Control Order instituted by the Government to contain the spread of the pandemic, we provided Covid-19 prevention packs consisting of face masks, hand sanitisers and gloves, as well as free meals. Since the onset of the pandemic, the Group enforced a policy which requires self-quarantining for 14 days for employees returning from overseas, and a travel restriction policy was introduced as well.

We utilise a stringent in-house standard to monitor potential Covid-19 cases at our dedicated in-house sickbay. The Group proactively manages possible Covid-19 cases through our Hartalega Precautionary Investigations (HPI), which is on par with the Ministry of Health's Person Under Investigation (PUI). Should any potential Covid-19 patients be identified through the HPI, self-quarantining and immediate Covid-19 testing are undertaken. We also implement contact tracing and monitoring of close affiliates. Such reports are subsequently shared with Hartanians to ensure transparency pertaining to the matter.

We ensure that our employees, including foreign workers are well-equipped with key information pertinent to the Covid-19 pandemic, and have established a Covid-19 knowledge bank which is available on our intranet for ease of reference. Not only have we organised briefings by embassy representatives for foreign workers, we have signages, posters and displays to easily communicate about Covid-19. This information is translated into various languages to ensure our foreign workers' understanding. We also have a dedicated helpline for Covid-19 enquiries, with representatives contactable via phone call, Whatsapp or SMS.

Moreover, our workers' hostels have been reshuffled in accordance to respective production phase workplaces, thus limiting movement to between the employees' workplace and residence. As such, in the event that a Covid-19 case is detected, employees from different work premises or hostels would be better safeguarded from infection.

Similarly, for employees in non-critical roles, we segregate those with similar functions to work in teams of two in separate locations with no direct contact with each other. Employees are either asked to work from home, at a different office or be split by shifts. In tandem, all meetings must be conducted online if possible.

Understanding the potential risks of resuming construction of our NGC and balancing this with the need to ramp up production, we have made it mandatory for our contractors to undergo Covid-19 testing and all those entering the site must adhere to preventive measures. We also distinctly isolate construction areas and contractors from our employees.

Aside from our Covid-19 measures, during the year Hartalega organised our annual HSE Campaign, aimed at instilling a safety-first culture among Hartanians. The campaign encompasses training programmes covering comprehensive topics relevant to our employees' on-site safety. This included emergency response training, first aid training, external forklift license training, noise conservation, chemical management and chlorine handling safety measures, amongst others.

In the year under review, our Group Lost Time Injury Frequency rate saw an increase from 0.83 to 0.92. We view this most seriously and are scaling up our HSE practices even further, as we strive to achieve zero accidents. This is part of our vision for a sustainable and healthier future, in tandem with our HSE campaign theme of 'Safety Is My Job, Environment My Responsibility' for the year.

To this end, we are working to increase awareness on Health and Safety among our migrant workers. Hartalega has put in place various activities to uplift our employees' understanding and involvement, such as one-point lessons which are short visual presentations, and in-house safety videos.

We are pleased to note that an audit conducted by the Department of Occupational Safety and Health (DOSH) resulted in a score of 99.25% for our Bestari Jaya plant, while our NGC scored 99.21%. These highly positive scores reflect the Group's steadfast resolve to ensuring the safety of our Hartanians. Testament to our committed efforts, the Group was invited to speak on best HSE practices at the Supplier Ethical Data Exchange (SEDEX) Southeast Asia Conference 2019 in Bangkok, Thailand.

Hartalega also continues to be fully compliant with the Occupational Health and Safety Management System (OHSAS) 18001:2007 certification. Further to this, the Group is working towards taking our Health and Safety Management system to the next level to achieve ISO 45001 certification by the end of the calendar year 2020.

Championing Employee Welfare

In tandem with our HSE practices, we are equally invested in caring for the wellbeing of our people. Through a collaborative effort between our HR and CSR Departments and our Sports Club, we have established a programme known as Hartagize, which promotes health and employee engagement, as well as encourages Hartanians to embrace the spirit of volunteerism through community outreach.

One initiative for the year was a camping trip to Taman Negara, which saw 25 Hartanians visiting Kampung Orang Asli Dedari to donate food, sports equipment and hygiene products to the villagers. To encourage employees to adopt more active lifestyles, we also incorporated activities such as river crossing, jungle trekking and a jungle night walk.

To further educate our people in managing their finances, we partnered with *Agensi Kaunselling dan Pengurusan Kredit* and financial consultancy FA Advisory for a Financial Literacy Programme, which saw 300 Hartanians participating. This initiative provided younger Hartanians with basic financial advice on pertinent topics such as purchasing one's first house and car, and starting a family. The programme also educated Hartanians on topics related to investment, retirement and financial freedom.

Hartalega also believes that teamwork is essential to boost employee motivation, hence we organised sporting events to build camaraderie. This included a Go Kart race at Sepang Circuit, where 80 Hartanians formed teams comprising employees representing different job functions. This activity required strategic planning from each team in order for them to complete as many laps as possible within one hour, thus creating an opportunity for them to get to know one another and learn to work together, despite being from separate departments.

During the Covid-19 pandemic, we have been able to continue engaging with each other by organising virtual events through platforms such as Instagram Live and TikTok videos. We introduced a '*Duduk Rumah Challenge*', where Hartanians submitted videos to share the different activities undertaken at home during the movement restriction period.

Prioritising Social Compliance

The protection of human rights is a fundamental principle for Hartalega. We are staunch advocates for the fair and ethical treatment of all our people, regardless of background. Equality, diversity and inclusion are integral to our people practices and underpin our commitment towards social compliance.

We strictly adhere to Malaysian labour laws and regulations. Our social compliance policies are also consistent with global benchmarks against child labour and young workers, workplace discrimination, as well as forced labour.

To ensure we uphold our rigorous criteria, we regularly carry out social compliance audits which are in accordance with internationally recognised standards, including the SEDEX Member Ethical Trade Audit (SMETA) and Foreign Trade Association's Business Social Compliance Initiative (BSCI). During the year, the Group undertook 15 audits, ranging from locally based to internationally recognised audits.

We successfully gained SEDEX membership. Further to this, we continue to be a FTSE4Good Bursa Malaysia constituent and have maintained our OHSAS 18001 certification, demonstrating our high standards of occupational health and safety.

We understand that social compliance is a continuous journey and there can always be improvements. As such, we take a conscious and proactive effort to consistently engage with independent stakeholders such as the International Organisation for Migration (IOM) under the United Nations.

In line with our continuous improvement drive, we have enhanced our child labour policy. On top of our existing policy of not employing people under the age of 18, the Group determined the need for a corrective action plan if child labour is detected. This includes the funding of living and educational costs for the remainder of the child's education and/or training until they reach adulthood.

With a view to strengthening our foreign worker recruitment practices, during the year, Hartalega implemented a Zero Recruitment Cost Policy. This policy allows us to ensure that our migrant workers are not required to pay recruitment fees to agencies or third parties during the recruitment process. Not only do we execute due diligence in the selection of source country agencies, we have in place multiple checkpoints with migrant workers to directly ascertain if they were made to pay any fees during the recruitment process.

All Hartanians are paid no less than the minimum rates stipulated in Malaysian laws. Depending on the positions they hold in Hartalega, our migrant workers are also eligible for cash bonuses of up to 3.5 months and annual increments of up to 7%. In line with our social compliance policy, Hartalega also does not unlawfully withhold or deduct our employees' salaries, nor do we impose monetary penalties for misconducts.

On top of that, any additional working hours exceeding the standard eight hours are paid at rates in accordance with the Malaysia Employment Act. Overtime is performed purely on a voluntary basis and we ensure this is rightfully communicated to our employees. Testament to our ethical working conditions, our employees typically perform 70 hours of overtime on a monthly basis, allowing our employees to have sufficient rest for at least one day a week. This is in comparison to the limit of 104 hours of overtime allowed by Malaysian laws.

High-performing employees have equal opportunities for career advancement through our Accelerated Development Programme (ADP). Premised on fair treatment for all employees regardless of background, we have promoted more than 900 employees since the ADP was established in 2011, of which 82% are represented by foreign Hartanians.

Beyond providing fair remuneration and advancement opportunities, we consider the health and safety of our employees as a top priority. We have stationed specialised volunteer Emergency Response Teams in our factories and hostels at all times, and in-house sickbays where employees can seek free medical treatment.

During the year, we extended the operational hours of our on-site ambulances and sickbays to be on standby 24/7, and established an emergency contact number that enables emergency cases to be attended to within 10 minutes. On top of this, employees may seek medical treatment at hospitals for more critical cases, with costs fully borne by Hartalega or through insurance purchased by the Group.

Apart from that, we recognise the importance of providing well-equipped accommodation for our foreign Hartanians to ensure minimal disruption to their livelihood. Therefore, Hartalega provides accommodation for migrant workers, which in fact surpasses the requirements of the Guidelines by the Malaysian Government entitled '*Garis Panduan Penetapan Standard Minimum Penginapan Pekerja Asing 2018*' (Guidelines for Minimum Standards for Foreign Workers' Accommodation 2018).

This comprises unrestricted access to kitchens, complete with commercial-grade cooking equipment and utensils to prepare their meals, in addition to money remittance services and grocery shops which are available within the hostel area. Leisure and sporting activities are also provided for free. The Group invested an additional RM4 million to further upgrade workers' accommodation and introduce more recreational facilities.

The Group had previously provided a centralised facility for passport storage whereby workers could either store their passports in this facility or in their personal lockable cabinets at the dorms. However, we ultimately phased out this centralised facility, resulting in all workers safeguarding their own passports at their personal lockable cabinets in their dorms.

At Hartalega, we encourage freedom of movement for all our migrant workers. Beyond working hours, they are at liberty to do as they please. We provide daily shuttle services to town as well as organise trips for them.

To ensure that all Hartanians have equal say when it comes to their rights, we implemented a worker representative policy whereby one worker in each dorm is selected as a representative to share feedback or concerns during monthly meetings. Worker representatives are chosen by their peers via a formalised and transparent nomination and election process, whereby all dorms and nationalities are represented. These worker representatives are responsible for dorm-related matters, and also sit on other committees relevant for migrant workers, including safety, grievances and engagement.

In cases of alleged abuses, we have in place grievance resolution mechanisms to investigate and take appropriate action. Employees can voice out any and all grievances via multiple platforms, namely through worker representatives, department managers, human resource, and/or security supervisors. Further to this, we are developing a centralised logging system for effective follow-ups of grievances reported and facilitate necessary resolutions.

To extend social compliance and our internal Code of Conduct throughout our supply chain, we have established a Supplier Code of Conduct. This entails all the Group's vendors to adhere to our strict social compliance and ethical standards.

WE CARE FOR OUR CONSUMERS AND MARKETPLACE

Given our leadership position in the sector, we continue to uphold our responsibility of fulfilling evolving healthcare requirements across the globe.

To this end, our spirit of innovation and commitment to excellence enable us to provide products and services that resonate with the needs of the market.

Meeting the Highest Standards of Quality and Safety Control

Hartalega is resolute in our objective of delivering products which meet our exacting criteria to our customers. In compliance with international quality standards, our products undergo rigorous tests by third party laboratories and global certification bodies. These include ISO 2859 Acceptable Quality Level Standards, the American Society of Testing and Materials, the European Committee for Standardisation, the Japanese Institute of Standards as well as the Australia and New Zealand AS/NZS standard.

Testament to superior product quality, we have maintained our ISO (International Organisation for Standardisation) certification since 1996. While not an exhaustive list of all the certifications we hold, key certifications include ISO 9001:2015 by TUV Management Service GmbH, ISO 14001:2015 by TUV SUD Asia Pacific TUV SUD Group, ISO 13485:2016 (MDSAP) by TUV America, EN ISO 13485:2016 by TUV Product Service GmbH, EC Certificate by TUV Product Service GmbH, OHSAS 18001 and Halal Assurance System by JAKIM.

In the year under review, we maintained our position within the FTSE4Good Bursa Malaysia Index, demonstrating our strong environmental, social and corporate governance practices.

Sustainability in Product Innovation

Innovation has always been at the heart of Hartalega. From introducing the world's first lightweight nitrile glove in 2005, to our milestone of the world's first non-leaching antimicrobial glove in 2017, this passion for innovation forms the foundation of our Group and continues to lead us forward.

Testament to our proven track record of raising the bar through disruptive innovations, the Group will continue delivering meaningful products to meet healthcare needs worldwide, as well as contribute to the sustainable growth of Hartalega.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 31 March 2020 with reference to Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the latest Malaysian Code on Corporate Governance ("MCCG").

The Board has also provided specific disclosures on the application of each of the Practices in its Corporate Governance Report ("CG Report"). This CG Report was announced together with the Annual Report of the Company on 30 July 2020. Shareholders may obtain this CG Report by accessing the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html for further details and are advised to read this overview statement together with the CG Report.

Principle A: Board Leadership and Effectiveness

I. Board Responsibilities

Board Charter and Board Committees

The Board takes full responsibility for the performance of the Group and guides the Group towards achieving its short and long term objectives, setting corporate strategies for growth and new business development while providing advice and direction to the Management to enable the Group to achieve its corporate goals and objectives.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board's approval. The Board has defined its Board Charter and Schedule of Matter by setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval. These Board Charter and Schedule of Matter were reviewed and published in the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html.

The Board is led by an Executive Chairman who ensures smooth functioning of the Board so that the Board can perform its responsibilities effectively to meet the goals and objectives of the Group and the Company. Under the leadership of the Executive Chairman, the Board continues to function effectively in fulfilling its governance responsibilities during the financial year. The Executive Chairman also encourages healthy debates on important issues and promotes active participation by Board members.

The Independent Directors comprise more than one half (1/2) of the Board members to provide the necessary checks and balances on the decision-making process of the Board. They possess integrity and extensive experience to provide unbiased and independent views to the Board. Their role is to challenge the management and the Board in an effective and constructive manner and provide justified and sound opinions to the Board of Directors.

The Board has established four (4) Board Committees, namely the Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and the authority to assist the Board in carrying out its duties. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. The terms of reference of each Board Committee are set out in the Board Charter and published in the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html. These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

Code of Conduct and Ethics

Good governance at all levels is essential for sustainable development. The Board is committed to embrace the highest standards of corporate governance practices and ethical standards throughout the Group.

In this respect, the Group has established a Code of Conduct and Ethics to provide direction and guidance to all Directors, Senior Management and employees in the discharge of their duties and responsibilities that will be in the best interests of the Company. The Code of Conduct and Ethics has been uploaded on the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html.

Whistleblowing Policy and Procedure

The Board is committed to achieve and maintain high standards of corporate governance practices across the Group. A Whistleblowing Policy and Procedure has been implemented to provide a channel to enable Directors, Employees, Shareholders, Vendors or any parties with a business relationship with the Company with an avenue to report suspected wrongdoings that may adversely impact the Group. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in good faith. Whistleblowing reports are lodged to an independent third-party outsourced service provider via email and/or website ("Hartalega Speak Up"), which are available in multiple languages, namely English, Bahasa Malaysia, Burmese, Bengali and Nepali. The Whistleblowing Policy and Procedure is published on the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html.

Anti-Bribery and Anti-Corruption Policy

An Anti-Bribery and Anti-Corruption Policy was established to set out the Group's zero tolerance approach against all forms of bribery, corruption and politicking and the Group takes a strong stance against such acts. The Group's practices are in accordance to the Malaysian Anti-Corruption Commission Act 2009 and its amendments. The Anti-Bribery and Corruption Policy is published on the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html.

Company Secretaries

The Board is supported by qualified and competent Company Secretaries who advise the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees can only be made by the Board.

The Board understands that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. The Board ensures that each Director is provided with timely notices. Board papers are issued prior to the Board meetings to enable the Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

All Board members have unrestricted access to timely and accurate information in furtherance of their duties and subject to the Board's approval may seek independent professional advice when necessary in discharging their various duties, at the Company's expense.

The Company Secretaries ensure that all Board and Board Committee meetings are properly convened. The Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members as soon as possible before the next meetings.

Information and Support for Directors

The underlying factors of Directors' commitment to the Company are devotion of time and continuous improvement of knowledge and skill sets.

The Board meets at least once every quarter and additional meetings are convened as and when necessary. During the financial year, five (5) Board meetings were held. The record of attendance is as follows:

Director	Number of Meetings Attended
Kuan Kam Hon @ Kwan Kam Onn	5/5
Kuan Mun Leong	5/5
Kuan Mun Keng	5/5
Dr. Danaraj A/L Nadarajah (Resigned on 1/7/2020)	5/5
Dato' Tan Guan Cheong	5/5
Razman Hafidz bin Abu Zarim	5/5
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	5/5
Datuk Seri Nurmala binti Abd Rahim	5/5
Datuk Loo Took Gee (Appointed on 5/11/2019)	1/1

The Directors are aware of their duty to undergo appropriate training from time to time to ensure that they are equipped to carry out their duties effectively. The Board is mindful therefore of the need to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

During the financial year ended 31 March 2020, the external training programmes and seminars attended by the Directors are as follows:

Conferences / Trainings / Seminars	Date	Attendees
Business & Leadership		
ASEAN Roundtable Series - Future of ASEAN Trade: Tackling Non-Tariff Barriers in the New Trade Order	2 April 2019	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
US-China Trade War: Managing the Narrative	3 April 2019	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
RSIS-WTO Parliamentarian Workshop, Temasek Foundation Series on Trade and Negotiations	13 June 2019	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria

Conferences / Trainings / Seminars	Date	Attendees
Future of Work Conference	6 July 2019	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Bursa Malaysia's Thought Leadership Series – Sustainability Inspired Innovations: Enablers of the 21st Century	23 September 2019	Dato' Tan Guan Cheong
MIRA Evening Talk and Networking: US-China Trade War - Its Impact on Business and Consumers in ASEAN	9 October 2019	Dato' Tan Guan Cheong
DDI Leadership Training - Translating Strategy Into Results	25 October 2019	Kuan Mun Leong Kuan Mun Keng
Malaysia REIT Forum 2019 – Opportunities in the New Malaysia	31 October 2019	Dato' Tan Guan Cheong
Briefing on Budget 2020	5 November 2019	Kuan Kam Hon @ Kwan Kam Onn Kuan Mun Leong Kuan Mun Keng Dr. Danaraj A/L Nadarajah Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria Dato' Tan Guan Cheong Razman Hafidz bin Abu Zarim Datuk Seri Nurmala binti Abd Rahim
DDI Leadership Training - Instilling a Culture of Innovation	18 December 2019	Kuan Mun Leong Kuan Mun Keng
World Development Report on 'Trading for Development in the Age of Global Value Chains'	30 January 2020	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Innovation & Technology		
Digital Innovation and Disruption in the 4th Industrial Revolution	4 July 2019	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Pathways to Gender Inclusion in the 4th Industrial Revolution	2 September 2019	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
APEC International Fin-Tech Summit	3 September 2019	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
APEC Innovation Forum - Building For The Future, Facing Global Challenges Through Innovation and Sustainability	5 September 2019	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Regulatory & Governance		
Evaluating Effective Internal Audit Function	8 November 2019	Dato' Tan Guan Cheong
Integrated Reporting: Communicating Value Creation Program	16 October 2019	Dato' Tan Guan Cheong
Bursa Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009	4 November 2019	Dato' Tan Guan Cheong

Conferences / Trainings / Seminars	Date	Attendees
The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	8 November 2019	Dato' Tan Guan Cheong
Briefing on Amendment of Main Market Listing Requirements in relation to Anti-Corruption Measures	11 February 2020	All Directors
Integrated Reporting for Directors of Public Listed Companies	12 March 2020	Datuk Loo Took Gee
Finance & Investor Relations		
Nomura Investment Forum Asia 2019, Singapore	27-28 May 2019	Kuan Mun Keng
CIMB Corporate Day	7 January 2020	Kuan Mun Keng

II. Board Composition

The Board comprises members who have vast experience in the glove industry as well as professionals in the finance and consulting sectors. The Board brings in a wide spectrum of diverse skills and expertise to the Group which allows it to meet its objectives in the competitive glove manufacturing landscape.

A brief profile of each Director is presented on pages 16 to 20 of this Annual Report.

The Board currently has eight (8) members comprising one (1) Senior Independent Non-Executive Directors, four (4) Independent Non-Executive Directors and three (3) Non-Independent Executive Directors.

Kuan Kam Hon takes on the role of Executive Chairman of the Group. Given his capability to show leadership, entrepreneurship skills, business acumen and vast experience in the glove industry, the Board continues to maintain this arrangement which is in the best interests of the Group.

The Code recommends that the Chairman of the Board must be a Non-Executive member and where the Chairman is not an Independent Director, it must comprise a majority of Independent Directors. As a safeguarding measure, more than half of the Company's Board members are Independent Non-Executive Directors who are able to express objective and independent views in the interest of minority shareholders. The Board acknowledges that the Executive Chairman is the single largest shareholder and there is the advantage of shareholder leadership and a natural alignment of interest. In addition, the Executive Chairman is the founder of the Group with extensive knowledge and experience and he is competent to lead the Group towards achieving the highest level of interest to the Company and all its stakeholders. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The Board is always mindful of the potential conflict of interest that may arise in each transaction, in which case, interested Directors are abstained from decision-making.

The presence of Independent Directors which comprise more than one half (1/2) of the Board members, is sufficient to provide the necessary check and balance on the decision-making process of the Board. They possess integrity and extensive experience to provide unbiased and independent views to the Board. They consistently challenge the management and the Board in an effective and constructive manner and therefore are able to function as check and balance and bring in justified opinions to the Board of Directors. The Executive Chairman also encourages healthy debates on important issues and promotes active participation by Board members.

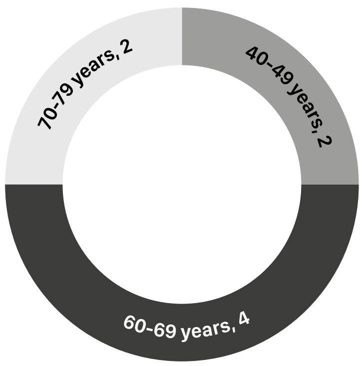
All the Directors have given their undertaking to comply with the Listing Requirements of Bursa Securities and the Independent Directors have confirmed their independence in writing.

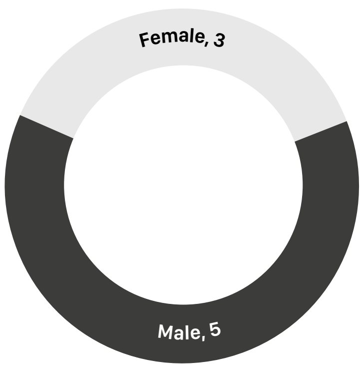
Annually, the Nomination Committee would review the independence of the Independent Directors. Criteria for assessment of independence is based on the requirements and definition of "independent director" as set out in the MMLR. Independent Directors are required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the Independent Directors are able to meet the minimum criteria of "fit and proper" test of independence, which is part of an annual assessment test, as enumerated in the Policy on appointment and continuous assessment of Directors and the suitability and ability of the Independent Non-Executive Director to perform his/her duties and responsibilities effectively shall be based on his/her calibre, qualifications, experience, expertise, personal qualities and knowledge of the Company and industry.

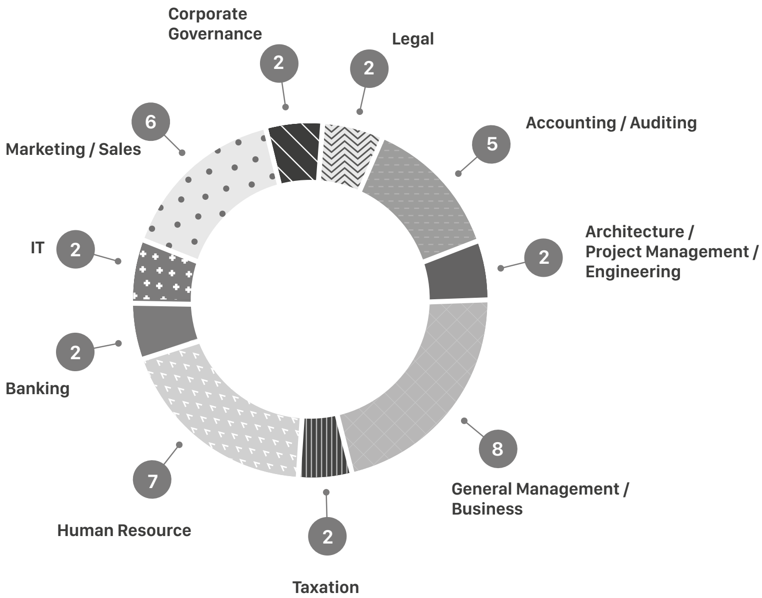
In accordance to the Board Charter, the maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine years from the date of first appointment as Director or upon the expiry of the ongoing term of appointment as Director, whichever is later. Any extension beyond nine years will require Board justification and shareholder approval unless the said Director wishes to be re-designated as Non-Independent Non-Executive Director which shall be a consideration for the Board to decide.

Diversity on Board

The appointment of Board is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The current diversity in the ethnicity, age distribution, gender and skill sets of the existing Board is as follows:







Nomination Committee

The Nomination Committee comprises the following members:

Name of Director	Designation	Directorship
Razman Hafidz bin Abu Zarim	Chairman	Independent Non-Executive Director
Dato' Tan Guan Cheong	Member	Independent Non-Executive Director
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member	Senior Independent Non-Executive Director

The Board annually reviews the required mix of skills, experience and other qualities of the Directors to ensure that the Board is functioning effectively and efficiently.

The Nomination Committee's primary responsibilities include:

a. Leading the process for Board appointments and making recommendations to the Board.

b. Assessing Directors on an ongoing basis.

c. Annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarisation with the Company's operations.

Evaluation of Board, Board Committees and Individual Directors

The Nomination Committee annually performs Board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire on the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference. The assessment was internally facilitated, whereby results of the assessments were compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee concluded the following:

a. The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.

b. The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.

c. The Directors discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.

d. The Board and Board Committees contributed positively to the Company and its subsidiaries and were operating in an effective manner.

e. The Board Chairman provided leadership as well as contributed to the Board.

f. The performances of the Board Committees were found to be effective.

Re-Election of Directors

In accordance with the Company's Constitution, all Directors including Directors holding an executive position of Chief Executive Officer or Managing Director, if any, shall retire from office at each Annual General Meeting, provided always that every Director shall retire at least once every three (3) years. The retiring Directors shall be eligible to offer themselves for re-election. Directors who are appointed by the Board during the financial year shall hold office until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Restriction on Directorships

The number of Directorships held by the Directors is stated in the Profile of Directors in the Annual Report.

III. Remuneration

The Remuneration Committee consists of the following members:

1. Razman Hafidz bin Abu Zarim (Chairman)
2. Dato' Tan Guan Cheong (Member)
3. Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria (Member)
4. Datuk Seri Nurmala binti Abd Rahim (Member)

Remuneration Procedure

The remuneration of Directors is formulated to be competitive and realistic, emphasis being placed on performance and calibre, with aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Group effectively.

For Executive Directors, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.

The level of remuneration for the Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. The determination of the remuneration package of Non-Executive Directors, including Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration.

The Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Director and the Company Secretary.

The Remuneration Committee is also responsible for recommending the remuneration for the Senior Management and that the remuneration should reflect the responsibility and commitment that goes with it.

The primary roles and responsibilities of the Committee are clearly defined and include the following:

- To recommend to the Board a framework for remuneration for the Board and each Executive Director, which includes but is not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and

- To establish objectives performance criteria and measurement to evaluate the performance and effectiveness of the Board as a whole and to assess the contribution by each individual Director.

Directors' Remuneration

In the case of Executive Directors, the remuneration package is structured to reward corporate and individual performance while for Non-Executive Directors, the remuneration reflects the experience and level of responsibilities undertaken.

The Directors' remuneration paid and payable or otherwise made available to all Directors of the Company during the financial year was as follows:

	Group							Company		
	Fee	Salaries & Other Emoluments	Bonus	EPF	Benefits-in-Kind	ESOS	Total	Fee	Allowance	Total
Executive Directors										
Kuan Kam Hon @ Kwan Kam Onn	144,000	1,200,000	500,000	68,000	28,000	5,775,806	7,715,806	120,000	-	120,000
Kuan Mun Leong	144,000	1,200,000	500,000	204,000	28,000	5,775,806	7,851,806	120,000	-	120,000
Kuan Mun Keng	144,000	706,476	183,979	106,859	17,977	5,775,806	6,935,097	120,000	-	120,000
Dr. Danaraj A/L Nadarajah	120,000	688,104	179,195	34,696	13,850	726,221	1,762,066	120,000	-	120,000
Non-Executive Directors										
Dato' Tan Guan Cheong	120,000	7,000	-	-	-	-	127,000	120,000	7,000	127,000
Razman Hafidz bin Abu Zarim	120,000	7,000	-	-	-	-	127,000	120,000	7,000	127,000
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	120,000	7,000	-	-	-	-	127,000	120,000	7,000	127,000
Datuk Seri Nurmala binti Abd Rahim	120,000	7,000	-	-	-	-	127,000	120,000	7,000	127,000
Datuk Loo Took Gee	50,000	750	-	-	-	-	50,750	50,000	750	50,750

Principle B: Effective Audit and Risk Management

I. Audit Committee

The Audit Committee consists of the following members:

1. Dato' Tan Guan Cheong (Chairman)
2. Razman Hafidz bin Abu Zarim (Member)
3. Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria (Member)
4. Datuk Seri Nurmala binti Abd Rahim (Member)

The Chairman of the Audit Committee is not the Chairman of the Board. In addition, the Audit Committee comprises wholly of Independent Non-Executive Directors. The Audit Committee Report is set out separately in this Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

Relationship with Auditors

The Board has a formal and transparent relationship with its auditor Deloitte PLT. The external auditor through its statutory audit function continues to review, evaluate and refine the Group's accounting policies and procedures including internal control measures.

II. Risk Management and Internal Control Framework

The Risk Management Committee consists of the following members:

1. Dato' Tan Guan Cheong (Chairman)
2. Razman Hafidz bin Abu Zarim (Member)
3. Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria (Member)
4. Datuk Seri Nurmala binti Abd Rahim (Member)
5. Kuan Mun Leong (Member)

The Risk Management Committee comprises a majority of Independent Non-Executive Directors. The Risk Management Committee Report is set out separately in this Annual Report. Full details of the Risk Management Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website under the Corporate Governance segment at https://harta.irplc.com/investor-relations.html.

The Board is committed to maintain a sound system of internal control within the Group. The Board acknowledges that a good system of internal control covering all aspects of the business including compliance and risk management is required to safeguard shareholders' investment and the Group's assets.

Information on the Group's internal control is set out in the Statement on Risk Management and Internal Control located on page 67 of this report.

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

I. Communication with Stakeholders

The Group recognises the importance of communication with its stakeholders and utilises many channels to disseminate information and to interact with them. The Group has a website in which shareholders and the public can access up-to-date information about the business and the Group. The Group's website can be accessed via www.hartalega.com.my.

In addition, the Group makes various announcements on business developments using traditional mass media throughout the year. The Group also releases financial results on a quarterly basis according to Bursa Malaysia's requirements.

The Group also aims to have full interaction with fund managers, institutional investors and analysts. The Group has established an investor relations team to facilitate two-way communication with its shareholders. During the year, the Group has arranged for Executive Directors and Senior Management to communicate and meet with investors and analysts to brief them on the ongoing business landscape.

Information is disseminated in strict adherence to disclosure requirements of Bursa Malaysia Securities Berhad.

II. Conduct of General Meetings

The Annual General Meeting serves as an important means for shareholder communication. Notice of the Annual General Meeting and Annual Reports are sent to shareholders twenty-eight (28) days prior to the Meeting in accordance to the Malaysian Code on Corporate Governance.

At each Annual General Meeting, the Board presents the progress and performance of the Group's business and encourages attendance and participation of shareholders during question and answer sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting.

The Company is moving forward to conduct a fully virtual Annual General Meeting this year. In the event that shareholders are unable to virtually attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to virtually attend and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

The Company conducts poll voting on each resolution tabled during the general meetings to support shareholder participation. With the electronic poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.

ADDITIONAL COMPLIANCE INFORMATION:

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Board is responsible to prepare financial statements for each financial year, which give a true and fair view of the state of affairs, the financial results and cash flow of the Group and the Company for the financial year ended.

In preparing the financial statements, the Directors have:

i. Adopted the appropriate accounting policies and applied them consistently;

ii. Made judgements and estimates that are reasonable and prudent;

iii. Ensured applicable approved accounting standards have been followed and any material departures have been disclosed and explained in the financial statements; and

iv. Ensured the financial statements have been prepared on a going concern basis.

The Board is responsible for keeping proper accounting records of the Group and the Company, which disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure the financial statements have complied with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia.

The Board is also responsible for taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

Compliance Statement

The Board is satisfied that the Group has substantially complied with the majority of the practices of the Malaysian Code on Corporate Governance ("MCCG") throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 7 July 2020.

AUDIT COMMITTEE REPORT

The Audit Committee of Hartalega Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 March 2020.

A. Composition and Attendance

The Audit Committee comprises the following members and details of attendance of each member at committee meetings held during the financial year ended 31 March 2020 are as follows:

Composition of the Committee	Attendance
Dato' Tan Guan Cheong (Chairman / Independent Non-Executive Director)	5/5
Razman Hafidz bin Abu Zarim (Independent Non-Executive Director)	5/5
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria (Senior Independent Non-Executive Director)	5/5
Datuk Seri Nurmala binti Abd Rahim (Independent Non-Executive Director)	5/5

B. Composition Compliance

The Audit Committee consists of four (4) members, all of whom are Independent Non-Executive Directors fulfilling the requirements of paragraph 15.09(1)(a) and (b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirement ("MMLR") and Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). None of the appointed Audit Committee members are alternate directors in compliance with requirements of paragraph 15.09(1)(c) of the MMLR.

The Audit Committee is chaired by Dato' Tan Guan Cheong. He is a member of the Malaysian Institute of Accountants, which accordingly complies with paragraph 15.09(1)(c)(i) of the MMLR.

C. Terms of Reference

The written Terms of Reference of the Audit Committee are consistent with requirements of the MMLR and MCCG 2017.

The written Terms of Reference of the Audit Committee which is accessible to the public for reference on Hartalega's corporate website clearly set out the following:

i. Composition

ii. Chairman

iii. Meetings

iv. Objectives

v. Authority & Responsibilities

vi. Appointment Process

D. Meetings

The Audit Committee held five (5) meetings during the financial year ended 31 March 2020, attended by the Audit Committee members. The Audit Committee meetings held were also attended by the appointed secretary, representatives from external and internal auditors, with the presence of Senior Management by invitation of the Audit Committee to facilitate direct communications and to provide clarifications on audit issues.

Details of attendance of each Audit Committee member is outlined in paragraph A above.

E. Summary of Activities

The following activities were carried out by the Audit Committee during the year under review:

i. Reviewed the quarterly financial statements and annual financial statements of the Group before submission to the Board for approval, focusing on major accounting policy changes, significant audit issues in relation to the estimates and judgement areas, significant and unusual events, and compliance with accounting standards and other legal requirements;

ii. Reviewed the audit fees and remuneration payable to external auditors;

iii. Reviewed and approved the Internal Audit Charter and risk-based annual audit plan of the internal auditors for the financial year;

iv. Reviewed budget and resource plan of the internal auditors;

v. Approved remuneration and decisions regarding the appointment of the Internal Audit Manager;

vi. Reviewed the internal audit reports and ensured that appropriate actions were taken on the recommendations of the internal auditors;

vii. Reviewed the external audit nature and scope of the audit and audit planning memorandum covering the main activities of the external audit approach, including evaluation of external auditors' responsibilities, client service team, materiality level, audit risk assessment, significant risks and areas of audit focus, consideration of fraud, the internal control system, involvement of internal auditors and internal specialists, involvement of component auditors, timing of audit, engagement quality control, independence policies and procedures and updates in financial reporting updates with the external auditors;

viii. Reviewed the financial year end statements with the external auditors including audit issues and findings noted during the course of audit of the Group's financial statements and Management's response thereto;

ix. Reviewed, assessed and monitored the performance, suitability and independence of the external auditors;

x. Reviewed any related party transactions and recurring related party transactions that arose within the Group for ratification by the Board;

xi. Reviewed any material provision or allowance and writing off of bad debts in the quarterly financial statements and annual financial statements for Board approval; and

xii. Reviewed the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report.

The Committee discharged its duties and responsibilities in accordance with its Terms of Reference.

F. Internal Audit Function

An in-house Internal Audit Department ("IAD") was established by the Board on 7 May 2019 to assist the Audit Committee and the Board of Directors in discharging its responsibilities. The IAD is independent of operations and endeavours to provide independent, objective assurance and consulting services to add value and to improve on the Group's operations. The IAD assists the Group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve on the effectiveness of governance, risk management and control processes.

The Head of the IAD (Internal Audit Senior Manager) reports functionally to the Board through the Audit Committee and administratively to the Chief Executive Officer to allow an appropriate degree of independence from the operations of the Group. The IAD is headed by the Internal Audit Senior Manager, Ms. Oh Hui Chee ("Chyselle") who possesses 13 years of relevant audit experience and supported by six (6) internal auditors. Ms. Chyselle is a qualified accountant, a fellow member of the Association of Chartered Certified Accountants, a Certified Internal Auditor and Chartered Member of the Institute of Internal Auditors.

The Internal Audit Department is guided by the International Professional Practise Framework ("IPPF") and Internal Audit Charter as approved by the Audit Committee. The internal audit activities are in accordance to the annual audit plan that was established using a risk-based approach to determine the priority of the internal audit activities approved by the Audit Committee. The risk-based annual audit plan, which includes both assurance and consulting activities is established to achieve the following objectives:

- Compliance with legislation, regulations, policies and procedures;
- Economy and efficiency of operations;
- Safeguarding of assets;
- Reliability and integrity of financial and operational information; and
- Achievement of operational objectives.

The Audit Committee deliberates on the audit findings and recommendations as reported by the internal auditors and monitors to ensure appropriate actions are taken on the recommendations during the Audit Committee meetings every quarter. Follow up reviews are performed to monitor the status of the implementation of action plans by the management and are reported to the Audit Committee.

Prior to the formation of the in-house IAD, the Internal Audit Function ("IAF") was outsourced to an independent firm, namely BDO Governance Sdn. Bhd. The IAF was headed by an Executive Director who possesses relevant qualification and experience and was assisted by three (3) staff including a Manager. There were no outsourced internal audit assignments in financial year 2020.

The total cost incurred for the in-house IAD in discharging its functions and responsibilities for the financial year ended 31 March 2020 was RM520,932 (2019: RM119,687 payable to outsourced internal audit firm).

G. Review of the Audit Committee

The Audit Committee is satisfied that matters reported by it to the Board have been satisfactorily resolved and did not see any matter in breach of the MMLR that warrant reporting to Bursa Malaysia Securities Berhad.

H. Evaluation of the Audit Committee

The Nomination Committee reviews the term of office and performance of the Audit Committee and each of its members through an annual effectiveness evaluation. The Nominating Committee is satisfied that the Audit Committee and members have carried out their duties in accordance with their terms of reference.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Statement on Risk Management and Internal Control (the "Statement") is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, a publication of Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITIES

The Board of Directors ("the Board") is committed to maintaining a sound system of risk management and internal control within the Group. The Board also acknowledges that it is their responsibility to review, in an ongoing manner, the risk management and internal control system for its adequacy, effectiveness and integrity. Thus, the Board, through the Risk Management Committee ("RMC"), maintains overall responsibility for risk oversight within the Group. Pursuant to the Malaysian Code on Corporate Governance ("MCCG") requirement for large organisations, the RMC is made up of a majority of Independent Non-Executive Directors.

The system of risk management and internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve the Group's business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or financial losses or fraud. In achieving the Group's business objectives, the Board assumes its responsibilities in designing the system of risk management and internal control based on the ongoing process of identifying and prioritising risk, evaluating the likelihood of those risks being realised and the impact should they be realised, and then, managing them effectively, efficiently and economically.

Management is responsible for assisting the Board in implementing and monitoring the procedures and processes which identify, assess and monitor business risks and internal controls, and to take responsive corrective action as and when needed.

The Board has received assurance from the Chief Executive Officer and the 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.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets. The following outlines the nature and scope of risk management and internal control of the Group.

RISK MANAGEMENT COMMITTEE

The RMC is to assist the Board to oversee the management of all identified material risks including inter-alia reviewing risk management policies and frameworks, reviewing and approving risk management limits, reviewing risk exposures and portfolio composition, and ensuring that infrastructure, resources and systems are put in place for effective risk management oversight. The RMC also ensures that the Risk Management Working Group (RMWG) provides regular reporting and update to the Board on key risk management issues.

In discharging its responsibilities, the RMC ensures corporate objectives are supported by sound risk management strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of the Group's activities and to provide effective oversight to ensure business activities are aligned to the risk strategy, risk appetite and policies approved by the Board of Directors.

In addition, the RMC exercises oversight over the Group and subsidiaries' risk management and ensure that appropriate processes are established to monitor the subsidiaries' compliance with the Group's risk management policies.

RISK MANAGEMENT FRAMEWORK

In line with the increasing focus of shareholders on Corporate Governance, the Company embarked on risk management initiatives. The Company has established and formalised its Enterprise Risk Management Framework (ERM). Under the ERM framework, a RMWG is established. The key responsibilities of the RMWG are to provide regular reporting on key risks to RMC and to address key risk management issues. The RMWG is also responsible to champion and promote the ERM and to ensure that the risk management process and culture are embedded throughout the Group.

The RMWG is headed by the Chief Executive Officer. The RMWG will meet regularly where the risk owners have the overall responsibility to report the key risks to the attention of the RMWG. The Chief Executive Officer is responsible to report to the RMC and Board on regular basis on major risk areas.

The key principles of the Group's ERM policy are:

- Effective risk management contributes to effective governance and is integral to the achievement of business objectives.
- It is the responsibility of every employee of the organisation to manage risks within their areas of responsibility.
- Risk management should be embedded into day-to-day management processes and is explicitly applied in decision-making and strategic planning.
- The risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimise threats.
- Regular reporting and monitoring activities emphasise the accountability and responsibility for managing risks.

INTERNAL AUDIT AND ISO AUDIT FUNCTION

To maintain a sound system of internal control, the Group relies on its two (2) assurance mechanisms, namely:

i. Internal Audit; and

ii. ISO Audit

On 7 May 2019, an in-house Internal Audit Department ("IAD") was established by the Board to undertake continuous testing and assessments on the adequacy and effectiveness of risk management, internal control and governance processes in order to provide reasonable assurance that such systems continue to operate efficiently and effectively. The IAD is headed by an Internal Audit Senior Manager who is a qualified accountant, a fellow member of the Association of Chartered Certified Accountants, a Certified Internal Auditor and Chartered Member of the Institute of Internal Auditors. The IAD is supported by six (6) executives with relevant qualifications and audit experience.

A risk-based approach is used to establish the Annual Audit Plan and is reviewed and approved by the Audit Committee of the Board. The audit report, including significant findings, recommendations for improvements and management response to the recommendations are highlighted to the Management and reported to the Audit Committee on a quarterly basis. Follow up reviews are performed and the status of the implementation of action plans by the Management are monitored and reported to the Audit Committee.

The IAD is placed under the direct supervision and authority of the Audit Committee of the Board to preserve its independence. The Internal Audit Senior Manager reports functionally to the Audit Committee Chairman and administratively to the Chief Executive Officer.

The IAD's activities are guided by the Internal Audit Charter approved by the Audit Committee and follows the latest requirements in the International Professional Practice Framework ("IPPF") of the Institute of Internal Auditors Inc.

Prior to the formation of the IAD, the Internal Audit Function ("IAF") was outsourced to an independent professional firm, namely BDO Governance Advisory Sdn. Bhd. to provide independent assurance to the Audit Committee and the Board with regards to the adequacy, effectiveness and integrity of the system of internal control. The IAF team was headed by an Executive Director who possesses the relevant qualifications and experience and was assisted by three (3) staff including a Manager. The IAF was carried out in accordance with the IPPF.

As per requirements of the ISO 9001, ISO 13485 and ISO 14001 certifications, scheduled audits are conducted internally as well as by the certification body, TÜV SÜD. Issues arising from these audits are forwarded to the Management Representative for review.

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

Apart from risk management and internal audit function, the Board has also put in place the following elements as part of the Group's system of internal control:

- Company policies and procedures that adhere to ISO 9001:2015, ISO 13485:2016 and ISO 14001:2015 management systems and are reviewed annually for their effectiveness;

- Whistleblowing policy was established to provide an avenue for whistleblowing report and promote good corporate governance;

- Clearly defined organisational structure with proper delegation of responsibilities and accountability. Appropriate authority limits are established for the approval process, therefore minimising the risk of unauthorised transactions;

- Annual budget system is in place. There is requirement for the timely submission of monthly financial reports and key operational performance indicators to the management;

- Human resource function sets out policies for recruitment, training and staff appraisal to ensure that staff is competent and adequately trained in carrying out their responsibilities; and

- All new products go through defined design control, and new machines and production processes go through a verification and validation process before implementation.

CONCLUSION

During the financial year ended 31 March 2020, the Board is of the view that there have been no significant weaknesses identified in the risk management and internal control system. However, a number of non-critical internal control weaknesses were noted, all of which have been, or are being addressed. These were not expected to result in any material loss, contingencies or uncertainties that would require disclosure in this Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report of the Group for the year ended 31 March 2020 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

71 Directors' Report

78 Statement by Directors

78 Statutory Declaration

79 Independent Auditors' Report to the Members

83 Statements of Profit or Loss and Other Comprehensive Income

85 Statements of Financial Position

87 Statements of Changes in Equity

91 Statements of Cash Flows

94 Notes to the Financial Statements

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the holding company in each subsidiary is as disclosed in Note 12 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year	434,397,384	250,786,261
Attributable to:		
Owners of the Company	433,618,638	250,786,261
Non-controlling interests	778,746	-
	434,397,384	250,786,261

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

DIVIDENDS

Dividends paid, declared and proposed by the Company since the end of the previous financial year were:

i. third interim single tier exempt dividend of 1.9 sen per share amounting to RM63,577,286 in respect of the financial year ended 31 March 2019, declared on 7 May 2019 and paid on 27 June 2019;

ii. final single tier exempt dividend of 1.9 sen per share amounting to RM63,840,077 in respect of financial year ended 31 March 2019, approved by shareholders at the last Annual General Meeting on 10 September 2019 and paid on 10 October 2019;

iii. first interim single tier exempt dividend of 1.8 sen per share amounting to RM60,698,875 in respect of the current financial year, declared on 5 November 2019 and paid on 27 December 2019;

iv. second interim single tier exempt dividend of 1.8 sen per share amounting to RM60,870,869 in respect of the current financial year, declared on 11 February 2020 and paid on 27 March 2020; and

v. third interim single tier exempt dividend of 2.05 sen per share amounting to RM69,454,126 in respect of the current financial year, declared on 18 May 2020 and paid on 26 June 2020.

The directors recommended a final single tier exempt dividend of 2.1 sen per share amounting to RM71,148,129 based on the number of outstanding ordinary shares in issue as at the date of this report, in respect of the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect the third interim dividend paid and final dividend proposed. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2021.

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.

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 proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts to be written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

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, other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had 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 of the Group and of the Company 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 method 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:

i. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

ii. any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liabilities or other liabilities of the Group or 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 affect the ability of the Group or of the Company to meet their obligations as and 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

In the opinion of the directors:

i. the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

ii. there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,400,985,898 to RM1,509,591,323, by way of issuance of 38,226,400 ordinary shares for cash pursuant to the exercise of options under the Employees Share Option Scheme at exercise prices ranging between RM1.89 and RM6.09 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company or of any other company during the financial year apart from the Employees Share Option Scheme.

EMPLOYEES SHARE OPTION SCHEME (“ESOS”)

At an Extraordinary General Meeting held on 26 August 2014, shareholders approved the ESOS to subscribe for unissued new ordinary shares in the Company which were granted to eligible persons of the Company and/or its subsidiaries (excluding subsidiaries that are dormant).

The salient features and other terms of the ESOS are disclosed in Note 20(c) to the financial statements.

During the financial year, the Company granted a total of 5,421,500 share options under the ESOS.

Details of all the options granted during the financial year to subscribe for ordinary shares of the Company pursuant to the ESOS are as follows:

Grant date	Expiry date	Exercise price RM	Number of options
22.04.2019	22.07.2020	4.49	2,334,700
22.07.2019	22.07.2020	4.89	2,065,000
21.10.2019	22.07.2020	4.98	792,200
21.01.2020	22.07.2020	5.24	229,600
			5,421,500

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 22 June 2020 from having to disclose the list of option holders, other than directors, to whom options have been granted during the financial year and details of their holdings pursuant to Section 255(1) of the Companies Act 2016 in Malaysia except for information of employees who were granted 51,000 options and above.

The list of option holders granted 51,000 options and above during the financial year are as follows:

				Number of share options			
Name	Grant date	Expiry date	Exercise price RM	Granted '000	Exercised '000	Forfeited '000	At 31.3.2020 '000
Sheldon Deng Chen Lim	22.04.2019	22.07.2020	4.49	159.1	(23.3)	-	135.8
Lai Fook Chuan	22.07.2019	22.07.2020	4.89	116.1	(25.8)	-	90.3
Lee Soon Saam	22.04.2019	22.07.2020	4.49	111.0	(27.0)	-	84.0
Wong Wei Tat	22.04.2019	22.07.2020	4.49	81.4	(19.8)	-	61.6
Chong Kian Kim	22.04.2019	22.07.2020	4.49	62.9	-	-	62.9
Khor Cheiw Thing	22.07.2019	22.07.2020	4.89	59.4	-	(59.4)	-
Kamal Rafizi bin Rahman	22.07.2019	22.07.2020	4.89	59.4	-	-	59.4
Tee Ting Yan	22.07.2019	22.07.2020	4.89	59.4	-	-	59.4
Jude Kunjan Kina @ Mohd Ridzuan Kunjan	22.07.2019	22.07.2020	4.89	53.0	-	-	53.0
Kumarasan A.L Muthian	21.10.2019	22.07.2020	4.98	51.0	-	-	51.0

Directors' options are disclosed under the directors' interests below.

DIRECTORS OF THE COMPANY

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

KUAN KAM HON @ KWAN KAM ONN
KUAN MUN KENG
KUAN MUN LEONG
DATO' TAN GUAN CHEONG
RAZMAN HAFIDZ BIN ABU ZARIM
TAN SRI DATUK DR. REBECCA FATIMA STA. MARIA
DATUK SERI NURMALA BINTI ABD RAHIM
DR. DANARAJ A/L NADARAJAH (RESIGNED ON 1.7.2020)
DATUK LOO TOOK GEE (APPOINTED ON 5.11.2019)

The name of directors of subsidiaries are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' INTERESTS

The interests of the directors in office as at the end of the financial year in the shares and options over ordinary shares of the Company and of the related corporations during the financial year ended 31 March 2020 are as follows:

(a) Shareholdings in the holding company - Hartalega Industries Sdn. Bhd.

	Number of preference shares			
	At 1.4.2019	**Bought**	**Sold**	**At 31.3.2020**
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	48,201	-	-	48,201

	Number of ordinary shares			
	At 1.4.2019	**Bought**	**Sold**	**At 31.3.2020**
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	48,251	-	-	48,251

(b) Shareholdings in the Company

	Number of ordinary shares			
	At 1.4.2019	**Bought**	**Sold**	**At 31.3.2020**
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	15,755,680	3,225,200	-	18,980,880
Dato' Tan Guan Cheong	240,000	-	-	240,000
Dr. Danaraj A/L Nadarajah	430,000	199,500	(430,000)	199,500
Kuan Mun Keng	6,115,600	3,225,200	-	9,340,800
Kuan Mun Leong	11,028,800	3,225,200	-	14,254,000
Indirect/Deemed interests				
Kuan Kam Hon @ Kwan Kam Onn [(1)(2)]	1,660,406,016	100,000	-	1,660,506,016
Dato' Tan Guan Cheong[(2)]	-	80,000	-	80,000

(1) Shares held through the holding company, Hartalega Industries Sdn. Bhd. and Budi Tenggara Sdn. Bhd. in which the director has substantial financial interests.
(2) Shares held through spouse/children of the director who herself/himself is not the director of the Company.

(c) Share Options in the Company
Employees Share Option Scheme ("ESOS")

	Number of share options				
	At 1.4.2019	**Granted**	**Exercised**	**Lapsed/ Expired**	**At 31.3.2020**
Kuan Kam Hon @ Kwan Kam Onn	4,925,200	-	(3,225,200)	-	1,700,000
Kuan Mun Keng	4,925,200	-	(3,225,200)	(140,000)	1,560,000
Kuan Mun Leong	4,925,200	-	(3,225,200)	-	1,700,000
Dr. Danaraj A/L Nadarajah	344,000	-	(199,500)	(24,080)	120,420

By virtue of his substantial interests in the shares of the Company, Mr. Kuan Kam Hon @ Kwan Kam Onn is also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in Note 24 to the financial statements) 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.

Neither during nor at the end of the financial year, was 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 ESOS.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance coverage for the directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM66,790.

There was no indemnity given to or insurance affected for the auditors of the Company in accordance with Section 289 of the Companies Act 2016.

HOLDING COMPANY

The directors regard Hartalega Industries Sdn. Bhd., a private limited company incorporated in Malaysia, as the ultimate holding company of the Company.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 March 2020 is as disclosed in Note 5 to the financial statements.

SUBSEQUENT EVENT

Details of the subsequent event is disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 July 2020.

KUAN KAM HON @ KWAN KAM ONN **KUAN MUN LEONG**

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 83 to 149, 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 at 31 March 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 July 2020.

KUAN KAM HON @ KWAN KAM ONN

KUAN MUN LEONG

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Kuan Kam Hon @ Kwan Kam Onn, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 83 to 149 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared at Kuala Lumpur in the Federal Territory on 7 July 2020

Before me
KAPT. (B) JASNI BIN YUSOFF (W465)
Commissioner for Oaths

KUAN KAM HON @ KWAN KAM ONN

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARTALEGA HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hartalega Holdings Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of profit or loss, statements of 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 83 to 149.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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 presented below are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current 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 matter	*How the scope of our audit responded to the key audit matter*
Review of Costing of Inventories Inventories are stated at the lower of cost and net realisable value and cost is determined on the weighted average basis. The cost of inventories comprises the cost of purchase plus the cost incurred in bringing the inventories to their present location and condition. Management's judgment is required to estimate the cost of finished goods and work-in-progress which comprise the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity. The key bases and assumptions used in the estimation of the cost of inventories are disclosed in Note 2 (d) (iv).	We have performed the following audit procedures in relation to review of inventory costing: • Obtained an understanding of the inventories valuation policy and processes implemented by management. We had evaluated the valuation made by management based on the policy; • Performed testing on relevant controls surrounding inventory valuation and costing of inventories; • Assessed the basis of inventory costing which includes cost of raw materials and direct labour, production overheads and other incidental costs incurred in bringing the inventories to their present location and condition. Discussed and based on our understanding and observations, determined appropriateness of the basis used by management for the allocation of production costs and overheads for the purpose of inventory valuation based on normal operating capacity; and • Evaluated management assessments of the net realisable value of work-in-progress and finished goods.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Group 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 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 Board of Directors for the Financial Statements

The Board of Directors of the Company is responsible for the preparation of financial statements so as to 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 Board of Directors is also responsible for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Board of Directors is 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 Board of Directors either intends to liquidate the Group or the Company or to cease operations, or has 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 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, we exercise professional judgment 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 management.

- Conclude on the appropriateness of management's 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 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 and the Company to express an opinion on the financial statements of the Group and of the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance 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 those charged with governance, 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

Other Matter

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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

LAI CAN YIEW
Partner - 02179/11/2020 J
Chartered Accountant

7 July 2020
Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	4	2,924,313,603	2,827,218,410	236,189,092	229,929,371
Cost of sales		(2,182,777,927)	(2,119,015,652)	-	-
Gross profit		741,535,676	708,202,758	236,189,092	229,929,371
Other income		12,034,746	13,654,404	23,415,777	21,981,221
Distribution expenses		(28,077,961)	(26,962,512)	-	-
Administrative expenses		(119,665,040)	(112,497,050)	(3,818,324)	(2,907,181)
Other operating expenses		(39,605,881)	(20,948,330)	-	(3,328)
		(187,348,882)	(160,407,892)	(3,818,324)	(2,910,509)
Profit from operations		566,221,540	561,449,270	255,786,545	249,000,083
Finance costs		(10,791,232)	(10,619,940)	-	-
Profit before tax	5	555,430,308	550,829,330	255,786,545	249,000,083
Tax expense	6	(121,032,924)	(95,891,018)	(5,000,284)	(5,067,281)
Profit for the financial year		434,397,384	454,938,312	250,786,261	243,932,802
Attributable to:					
Owners of the Company		433,618,638	455,177,921	250,786,261	243,932,802
Non-controlling interests		778,746	(239,609)	-	-
		434,397,384	454,938,312	250,786,261	243,932,802
Earnings per ordinary share attributable to owners of the Company:					
Basic earnings per ordinary share (sen)	7	12.88	13.69		
Diluted earnings per ordinary share (sen)	7	12.81	13.50		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Profit for the financial year		434,397,384	454,938,312	250,786,261	243,932,802
Other comprehensive income					
(Items that may be reclassified subsequently to profit or loss)					
Foreign currency translation, representing other comprehensive loss for the financial year, net of tax		(1,434,114)	(581,263)	-	-
Total comprehensive income for the financial year		432,963,270	454,357,049	250,786,261	243,932,802
Attributable to:					
Owners of the Company		432,447,429	454,711,821	250,786,261	243,932,802
Non-controlling interests		515,841	(354,772)	-	-
		432,963,270	454,357,049	250,786,261	243,932,802

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	2,002,196,979	1,896,232,090	-	-
Capital work-in-progress	9	188,910,261	173,993,364	-	-
Intangible assets	10	28,835,933	22,899,208	-	-
Right-of-use assets	11	4,488,371	-	-	-
Investments in subsidiaries	12	-	-	663,016,631	647,118,243
Deferred tax assets	13	970,891	1,528,907	-	-
Amount owing by subsidiaries	24	-	-	787,433,806	787,447,185
Total Non-Current Assets		2,225,402,435	2,094,653,569	1,450,450,437	1,434,565,428
Current Assets					
Inventories	14	273,908,980	275,527,359	-	-
Trade and other receivables	15	502,054,816	458,263,408	222,571	222,571
Tax assets	16	7,396,694	13,259,729	-	-
Amount owing by subsidiaries	24	-	-	25,365	910,670
Cash, bank balances and short-term investments	18	305,160,943	150,391,288	121,397,875	35,153,778
Total Current Assets		1,088,521,433	897,441,784	121,645,811	36,287,019
TOTAL ASSETS		3,313,923,868	2,992,095,353	1,572,096,248	1,470,852,447
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	19	1,509,591,323	1,400,985,898	1,509,591,323	1,400,985,898
Reserves	20	1,030,207,467	855,435,574	61,907,846	68,780,819
		2,539,798,790	2,256,421,472	1,571,499,169	1,469,766,717
Non-controlling interests		3,324,430	2,808,589	-	-
Total Equity		2,543,123,220	2,259,230,061	1,571,499,169	1,469,766,717

(Forward)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non-Current Liabilities					
Loans and borrowings	21	188,571,921	195,361,599	-	-
Lease liabilities	22	2,714,101	-	-	-
Deferred tax liabilities	13	172,475,444	125,614,922	-	-
Total Non-Current Liabilities		363,761,466	320,976,521	-	-
Current Liabilities					
Trade and other payables	23	273,874,382	259,526,314	83,214	79,837
Loans and borrowings	21	85,415,497	148,577,371	-	-
Lease liabilities	22	1,830,478	-	-	-
Derivatives financial liabilities	17	39,007,767	1,788,000	-	-
Tax liabilities	16	6,911,058	1,997,086	513,865	1,005,893
Total Current Liabilities		407,039,182	411,888,771	597,079	1,085,730
Total Liabilities		770,800,648	732,865,292	597,079	1,085,730
TOTAL EQUITY AND LIABILITIES		3,313,923,868	2,992,095,353	1,572,096,248	1,470,852,447

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Attributable to Owners of the Company						
			Non-Distributable		Distributable			
Group	Note	Share capital RM	Translation reserve RM	Share-based payment reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 April 2018		1,312,308,547	(707,269)	42,349,697	640,276,918	1,994,227,893	3,163,361	1,997,391,254
Effect of adoption of MFRS 9	2	-	-	-	(92,043)	(92,043)	-	(92,043)
Balance as at 1 April 2018 (Restated)		1,312,308,547	(707,269)	42,349,697	640,184,875	1,994,135,850	3,163,361	1,997,299,211
Comprehensive income								
Profit for the financial year		-	-	-	455,177,921	455,177,921	(239,609)	454,938,312
Other comprehensive loss								
Foreign currency translation		-	(466,100)	-	-	(466,100)	(115,163)	(581,263)
Total comprehensive income for the financial year		-	(466,100)	-	455,177,921	454,711,821	(354,772)	454,357,049
Transactions with owners								
Dividends	25	-	-	-	(286,177,022)	(286,177,022)	-	(286,177,022)
Share-based payment relating to ESOS		-	-	24,941,458	-	24,941,458	-	24,941,458
Issuance of ordinary shares pursuant to ESOS		68,809,365	-	-	-	68,809,365	-	68,809,365
Transfer from share-based payment reserve upon exercise/lapse of ESOS		19,867,986	-	(19,867,986)	-	-	-	-
Total transactions with owners		88,677,351	-	5,073,472	(286,177,022)	(192,426,199)	-	(192,426,199)
At 31 March 2019		1,400,985,898	(1,173,369)	47,423,169	809,185,774	2,256,421,472	2,808,589	2,259,230,061

Group	Note	Share capital RM	Translation reserve RM	Share-based payment reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
		← Attributable to Owners of the Company				→		
			← Non-Distributable	→	Distributable			
At 1 April 2019		1,400,985,898	(1,173,369)	47,423,169	809,185,774	2,256,421,472	2,808,589	2,259,230,061
Effect of adoption of MFRS 16	2	-	-	-	(16,302)	(16,302)	-	(16,302)
Balance as at 1 April 2019 (Restated)		1,400,985,898	(1,173,369)	47,423,169	809,169,472	2,256,405,170	2,808,589	2,259,213,759
Comprehensive income								
Profit for the financial year		-	-	-	433,618,638	433,618,638	778,746	434,397,384
Other comprehensive loss								
Foreign currency translation		-	(1,171,209)	-	-	(1,171,209)	(262,905)	(1,434,114)
Total comprehensive income for the financial year		-	(1,171,209)	-	433,618,638	432,447,429	515,841	432,963,270
Transactions with owners								
Dividends	25	-	-	-	(248,987,107)	(248,987,107)	-	(248,987,107)
Share-based payment relating to ESOS		-	-	15,898,388	-	15,898,388	-	15,898,388
Issuance of ordinary shares pursuant to ESOS		84,034,910	-	-	-	84,034,910	-	84,034,910
Transfer from share-based payment reserve upon exercise/lapse of ESOS		24,570,515	-	(24,570,515)	-	-	-	-
Total transactions with owners		108,605,425	-	(8,672,127)	(248,987,107)	(149,053,809)	-	(149,053,809)
At 31 March 2020		1,509,591,323	(2,344,578)	38,751,042	993,801,003	2,539,798,790	3,324,430	2,543,123,220

Company	Note	Share capital RM	Non-distributable Share-based payment reserve RM	Distributable Retained earnings RM	Total equity RM
At 1 April 2018		1,312,308,547	42,349,697	63,592,436	1,418,250,680
Effect of adoption of MFRS 9		-	-	9,434	9,434
Balance as at 1 April 2018 (Restated)		1,312,308,547	42,349,697	63,601,870	1,418,260,114
Profit for the financial year, representing total comprehensive income for the financial year		-	-	243,932,802	243,932,802
Transactions with owners					
Dividends	25	-	-	(286,177,022)	(286,177,022)
Share-based payment relating to ESOS		-	24,941,458	-	24,941,458
Issuance of ordinary shares pursuant to ESOS		68,809,365	-	-	68,809,365
Transfer from share-based payment upon exercise of ESOS		19,867,986	(19,867,986)	-	-
Total transactions with owners		88,677,351	5,073,472	(286,177,022)	(192,426,199)
At 31 March 2019		1,400,985,898	47,423,169	21,357,650	1,469,766,717

Company	Note	Share capital RM	Non-distributable Share-based payment reserve RM	Distributable Retained earnings RM	Total equity RM
At 1 April 2019		1,400,985,898	47,423,169	21,357,650	1,469,766,717
Profit for the financial year, representing total comprehensive income for the financial year		-	-	250,786,261	250,786,261
Transactions with owners					
Dividends	25	-	-	(248,987,107)	(248,987,107)
Share-based payment relating to ESOS		-	15,898,388	-	15,898,388
Issuance of ordinary shares pursuant to ESOS		84,034,910	-	-	84,034,910
Transfer from share-based payment upon exercise of ESOS		24,570,515	(24,570,515)	-	-
Total transactions with owners		108,605,425	(8,672,127)	(248,987,107)	(149,053,809)
At 31 March 2020		1,509,591,323	38,751,042	23,156,804	1,571,499,169

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit before tax	555,430,308	550,829,330	255,786,545	249,000,083
Adjustments for:				
Depreciation of property, plant and equipment	118,695,766	100,220,878	-	-
Depreciation of right-of-use assets	1,445,218	-	-	-
Fair value loss on derivative financial instruments	37,219,767	11,086,716	-	-
Share-based payment expense	15,898,388	24,941,458	-	-
Amortisation of intangible assets	5,177,564	3,755,683	-	-
Interest expenses	10,791,232	10,619,940	-	-
Loss/(Gain) on disposal of property, plant and equipment	37,726	(56,957)	-	-
Unrealised loss on foreign exchange	(1,376,966)	(458,145)	-	-
Income from fixed income fund	(2,799,039)	(1,118,922)	(2,191,665)	(703,808)
Interest income	(3,072,093)	(2,494,895)	(21,057,949)	(21,036,144)
Dividend income from subsidiaries	-	-	(236,189,092)	(229,929,371)
Operating Profit/(Loss) Before Working Capital Changes	737,447,871	697,325,086	(3,652,161)	(2,669,240)
Decrease in inventories	1,618,379	15,746,337	-	-
Increase in receivables	(34,760,593)	(47,714,437)	-	(45,706)
Increase/(Decrease) in payables	14,348,068	40,159,879	3,377	(6,504)
Cash Generated From/(Used In) Operations	718,653,725	705,516,865	(3,648,784)	(2,721,450)
Tax refunded	9,782,124	169,920	-	-
Tax paid	(72,711,709)	(78,288,268)	(5,492,312)	(4,499,022)
Net Cash From/(Used In) Operating Activities	655,724,140	627,398,517	(9,141,096)	(7,220,472)

(Forward)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	714,992	712,517	-	-
Additions to:				
Property, plant and equipment	(7,643,395)	(33,056,977)	-	-
Intangible assets	(329,354)	(1,459,386)	-	-
Capital work-in-progress	(243,500,413)	(398,411,639)	-	-
Income received from fixed income fund	2,799,039	1,118,922	2,191,665	703,808
Interest received	3,072,093	2,494,895	21,057,949	21,036,144
Dividends received from subsidiaries	-	-	236,189,092	229,929,371
Net Cash (Used In)/From Investing Activities	(244,887,038)	(428,601,668)	259,438,706	251,669,323
CASH FLOWS USED IN FINANCING ACTIVITIES				
Proceeds from issuance of shares pursuant to exercise of ESOS	84,034,910	68,809,365	84,034,910	68,809,365
Net changes in borrowings	(88,268,376)	21,343,885	-	-
Dividends paid	(248,987,107)	(286,177,022)	(248,987,107)	(286,177,022)
Interest paid	(10,791,232)	(10,619,940)	-	-
Repayment of lease liabilities	(1,405,312)	-	-	-
Repayment of advances from subsidiaries	-	-	898,684	417,578
Net Cash Used In Financing Activities	(265,417,117)	(206,643,712)	(164,053,513)	(216,950,079)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	145,419,985	(7,846,863)	86,244,097	27,498,772
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	9,349,670	1,677,067	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	150,391,288	156,561,084	35,153,778	7,655,006
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 18)	305,160,943	150,391,288	121,397,875	35,153,778

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

Group	As at 1 April RM	Effect of adoption of MFRS 16 RM	Net changes from financing cash flows (i) RM	Non-cash changes (ii) RM	As at 31 March RM
2020					
Loans and borrowings (Note 21)	343,938,970	-	(88,268,376)	18,316,824	273,987,418
Lease liabilities (Note 22)	-	1,757,562	(1,405,312)	4,192,329	4,544,579
2019					
Loans and borrowings (Note 21)	316,644,044	-	21,343,885	5,951,041	343,938,970

i. The cash flows make up the net amount of proceeds and repayments of borrowings and lease liabilities in the statements of cash flows.

ii. Non-cash changes consist of unrealised foreign exchange loss arise from revaluation of term and trade loans and fair value adjustment on lease liabilities.

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

1. CORPORATE INFORMATION

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

The registered office of the Company is located at B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at C-G-9, Jalan Dataran SD1, Dataran SD PJU9, Bandar Sri Damansara, 52200 Kuala Lumpur.

The Company is principally engaged in investment holding.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the holding company in each subsidiary is as disclosed in Note 12.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 7 July 2020.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a. Statement of compliance

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

Adoption of new and revised MFRSs, amendments to MFRSs and Issue Committee Interpretation ("IC Interpretation")

In the current financial year, the Group and the Company have adopted all the new and revised MFRSs, amendments to MFRSs and IC Interpretation issued by MASB that are effective for annual financial periods beginning on or after 1 April 2019.

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

The adoption of these new and revised MFRSs, amendments to MFRSs and IC Interpretation did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 as disclosed below:

Impact of Initial Application of MFRS 16 Leases

In the current year, the Group has applied MFRS 16 *Leases* ("MFRS 16") from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard.

MFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of MFRS 16 on the Group's financial statements is described below.

a. Impact of the New Definition of a Lease

The Group has made use of the practical expedient available on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 Leases and the related interpretations will continue to be applied to those contracts entered or modified before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. MFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risk and rewards' in MFRS 117 and the related interpretations.

The Group applies the definition of a lease and related guidance set out in MFRS 16 to all contracts entered into or changed on or after 1 April 2019. The new definition in MFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group and the Company.

b. Impact of Lessee Accounting

MFRS 16 changes how the Group accounts for leases previously classified as operating leases under MFRS 117, which were off balance sheet.

Applying MFRS 16, for all leases (except as noted below) the Group and the Company:

- Recognise right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the future lease payments;
- Recognise depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statements of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under MFRS 117 they resulted in the recognition of a lease incentive, amortised as a reduction or rental expenses generally on a straight-line basis.

Under MFRS 16, right-of-use assets are tested for impairment in accordance with MFRS 136.

For short-term leases (lease term of 12 months or less) and leases of low-value, the Group and the Company have opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is presented within 'administrative expenses' in profit or loss.

c. Impact of Lessor Accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as result of MFRS 16.

d. Financial impact of the initial application of MFRS 16

The following table is a reconciliation of the carrying amounts of the Group's statements of financial position from MFRS 117 to MFRS 16 as at 1 April 2019:

The Group	Note	Opening balance as at 1 April 2019 under MFRS 117 RM	Adjustment RM	Restated opening balance as at 1 April 2019 under MFRS 16 RM
Non-current assets				
Right-of-use assets	11	-	1,741,260	1,741,260
Current liabilities				
Lease liabilities		-	483,987	483,987
Non-current liabilities				
Lease liabilities		-	1,273,575	1,273,575
Equity and liabilities				
Retained earnings		809,185,774	(16,302)	809,169,472

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 April 2019. The weighted-average rate applied is 3%.

The Group	RM
Operating lease commitments as at 31 March 2019	2,690,504
Discounted using the lessee's incremental borrowing rate at 1 April 2019	2,315,866
Recognition exemption for leases with less than 12 months of lease term at transition	(588,304)
Lease liabilities recognised at 1 April 2019	1,757,562

Standards and Amendments in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised MFRSs and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance contracts[2]
Amendments to MFRS 3	Definition of Business[1]
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 101 and MFRS 108	Definition of Material[1]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current[3]
MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards[1]

[1] Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.
[4] Effective date deferred to a date to be determined and announced.

The Directors anticipate that abovementioned MFRSs and amendments to MFRSs will be adopted in the annual financial statements of the Company when they become effective and that the adoption of these standards will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

b. Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for certain financial instruments that are measured at fair value or at amortised cost at the end of the reporting date as explained in the significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities 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.

c. Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

d. Significant accounting estimates and judgements

The preparation of financial statements of the Group and of the Company require management to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the assumption or estimate is revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

i. Tax expense (Note 6) - Significant judgement is required in determining the capital allowances, allowance for increased exports and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.

ii. Useful lives of property, plant and equipment (Note 8) - The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 4 to 50 years. These are the common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

iii. Determination of functional currency - Functional currency is the currency of the primary economic environment in which the entities of the Group operate. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Group has determined that the functional currency of the Group is RM.

iv. Inventories (Note 14) - In determining the costing of inventories, management's judgment is required in determining the basis of finished goods and work-in-progress valuation which comprise costs of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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 of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised and 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 and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

b. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets and deferred tax liabilities and assets and liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if those interests were disposed of.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

c. Foreign currencies

i. Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded in the Group entities' functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

ii. Foreign operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

i. Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

ii. Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

iii. All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiary is taken to the consolidated profit or loss.

d. Revenue recognition

i. Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when (or as) control over a product have been transferred to the buyer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of goods or service at a point in time unless one of the following over time criteria is met:

a. the customer simultaneously receives and consumes the benefits provided as the Group or the Company perform;

b. the Group's or the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or

c. the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company have an enforceable right to payment for performance completed to date.

ii. Dividend income

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

iii. Interest income

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

iv. Income from fixed income fund

Income from fixed income fund is recognised when the right to receive payment is established.

e. Employee benefits

i. Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

iii. Share-based payment

The Company operates the Employee Share Option Scheme ("ESOS"), an equity-settled share-based compensation plan which allows the Group's eligible employees to acquire ordinary shares of the Company.

The total fair value of ESOS granted to employees are recognised as expenses in profit or loss of the Group over the vesting periods of the grant, with a corresponding increase in share-based payment reserve. The fair value of ESOS are measured at grant date, taking into account, if any, the market non-vesting conditions upon which the ESOS were granted but excluding the impact of a non-market vesting condition. Non-market vesting conditions are included in assumption about the number of ESOS that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of ESOS that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment in share-based payment reserve over the remaining vesting period.

The share-based payment reserve is transferred to retained earnings upon expiry of the ESOS. When the ESOS are exercised, the share-based payment reserve is transferred to share capital.

f. Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

g. Leases

i. The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its business premises.

Leases for which the Group is a lessor are classified as finance and operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging and operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Policy applicable from 1 April 2019

ii. The Group as lessee

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 a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis 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 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 and the Company use its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method), reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying assets or the site on which it is located. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability. The upfront payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are stated at cost less accumulated amortisation.

Leasehold land recognised as prepaid lease payments are amortised in equal instalments over the respective lease periods.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset 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. The depreciation starts at the commencement date of the lease and the principal annual rates are as follows:

Land	28 months
Factory equipment	60 months
Premises	12 - 36 months

At the end of each reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the profit or loss.

Policy applicable prior to 1 April 2019

i. Finance lease - the Group as lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

ii. Operating lease - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis.

h. Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises 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 nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same tax authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

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

i. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated.

The principal annual rates used for this purpose are:

Long term leasehold land	92 - 96 years
Buildings	2%
Plant and machinery	5%
Furniture, fittings and equipment	10% - 25%
Motor vehicles	20%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items 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 or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

j. Capital work-in-progress

Capital work-in-progress is stated at cost during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

k. Intangible assets

Intangible assets representing IT software, patent rights and golf club memberships, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in the profit or loss on a straight-line method to allocate the cost of IT software, patent rights and golf club memberships over their useful lives. The principal annual rates used for this purpose are:

IT software	8 years
Patent rights	15 years
Golf club memberships	38 years

The residual values, useful lives and amortisation method are reviewed at each financial year end to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the assets.

l. Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

m. Inventories

Inventories are stated at the lower of cost and net realisable value and cost is determined on the weighted average basis. The costs of raw materials, spare parts, consumables and goods-in-transit comprise cost of purchase plus the cost of bringing the inventories to their present location and condition. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportion of overheads based on normal operating capacity. The cost of formers comprises cost of purchase plus the cost of bringing the inventories to their present location and condition and is recognised in profit or loss progressively over the period of their consumption.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

n. Financial instruments

i. Initial recognition and measurement

Financial instruments are recognised in the Group's and Company's statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii. Financial instrument categories and subsequent measurement

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are classified as subsequently measured at amortised costs, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI"). The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

i. ***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gain and losses and impairment are recognised in profit or loss.

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 exactly 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) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income from financial assets is recognised on an effective interest method for debt instruments other than those financial assets classified as FVTPL.

ii. ***Financial assets at FVTPL***

Financial assets that do not meet the amortised cost criteria or the FVTOCI criteria are measured at FVTPL. In addition, financial assets that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each report period, with any fair value gains or losses recognised in profit or loss.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or measured at amortised cost.

i. ***Financial liabilities at FVTPL***

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives do not include exchange differences.

ii. ***Financial liabilities at amortised cost***

Financial liabilities that are not held for trading, or designated as at FVTPL, are initially measured at fair value, net of transaction costs.

These financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

iii. 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, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity, is recognised in profit or loss.

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

iv. Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on investment in debt instruments that are measured at amortised cost, trade and other receivables and amount owing from subsidiaries. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company recognise lifetime ECL for trade receivables and other receivables and amount owing from subsidiaries. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL 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 and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information, where available.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

At the end of each reporting period, the Group and the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

o. Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

p. Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

q. Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

r. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs.

Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

s. Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities or assets are not recognised in the statements of financial position of the Group and of the Company.

t. Segment reporting

For management purposes, the Group is organised into operating segments 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. The operating segment's operating results are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Sales of goods	2,924,313,603	2,827,218,410	-	-
Dividend income from subsidiaries	-	-	236,189,092	229,929,371
	2,924,313,603	2,827,218,410	236,189,092	229,929,371

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

a. Other items

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Depreciation of property, plant and equipment (Note 8)	118,695,766	100,220,878	-	-
Depreciation of right-of-use assets (Note 11)	1,445,218	-	-	-
Fair value loss on derivative financial instruments (Note 17)	37,219,767	11,086,716	-	-
Interest expenses in respect of:				
- term loans	9,461,601	6,975,673	-	-
- lease liabilities	118,763	-	-	-
- other borrowings	1,210,868	3,644,267	-	-
Loss/(Gain) on foreign exchange:				
- realised	711,844	5,713,336	-	-
- unrealised	(1,376,966)	(458,145)	-	-
Amortisation of intangible assets (Note 10)	5,177,564	3,755,683	-	-
Expenses relating to short-term leases and leases of low-value assets	1,398,272	-	-	-
Rental expenses	-	2,303,768	-	-
Total Directors' remuneration (Note 5(c))	11,786,857	11,979,588	1,038,750	984,750
Auditors' remuneration:				
Audit services				
- current financial year	499,823	383,874	60,000	55,000
- underprovision in prior year	49,100	-	-	-
Other services by auditors of the Company	58,372	70,610	-	-
Loss/(Gain) on disposal of property, plant and equipment	37,726	(56,957)	-	-
Interest income in respect of:				
- Deposits with licensed banks	(3,072,093)	(2,494,895)	(133,336)	(105,694)
- Advances to subsidiaries	-	-	(20,924,613)	(20,930,450)
Income from fixed income fund	(2,799,039)	(1,118,922)	(2,191,665)	(703,808)

b. Staff costs

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Staff costs	297,361,773	281,517,469	480,000	480,000
Included in staff costs are:				
Share-based payment expense	15,898,388	24,941,458	-	-
Contributions to defined contribution plan	12,307,159	10,769,163	-	-

c. Directors' remuneration

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive Directors:				
Fees:				
- directors of the Company	552,000	552,000	480,000	480,000
- directors of the subsidiaries	96,000	96,000	-	-
Other emoluments:				
- directors of the Company	5,571,310	5,753,582	-	-
- directors of the subsidiaries	5,008,797	5,063,256	-	-
	11,228,107	11,464,838	480,000	480,000
Non-Executive Directors:				
Fees:				
- directors of the Company	530,000	480,000	530,000	480,000
- directors of the subsidiaries	-	10,000	-	-
Other emoluments:				
- directors of the Company	28,750	24,750	28,750	24,750
	558,750	514,750	558,750	504,750
	11,786,857	11,979,588	1,038,750	984,750

The estimated monetary value of benefits-in-kind of the Group received by the directors of the Company and of the subsidiaries are RM18,141,465 (2019: RM965,561) and RM591,184 (2019: RM16,063,920) respectively.

6. TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax				
Malaysia income tax				
Current year	67,894,905	69,204,039	5,039,400	5,067,400
Under/(over) provision in prior years	3,969,509	(9,743)	(39,116)	(119)
Overseas income tax				
Overseas - current year	1,842,178	623,486	-	-
	73,706,592	69,817,782	5,000,284	5,067,281
Deferred tax				
Origination and reversal of temporary differences	49,057,491	27,774,250	-	-
Overprovision in prior years	(1,731,159)	(1,701,014)	-	-
	47,326,332	26,073,236	-	-
Tax expense	121,032,924	95,891,018	5,000,284	5,067,281

The reconciliation of the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	555,430,308	550,829,330	255,786,545	249,000,083
Tax at the Malaysian statutory income tax rate of 24% (2019: 24%)	133,303,274	132,199,039	61,388,771	59,760,020
Effect of different tax rate of foreign subsidiaries	57,939	17,058	-	-
Tax effects of:				
Non-deductible expenses	7,860,413	10,220,012	368,174	657,380
Non-taxable income	(274,877)	(346,724)	(56,717,545)	(55,350,000)
Utilisation of tax incentives	(22,255,904)	(44,487,610)	-	-
Deferred tax assets not recognised	103,729	-	-	-
Under/(Over)provision in prior years:				
Current tax	3,969,509	(9,743)	(39,116)	(119)
Deferred tax	(1,731,159)	(1,701,014)	-	-
Tax expense	121,032,924	95,891,018	5,000,284	5,067,281

7. EARNINGS PER ORDINARY SHARE

	Group 2020 RM	Group 2019 RM
Basic earnings per ordinary share		
Net profit attributable to owners of the Company (RM)	433,618,638	455,177,921
Number of shares in issue as at beginning of the financial year	3,345,187,127	3,311,965,227
Effect of exercise of ESOS (weighted average)	20,500,775	13,511,617
Weighted average number of ordinary shares in issue	3,365,687,902	3,325,476,844
Basic earnings per ordinary share (sen)	12.88	13.69
Diluted earnings per ordinary share		
Net profit attributable to owners of the Company (RM)	433,618,638	455,177,921
Weighted average number of ordinary shares in issue	3,365,687,902	3,325,476,844
Effect of dilutive potential ordinary shares - ESOS	19,486,154	46,804,201
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	3,385,174,056	3,372,281,045
Diluted earnings per ordinary share (sen)	12.81	13.50

Since the end of the financial year, eligible employees have exercised the options to acquire 38,226,400 (2019: 33,221,900) ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the reporting period and before the authorisation of these financial statements.

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
Group								
Cost								
At 1 April 2019	26,720,978	100,080,496	590,044,923	1,433,008,307	289,289,740	11,346,055	2,892,787	2,453,383,286
Additions	-	-	360,000	300,557	3,702,104	3,280,734	-	7,643,395
Disposals	-	-	-	(1,120,720)	(872,785)	(1,623,589)	-	(3,617,094)
Written off	-	-	-	-	(114,130)	-	-	(114,130)
Transfer from capital work-in-progress (Note 9)	-	-	87,709,729	104,401,867	25,604,341	-	82,644	217,798,581
Translation differences	-	(1,518)	-	2,090	(64,317)	16,167	-	(47,578)
At 31 March 2020	26,720,978	100,078,978	678,114,652	1,536,592,101	317,544,953	13,019,367	2,975,431	2,675,046,460
Accumulated depreciation								
At 1 April 2019	-	4,235,259	46,257,507	393,162,160	104,571,133	6,672,895	2,252,242	557,151,196
Charge for the financial year	-	1,046,643	11,960,647	69,679,613	33,819,524	1,876,112	313,227	118,695,766
Disposals	-	-	-	(494,336)	(757,775)	(1,612,265)	-	(2,864,376)
Written off	-	-	-	-	(114,130)	-	-	(114,130)
Translation differences	-	-	-	2,090	(37,058)	15,993	-	(18,975)
At 31 March 2020	-	5,281,902	58,218,154	462,349,527	137,481,694	6,952,735	2,565,469	672,849,481
Net carrying amount								
At 31 March 2020	26,720,978	94,797,076	619,896,498	1,074,242,574	180,063,259	6,066,632	409,962	2,002,196,979

	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
Group								
Cost								
At 1 April 2018	26,720,978	100,080,997	472,655,987	1,207,733,089	228,723,345	8,880,131	2,794,881	2,047,589,408
Additions	-	-	10,625,437	10,535,314	8,210,247	3,588,073	97,906	33,056,977
Disposals	-	-	-	(601,922)	(129,968)	(1,136,199)	-	(1,868,089)
Transfer from capital work-in-progress (Note 9)	-	-	106,763,499	215,340,009	52,507,416	-	-	374,610,924
Translation differences	-	(501)	-	1,817	(21,300)	14,050	-	(5,934)
At 31 March 2019	26,720,978	100,080,496	590,044,923	1,433,008,307	289,289,740	11,346,055	2,892,787	2,453,383,286
Accumulated depreciation								
At 1 April 2018	-	3,188,615	36,315,072	333,132,219	77,490,096	6,062,451	1,945,233	458,133,686
Charge for the financial year	-	1,046,644	9,942,435	60,247,026	27,132,994	1,544,770	307,009	100,220,878
Disposals	-	-	-	(218,902)	(45,402)	(948,225)	-	(1,212,529)
Translation differences	-	-	-	1,817	(6,555)	13,899	-	9,161
At 31 March 2019	-	4,235,259	46,257,507	393,162,160	104,571,133	6,672,895	2,252,242	557,151,196
Net carrying amount								
At 31 March 2019	26,720,978	95,845,237	543,787,416	1,039,846,147	184,718,607	4,673,160	640,545	1,896,232,090

a. The long term leasehold land of the Group has remaining unexpired lease period of more than 50 years.

b. Net carrying amount of the property, plant and equipment amounting to RM657,288,167 (2019: RM238,158,901) is pledged as security by way of legal charge and security debenture for banking facilities granted to the Group as disclosed in Note 21.

9. CAPITAL WORK-IN-PROGRESS

	Group	
	2020 RM	**2019 RM**
At beginning of year	173,993,364	155,142,964
Additions	243,500,413	398,411,639
Transfer to property, plant and equipment (Note 8)	(217,798,581)	(374,610,924)
Transfer to intangible assets (Note 10)	(10,784,935)	(4,950,315)
At end of year	188,910,261	173,993,364

This is mainly in respect of construction of new factory building and set up of new production plant and machinery.

10. INTANGIBLE ASSETS

	IT software RM	Patent rights RM	Golf club memberships RM	Total RM
Group				
Cost				
At 1 April 2019	25,260,150	10,802,676	175,000	36,237,826
Additions	321,669	7,685	-	329,354
Transfer from capital work-in-progress (Note 9)	10,784,935	-	-	10,784,935
At 31 March 2020	36,366,754	10,810,361	175,000	47,352,115
Accumulated amortisation				
At 1 April 2019	10,284,515	3,021,868	32,235	13,338,618
Amortisation during the financial year	4,472,904	700,054	4,606	5,177,564
At 31 March 2020	14,757,419	3,721,922	36,841	18,516,182
Net carrying amount				
At 31 March 2020	21,609,335	7,088,439	138,159	28,835,933
Cost				
At 1 April 2018	22,557,383	7,095,742	175,000	29,828,125
Additions	1,441,180	18,206	-	1,459,386
Transfer from capital work-in-progress (Note 9)	1,261,587	3,688,728	-	4,950,315
At 31 March 2019	25,260,150	10,802,676	175,000	36,237,826
Accumulated amortisation				
At 1 April 2018	7,130,306	2,424,999	27,630	9,582,935
Amortisation during the financial year	3,154,209	596,869	4,605	3,755,683
At 31 March 2019	10,284,515	3,021,868	32,235	13,338,618
Net carrying amount				
At 31 March 2019	14,975,635	7,780,808	142,765	22,899,208

11. RIGHT-OF-USE ASSETS

	Land RM	Factory equipment RM	Premises RM	Total RM
Group				
Cost				
At 1 April 2019	-	-	-	-
Effect of adoption of MFRS 16 (Note 2)	-	1,413,570	575,045	1,988,615
Additions	771,564	2,153,746	1,267,019	4,192,329
At 31 March 2020	771,564	3,567,316	1,842,064	6,180,944
Accumulated depreciation				
At 1 April 2019	-	-	-	-
Effect of adoption of MFRS 16 (Note 2)	-	122,229	125,126	247,355
Charge during the financial year (Note 5)	220,447	543,176	681,595	1,445,218
At 31 March 2020	220,447	665,405	806,721	1,692,573
Net carrying amount				
At 31 March 2020	551,117	2,901,911	1,035,343	4,488,371

The Group leases land, factory equipment and premises from various parties under non-cancellable operating leases. The tenure of these leases ranges between 1 to 5 years, with the option to renew upon expiry.

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost	558,000,002	558,000,002
ESOS granted to employees of subsidiaries	105,016,629	89,118,241
	663,016,631	647,118,243

The particulars of subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2020	2019
Hartalega Sdn. Bhd.	Malaysia	Manufacturing of latex gloves	100%	100%
Hartalega NGC Sdn. Bhd.	Malaysia	Manufacturing of latex gloves	100%	100%
Hartalega Research Sdn. Bhd.	Malaysia	Research and development	100%	100%
MUN Global Sdn. Bhd.	Malaysia	Sales and marketing of gloves	100%	100%
Subsidiaries of Hartalega Sdn. Bhd.				
* MUN (Australia) Pty Limited	Australia	Retail and wholesale of gloves	82%	82%
* MUN Global USA, Incorporated	United States of America	Retail and wholesale of gloves	80%	80%
* Yancheng MUN Medical Equipment Co. Ltd.	People's Republic of China	Retail and wholesale of gloves	70%	70%
* MUN Health Product (India) Pvt Ltd	India	Retail and wholesale of gloves	81%	81%
Derma Care Plus Products (M) Sdn. Bhd.	Malaysia	Sales and marketing of gloves	100%	100%

(Forward)

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2020	2019
Sentinel Engineering (M) Sdn. Bhd.	Malaysia	Leasing of property, research and development of automation systems	100%	100%
* Foshan Dynamic Limited	People's Republic of China	Export and trading of medical products	70%	70%
Subsidiary of MUN (Australia) Pty Limited				
* MUN (New Zealand) Limited	New Zealand	Retail and wholesale of gloves	100%	100%

* Audited by a firm of auditors other than Deloitte PLT.

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Country of incorporation	Number of wholly-owned subsidiaries 2020	2019
Manufacturing of latex gloves	Malaysia	2	2
Research and development	Malaysia	1	1
Sales and marketing of gloves	Malaysia	2	2
Leasing of property, research and development of automation systems	Malaysia	1	1
		6	6

Principal activities	Country of incorporation	Number of non wholly-owned subsidiaries 2020	2019
Retail and wholesale of gloves	Australia	1	1
Retail and wholesale of gloves	United States of America	1	1
Retail and wholesale of gloves	People's Republic of China	1	1
Retail and wholesale of gloves	India	1	1
Retail and wholesale of gloves	New Zealand	1	1
Export and trading of medical products	People's Republic of China	1	1
		6	6

The table below shows details of non wholly-owned subsidiaries of the Group that have material non-controlling interests:

	Percentage of ownership interests held by NCI	Profit/(Loss) allocated to non-controlling interests RM	Accumulated non-controlling interests RM
2020			
MUN (Australia) Pty Limited	18%	231,123	2,300,581
Other individually immaterial subsidiaries	19% - 30%	547,623	1,023,849
		778,746	3,324,430
2019			
MUN (Australia) Pty Limited	18%	(307,116)	2,257,160
Other individually immaterial subsidiaries	19% - 30%	67,507	551,429
		(239,609)	2,808,589

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	MUN (Australia) Pty Limited	
	2020 RM	**2019 RM**
Non-current assets	1,045,863	1,671,554
Current assets	37,744,220	46,202,685
Non-current liabilities	(32,951)	(30,137)
Current liabilities	(25,717,485)	(35,027,826)
Net assets	13,039,647	12,816,276
Equity attributable to owners of the Company	10,739,066	10,559,116
Non-controlling interests	2,300,581	2,257,160
	13,039,647	12,816,276
Revenue	98,412,241	93,337,521
Profit/(loss) for the year	1,284,018	(1,706,203)
Profit/(loss) attributable to:		
Owners of the Company	1,052,895	(1,399,087)
Non-controlling interests	231,123	(307,116)
	1,284,018	(1,706,203)

13. DEFERRED TAX ASSETS AND LIABILITIES

	Group	
	2020 RM	2019 RM
Deferred tax assets		
At beginning of year	1,528,907	776,119
Recognised in profit or loss	(463,217)	780,024
Translation differences	(94,799)	(27,236)
At end of year	970,891	1,528,907
Deferred tax liabilities		
At beginning of year	125,614,922	98,762,525
Recognised in profit or loss	46,863,115	26,853,260
Translation differences	(2,593)	(863)
At end of year	172,475,444	125,614,922

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	Group	
	2020 RM	**2019 RM**
Deferred tax assets		
Allowance for tax incentives	21,076,276	51,036,494
Temporary differences in respect of deductible expenses	6,650,952	5,521,240
Fair value loss on derivative financial instruments	8,932,744	2,679,120
Unrealised foreign exchange losses	1,741,974	2,067,419
Unused tax losses	-	777,198
	38,401,946	62,081,471
Offsetting	(37,431,055)	(60,552,564)
Deferred tax assets (after offsetting)	970,891	1,528,907
Deferred tax liabilities		
Temporary differences between the carrying amount of property, plant and equipment and its tax base	207,366,930	185,005,211
Unrealised foreign exchange gains	2,506,619	1,132,137
Temporary differences in respect of taxable income	32,950	30,138
	209,906,499	186,167,486
Offsetting	(37,431,055)	(60,552,564)
Deferred tax liabilities (after offsetting)	172,475,444	125,614,922

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group	
	2020 RM	**2019 RM**
Unused tax losses	4,201,239	3,769,036

14. INVENTORIES

	Group	
	2020 RM	2019 RM
Raw materials	56,248,684	54,027,016
Work-in-progress	25,432,002	20,237,150
Finished goods	142,841,558	145,311,537
Goods-in-transit	2,894,967	2,050,933
Formers	25,200,933	31,041,443
Spare parts and consumables	21,290,836	22,859,280
	273,908,980	275,527,359

The cost of inventories recognised as expense and included in cost of sales during the financial year amounted to RM2,176,913,570 (2019: RM2,114,626,660).

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade				
Trade receivables	429,924,674	402,541,088	-	-
Less: Allowance for impairment	(29,502)	(31,612)	-	-
Trade receivables, net	429,895,172	402,509,476	-	-
Non-trade				
Other receivables	12,306,510	18,385,645	218,071	218,071
Deposits	27,687,829	1,978,587	4,500	4,500
Prepayments	32,165,305	35,389,700	-	-
	72,159,644	55,753,932	222,571	222,571
	502,054,816	458,263,408	222,571	222,571

a. Credit term of trade receivables

The Group's normal trade credit terms extended to customers range from 30 to 90 days (2019: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

b. Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables at the reporting date is as follows:

	Group	
	2020 RM	2019 RM
Neither past due nor impaired	383,740,377	309,335,799
1 to 30 days past due not impaired	30,996,037	48,748,729
31 to 60 days past due not impaired	9,881,503	11,416,688
61 to 90 days past due not impaired	3,680,519	12,171,365
91 to 120 days past due not impaired	579,835	2,582,679
More than 121 days past due not impaired	1,016,901	18,254,216
	46,154,795	93,173,677
Impaired - More than 121 days past due	29,502	31,612
	429,924,674	402,541,088

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

<u>Receivables that are past due but not impaired</u>

Trade receivables of the Group amounting to RM46,154,795 (2019: RM93,173,677) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable.

<u>Receivables that are impaired</u>

The Group applied the simplified approach whereby allowance for impairment is measured at lifetime expected credit loss as disclosed in Note 3.

Receivables that are individually determined to be credit impaired at the reporting date is as follows:

	Group	
	2020 RM	2019 RM
Trade receivables (nominal amounts)	29,502	31,612
Less: Allowance for impairment losses	(29,502)	(31,612)
	-	-

The impaired debtors at the reporting date are in significant financial difficulties and had defaulted in payment. These receivables are not secured by any collateral or credit enhancements.

The movement of allowance account used to record the impairment is as follows:

	Group	
	2020 RM	2019 RM
At beginning of year	31,612	302,998
Written-off	-	(278,452)
Translation differences	(2,110)	7,066
At end of year	29,502	31,612

c. Trade receivables denominated in foreign currency are as follows:

	Group	
	2020 RM	2019 RM
United States Dollar	410,200,751	383,914,742

d. Other receivables and deposits

Included in other receivables and deposits of the Group are Goods and Services Tax recoverable from respective authorities and deposits paid in relation to land acquisition amounting to RM6,770,230 and RM26,309,656 (2019: RM12,454,042 and RMNil) respectively.

16. TAX ASSETS AND LIABILITIES

These are in respect of tax recoverable and payable from/(to) the Inland Revenue Board.

17. DERIVATIVE FINANCIAL LIABILITIES

	Group	
	2020 RM	2019 RM
Contract notional amount		
Non-hedging derivative:		
Forward currency contracts		
- USD denominated	1,219,153,000	1,467,174,100
- AUD denominated	-	5,490,000
	1,219,153,000	1,472,664,100
At FVTPL		
Non-hedging derivative:		
Current (liabilities)/assets		
Forward currency contracts		
- USD denominated	(39,007,767)	(2,050,000)
- AUD denominated	-	262,000
	(39,007,767)	(1,788,000)

The Group uses forward currency contracts to manage sales transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. Forward currency contracts are used to hedge the Group's trade receivables and sales denominated in United States Dollar ("USD"), extending to March 2021.

During the financial year, the Group recognised a loss of RM37,219,767 (2019: RM11,086,716) arising from fair value changes of derivative financial instruments. The method and assumption applied in determining the fair value of derivatives is disclosed in Note 29.

18. CASH, BANK BALANCES AND SHORT-TERM INVESTMENTS

These are in respect of tax recoverable and payable from/(to) the Inland Revenue Board.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed income fund with licensed fund management companies (redeemable upon 1 day notice)	125,409,015	37,705,968	120,564,704	32,857,218
Deposits with licensed banks	118,907	12,405	-	-
Cash at banks and on hand	179,633,021	112,672,915	833,171	2,296,560
Cash and cash equivalents	305,160,943	150,391,288	121,397,875	35,153,778

Deposits with licensed banks of the Group earn interest at effective interest rates ranging from 2.30% to 2.60% (2019: 2.30% to 3.00%) per annum with maturity period ranging from 30 days to 90 days (2019: 1 day to 30 days).

Included in cash at banks of the Group and of the Company are amounts of RM123,883,574 (2019: RM69,911,045) and RM833,171 (2019: RM2,296,560) respectively which earn interest at effective interest rates ranging from 0.05% to 2.20% (2019: 0.05% to 2.00%) per annum.

Cash and cash equivalents of the Group denominated in foreign currency are as follows:

	Group	
	2020 RM	2019 RM
United States Dollar	53,381,901	79,721,242

19. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2020	2019	2020 RM	2019 RM
Issued and fully paid:				
At beginning of year	3,345,187,127	3,311,965,227	1,400,985,898	1,312,308,547
Issued during the financial year				
- bonus issue	-	-	-	-
- exercise of options under ESOS	38,226,400	33,221,900	108,605,425	88,677,351
At end of year	3,383,413,527	3,345,187,127	1,509,591,323	1,400,985,898

a. Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

b. Ordinary shares issued

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,400,985,898 to RM1,509,591,323 by way of issuance of 38,226,400 ordinary shares for cash pursuant to the exercise of options under the Employees Share Option Scheme at exercise prices ranging between RM1.89 and RM6.09 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

20. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Distributable				
Retained earnings	993,801,003	809,185,774	23,156,804	21,357,650
Non-distributable				
Translation reserve	(2,344,578)	(1,173,369)	-	-
Share-based payment reserve	38,751,042	47,423,169	38,751,042	47,423,169
	36,406,464	46,249,800	38,751,042	47,423,169
	1,030,207,467	855,435,574	61,907,846	68,780,819

a. Retained earnings

The retained earnings of the Company is available to be distributed as single tier dividend to the shareholders of the Company.

b. Translation reserve

The translation reserve comprises all foreign currency differences arising from translation of the financial statements of the entities within the Group with functional currencies other than RM.

c. Share-based payment reserve

The share-based payment reserve arose from the granting of options under the Employees Share Option Scheme ("ESOS") to eligible employees.

At an Extraordinary General Meeting held on 26 August 2014, shareholders approved the ESOS to subscribe for unissued new ordinary shares in the Company which were granted to eligible persons of the Company and/or its subsidiaries (excluding subsidiaries that are dormant).

The salient features of the ESOS are:

a. The maximum number of new shares of the Company, which may be available under the ESOS shall not exceed in aggregate 10% of the total issued and paid-up capital of the Company at any one time during the existence of the ESOS.

b. The ESOS will be made available for participation by eligible persons of the Group who meet the following criteria on the Date of Offer:

- has attained the age of at least 18 years old;
- who is confirmed in service in a company within the Group;
- who has at least 6 months of continuous service within the Group; and/or
- be under such categories and criteria that the Option Committee may decide at its absolute discretion from time to time.

Notwithstanding the above, the eligibility and number of options to be offered to an eligible person under the scheme shall be at the sole and absolute discretion of the Option Committee and the decision of the Option Committee shall be final and binding.

c. The maximum number of new shares of the Company that may be offered under the ESOS and allotted to an eligible person shall be at the sole and absolute discretion of the Option Committee after taking into consideration, amongst others, the position and length of service of the eligible person and such other factors that the Option Committee may deem relevant, and not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant regulatory authorities from time to time) of the number of new Company shares to be issued pursuant to the ESOS shall be allocated to any eligible person who, either singly or collectively through persons connected, holds 20% or more of issued and paid-up capital of the Company, provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

d. The ESOS shall be in force for a period of 5 years and 6 months from 23 January 2015 and may be extended or renewed (as the case may be), at the sole and absolute discretion of the Board of Directors of the Company upon the recommendation by the Option Committee, provided always that the initial ESOS period stipulated above and such extension of the ESOS made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from 23 January 2015.

e. The option price payable for each new share of the Company upon exercise of the options shall be the higher of the following:

i. the 5-day weighted average market price of the Company's shares at the time the options are offered, with a discount of not more than 5%; or

ii. the par value of the Company's shares.

The price payable for each new share of the Company upon exercise of the options may however be subject to adjustments under the provisions of the By-Laws.

f. The options granted comprises a fixed component of 30% and a variable component of 70% and expired on 22 July 2020. For the variable component, the quantity of options exercisable in each year of the scheme will depend on performance appraisal rating at the end of each financial year.

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years provided that no options shall be exercised beyond the date of expiry of the ESOS.

The movement in the Company's unissued shares under options during the financial year are as follows:

		Number of options				
Grant date	Expiry date	At 1.4.2019 '000	Granted '000	Exercised '000	Expired '000	At 31.3.2020 '000
2020						
18.05.2015	22.07.2020	43,621.9	-	(22,261.1)	(2,101.3)	19,259.5
02.07.2015	22.07.2020	1,549.8	-	(868.0)	(151.5)	530.3
19.10.2015	22.07.2020	1,930.2	-	(1,045.8)	(194.3)	690.1
01.02.2016	22.07.2020	2,654.7	-	(1,327.9)	(210.1)	1,116.7
29.04.2016	22.07.2020	3,481.6	-	(1,937.3)	(180.7)	1,363.6
21.07.2016	22.07.2020	4,036.5	-	(2,289.2)	(221.8)	1,525.5
21.10.2016	22.07.2020	3,023.1	-	(1,499.1)	(172.1)	1,351.9
23.01.2017	22.07.2020	3,152.5	-	(1,685.2)	(228.1)	1,239.2
21.04.2017	22.07.2020	1,892.8	-	(1,058.0)	(114.7)	720.1
21.07.2017	22.07.2020	3,776.1	-	(1,862.8)	(254.5)	1,658.8
23.10.2017	22.07.2020	3,020.4	-	(1,575.8)	(363.9)	1,080.7
22.01.2018	22.07.2020	2,897.8	-	(42.0)	(335.1)	2,520.7
23.04.2018	22.07.2020	3,155.5	-	-	(730.3)	2,425.2
21.05.2018	22.07.2020	61.6	-	-	-	61.6
23.07.2018	22.07.2020	4,332.2	-	(76.7)	(952.0)	3,303.5
22.10.2018	22.07.2020	3,414.3	-	-	(945.5)	2,468.8
22.01.2019	22.07.2020	2,787.1	-	(287.7)	(470.2)	2,029.2
22.04.2019	22.07.2020	-	2,334.7	(265.2)	(335.0)	1,734.5
22.07.2019	22.07.2020	-	2,065.0	(120.2)	(275.4)	1,669.4
21.10.2019	22.07.2020	-	792.2	(24.4)	(88.4)	679.4
21.01.2020	22.07.2020	-	229.6	-	(9.1)	220.5
		88,788.1	5,421.5	(38,226.4)	(8,334.0)	47,649.2

The movement in the Company's unissued shares under options during the financial year are as follows (continued):

		Number of options				
Grant date	**Expiry date**	**At 1.4.2018 '000**	**Granted '000**	**Exercised '000**	**Expired '000**	**At 31.3.2019 '000**
2019						
18.05.2015	22.07.2020	68,252.6	-	(22,273.2)	(2,357.5)	43,621.9
02.07.2015	22.07.2020	2,404.8	-	(715.4)	(139.6)	1,549.8
19.10.2015	22.07.2020	3,080.6	-	(1,013.9)	(136.5)	1,930.2
01.02.2016	22.07.2020	3,996.8	-	(1,067.0)	(275.1)	2,654.7
29.04.2016	22.07.2020	4,952.2	-	(1,301.3)	(169.3)	3,481.6
21.07.2016	22.07.2020	6,030.0	-	(1,703.5)	(290.0)	4,036.5
21.10.2016	22.07.2020	4,815.8	-	(1,386.1)	(406.6)	3,023.1
23.01.2017	22.07.2020	4,924.8	-	(1,342.2)	(430.1)	3,152.5
21.04.2017	22.07.2020	2,656.2	-	(591.5)	(171.9)	1,892.8
21.07.2017	22.07.2020	5,264.2	-	(1,167.5)	(320.6)	3,776.1
23.10.2017	22.07.2020	3,991.0	-	(621.5)	(349.1)	3,020.4
22.01.2019	22.07.2020	3,023.0	-	(31.8)	(93.4)	2,897.8
23.04.2019	22.07.2020	-	3,467.5	(4.0)	(308.0)	3,155.5
21.05.2019	22.07.2020	-	61.6	-	-	61.6
23.07.2019	22.07.2020	-	4,670.2	(3.0)	(335.0)	4,332.2
22.10.2019	22.07.2020	-	3,625.2	-	(210.9)	3,414.3
22.01.2020	22.07.2020	-	2,848.2	-	(61.1)	2,787.1
		113,392.0	14,672.7	(33,221.9)	(6,054.7)	88,788.1

As at 31 March 2020, the total number of outstanding options was 47,649,200 (2019: 88,788,100). The weighted average remaining contractual life for these options is 0.50 years (2019: 1.50 years).

As disclosed in Note 19, options exercised during the financial year resulted in the issuance of 38,226,400 (2019: 33,221,900) ordinary shares at exercise prices ranging from RM1.89 to RM6.09 (2019: RM1.89 to RM6.09) each and the weighted average share price at the date of exercise was ranging from RM4.88 to RM6.83 (2019: RM5.11 to RM6.41) each.

The fair value of ESOS granted during the financial year was estimated using Trinomial model, taking into account the terms and conditions upon which the ESOS were granted. The fair value of ESOS measured at grant date and the assumptions used are as follows:

	2020	2019
Weighted average fair value of ESOS (RM)	0.67	1.67
Weighted average share price (RM)	5.16	6.04
Weighted average exercise price (RM)	4.90	5.74
Expected volatility (%)	21.02 – 31.60	30.74 – 62.44
Expected life (years)	1	1 – 2
Risk free rate (%)	3.39 – 3.57	3.74 – 3.84
Expected dividend yield (%)	1.38 – 1.87	1.22 – 1.71

The expected volatility was based on assumptions that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the ESOS grant were incorporated into the measurement of fair value.

21. LOANS AND BORROWINGS

Group	Effective interest rate per annum	Short-term borrowings within 1 year RM	Long Term Borrowings: 1 to 2 years RM	2 to 3 years RM	3 to 4 years RM	4 to 5 years RM	Sub-total RM	Total RM
2020								
Variable rate instruments								
Unsecured								
Trade loans								
- United States Dollar	2.05% - 2.85%	14,548,232	-	-	-	-	-	14,548,232
Secured								
Term loans								
- United States Dollar	2.85% - 4.25%	70,867,265	64,660,778	61,138,590	43,527,653	19,244,900	188,571,921	259,439,186
		85,415,497	64,660,778	61,138,590	43,527,653	19,244,900	188,571,921	273,987,418
2019								
Variable rate instruments								
Unsecured								
Trade loans								
- United States Dollar	2.15% - 3.10%	35,111,568	-	-	-	-	-	35,111,568
Secured								
Term loans								
- United States Dollar	2.36% - 4.27%	113,465,803	136,037,185	42,737,228	16,587,186	-	195,361,599	308,827,402
		148,577,371	136,037,185	42,737,228	16,587,186	-	195,361,599	343,938,970

22. LEASE LIABILITIES

	Group
	2020 RM
Lease liabilities payments:	
- not later than 1 year	1,941,548
- later than 1 year and not later than 5 years	2,829,589
	4,771,137
Future finance charges on lease liabilities	
- not later than 1 year	(111,070)
- later than 1 year and not later than 5 years	(115,488)
	(226,558)
Principal amount relating to lease liabilities	4,544,579
Principal amount relating to lease liabilities:	
- not later than 1 year	1,830,478
- later than 1 year and not later than 5 years	2,714,101
	4,544,579

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade				
Trade payables	112,124,179	105,683,974	-	-
Non-trade				
Other payables	68,781,360	94,005,863	3,434	-
Accruals	92,968,843	59,836,477	79,780	79,837
	161,750,203	153,842,340	83,214	79,837
	273,874,382	259,526,314	83,214	79,837

Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2019: 30 to 90 days).

Trade payables denominated in foreign currency are as follows:

	Group	
	2020 RM	2019 RM
United States Dollar	43,768,851	75,663,240

Other payables

Included in other payables and accruals of the Group is an amount of RM21,689,834 and RM45,097,970 (2019: RM50,303,323 and RM16,711,264) in respect of balances owing to contractors for the construction and set up of new production plant and machinery and accrued expenses for natural gas and purchase of raw materials.

Other payables denominated in foreign currency are as follows:

	Group	
	2020 RM	2019 RM
United States Dollar	29,321,877	18,632,362

24. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The directors regard Hartalega Industries Sdn. Bhd., a private limited company incorporated in Malaysia, as the ultimate holding company of the Company.

The non-current portion of amount owing by subsidiaries arose from advances amounting to RM787,433,806 (2019: RM787,447,185) which bear interest at 2.65% (2019: 2.65%) per annum and is not expected to be repaid within the next 12 months.

The current portion of amount owing by subsidiaries are non-trade in nature, unsecured and are repayable on demand except for advances amounting to RM25,365 (2019: RM910,670) which bear interest at 2.65% (2019: 2.65%) per annum.

Identity of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. The Group and the Company have related party relationship with the holding company, subsidiaries, key management personnel and companies related to directors.

Related party transactions

	Company	
	2020 RM	2019 RM
Received and receivable from subsidiaries:		
- Dividend income	236,189,092	229,929,371
- Interest income	20,924,613	20,930,450

Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly. The key management personnel of the Group and of the Company include directors of the Company and subsidiaries.

The compensation of the key management personnel are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Directors' fees	1,178,000	1,138,000	1,010,000	960,000
Short term employee benefits	9,762,918	9,896,824	28,750	24,750
Post-employment benefits	845,939	944,764	-	-
Estimated monetary value of benefits-in-kind *	18,732,649	17,029,481	-	-
	30,519,506	29,009,069	1,038,750	984,750

* Not recognised in the consolidated financial statements

25. DIVIDENDS

	Group/Company	
	2020 RM	**2019 RM**
Third interim single tier exempt dividend of 2.0 sen per share in respect of the financial year ended 31 March 2018	-	66,260,035
Final single tier exempt dividend of 2.2 sen per share in respect of the financial year ended 31 March 2018	-	73,133,780
First interim single tier exempt dividend of 2.2 sen per share in respect of the financial year ended 31 March 2019	-	73,226,182
Second interim single tier exempt dividend of 2.2 sen per share in respect of the financial year ended 31 March 2019	-	73,557,025
Third interim single tier exempt dividend of 1.9 sen per share in respect of the financial year ended 31 March 2019	63,577,286	-
Final single tier exempt dividend of 1.9 sen per share in respect of the financial year ended 31 March 2019	63,840,077	-
First interim single tier exempt dividend of 1.8 sen per share in respect of the financial year ended 31 March 2020	60,698,875	-
Second interim single tier exempt dividend of 1.8 sen per share in respect of the financial year ended 31 March 2020	60,870,869	-
	248,987,107	286,177,022

On 18 May 2020, the directors declared a third interim single tier exempt dividend of 2.05 sen per share amounting to RM69,454,126 in respect of the financial year ended 31 March 2020. The said dividend was paid on 26 June 2020.

The directors recommended a final single tier exempt dividend of 2.1 sen per share amounting to RM71,148,129 based on the number of outstanding ordinary shares in issue as at the date of this report, in respect of the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect the third interim dividend paid and final dividend proposed. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2021.

26. CAPITAL COMMITMENT

In respect of acquisition of property, plant and equipment:

	Group	
	2020 RM	**2019 RM**
Approved and contracted for	541,564,989	248,550,606

27. SEGMENT INFORMATION

The Group's business mainly comprises the manufacturing and sale of latex gloves. The Group's manufacturing activities are operated solely in Malaysia whilst its revenue are mainly earned in Malaysia. On this basis, the Managing Director of the Group reviews the operating results of the Group as a whole. Accordingly, no reportable operating segment is presented as all information required has been disclosed in the financial statements.

Information about geographical areas

Revenue information based on the geographical location of customers is as follows:

	Group	
	2020 RM	**2019 RM**
North America	1,498,441,636	1,528,310,615
Europe	739,654,317	716,268,025
Asia (excluding Malaysia)	478,641,543	383,581,063
Malaysia	12,662,805	10,038,861
Australia	99,189,962	93,394,444
South America	56,794,864	70,026,543
Middle East	34,116,749	24,191,416
Russia	4,470,254	1,407,443
Others	341,473	-
	2,924,313,603	2,827,218,410

Non-current assets which do not include deferred tax assets analysed by geographical location of the assets are as follows:

	Group	
	2020 RM	2019 RM
Malaysia	2,223,404,228	2,091,667,479
North America	59,057	70,011
Australia	191,100	272,843
China	304,620	378,492
India	472,539	735,837
	2,224,431,544	2,093,124,662

Information about major customers

The following is major customer with revenue equal or more than 10% of Group revenue:

	Group		
	2020 RM	2019 RM	Geographical location
Customer A	865,091,981	760,313,317	North America

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group's risk management seeks to minimise the potential adverse effects from the exposures to variety of risks in the normal course of business.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are disclosed below.

a. Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arises mainly from its receivables and the maximum risk associated with the recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on a subsidiary's term loans.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date is as follows:

	Group			
	2020		2019	
	RM	% of total	RM	% of total
By country:				
United States of America	204,010,983	47.46	175,791,034	43.67
Germany	46,564,121	10.83	58,505,177	14.54
Australia	14,209,325	3.31	23,335,508	5.80
Canada	7,252,120	1.69	5,247,047	1.30
Japan	8,078,887	1.88	6,163,338	1.53
Brazil	8,949,682	2.08	17,671,903	4.39
Ireland	-	-	2,124,995	0.53
Spain	7,485,099	1.74	12,388,210	3.08
Hong Kong	9,053,349	2.11	8,362,565	2.08
Others	124,291,606	28.90	92,919,699	23.08
	429,895,172	100.00	402,509,476	100.00

At the reporting date, approximately 41.5% (2019: 46.4%) of the Group's trade receivables was due from three (2019: three) major customers. Trade receivable balances from those major customers amounted to RM178,412,629 (2019: RM186,721,574).

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

The Company monitors on an ongoing basis the repayments made by the subsidiary and its financial performance.

The maximum exposure to credit risk amounts to RM273,987,418 (2019: RM343,938,970) representing the outstanding borrowings of subsidiaries guaranteed by the Company at the reporting date. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

i. The subsidiary is unlikely to pay its credit obligation to the bank in full; or

ii. The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

b. Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations.

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM
2020					
Group					
Financial liabilities:					
Trade and other payables	273,874,382	273,874,382	273,874,382	-	-
Lease liabilities	4,544,579	4,771,137	1,941,548	1,253,376	1,576,213
Loans and borrowings	273,987,418	280,992,276	87,328,913	66,406,619	127,256,744
	552,406,379	559,637,795	363,144,843	67,659,995	128,832,957
Company					
Financial liabilities:					
Trade and other payables	83,214	83,214	83,214	-	-
2019					
Group					
Financial liabilities:					
Trade and other payables	259,526,314	259,526,314	259,526,314	-	-
Loans and borrowings	343,938,970	359,571,499	158,299,394	140,702,408	60,569,697
	603,465,284	619,097,813	417,825,708	140,702,408	60,569,697
Company					
Financial liabilities:					
Trade and other payables	79,837	79,837	79,837	-	-

The table below summarises the maturity profile of the Group's derivative financial liabilities as at 31 March 2020 based on contractual undiscounted repayment obligations. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

	Group			
	Carrying amount RM	Contractual cash flows RM	1 month RM	1-12 months RM
2020				
Financial liabilities				
Forward foreign currency contracts	39,007,767	39,007,767	4,450,432	34,557,335
2019				
Financial liabilities				
Forward foreign currency contracts	1,788,000	1,788,000	1,450,000	338,000

c. Interest rate risk management

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

The Group's exposure to interest rate risk arises primarily from deposits placed with licensed banks, fixed income fund and borrowings. The deposits placed with licensed banks at fixed rate expose the Group to fair value interest rate risk whilst fixed income fund at variable rate expose the Group to cash flow interest rate risk.

Borrowings amounting to RM273,987,418 (2019: RM343,938,970) expose the Group to interest rate risk.

The Group manages its interest rate risk exposure by reviewing its debts portfolio to ensure favourable rates are obtained.

The Group does not have any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in the interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for interest rate risk

At the reporting date, a change of 75 (2019: 50) basis points in interest rates, with all other variables held constant, would decrease/increase the equity and profit after tax of the Group by approximately RM1,561,728 (2019: RM1,306,968), arising mainly as a result of higher/lower interest expense on floating rate financial liabilities.

d. Foreign currency risk management

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

The Group is exposed to foreign currency risk arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Ringgit Malaysia ("RM"), United States Dollar ("USD") and Australian Dollar ("AUD"). The foreign currency in which these transactions are denominated is mainly USD.

The Group also holds cash and cash equivalents denominated in USD for working capital purposes and have term loans denominated in USD.

Forward foreign currency contracts are used by the Group to reduce exposure to fluctuations in foreign currency risk. In addition, the Group holds cash and cash equivalents denominated in USD to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in United States of America, Australia, People's Republic of China and India are not hedged as currency positions in USD, AUD, Renminbi ("RMB") and Indian Rupee ("Rs") are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD exchange rate against RM, with all other variables held constant.

	Group	
	2020 RM	**2019 RM**
USD/RM - strengthened 5%	2,944,876	887,354
- weakened 5%	(2,944,876)	(887,354)

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

i. Cash and cash equivalents, trade and other receivables and trade and other payables

The carrying amounts of these financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values due to the short maturities of these financial instruments.

ii. Amount owing by subsidiaries

The fair value of the long-term financial asset is determined by the present value of future cash flows estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair value and carrying value of the asset at the end of the reporting period.

iii. Derivative financial instruments

Forward currency contracts are valued using a valuation technique with market observation inputs. The fair value of the forward foreign currency contracts is determined by reference to discounting the difference between the contracted rate and the current forward price at the reporting date for the residual maturity of the contracts using risk-free interest rate (based on government bonds).

iv. Lease liabilities and borrowings

The fair values of lease liabilities and variable rate loans and borrowings, which are estimated using discounted cash flow analysis, based on current lending rate for similar types of lease and borrowing arrangements, are as follows:

	Group	
	Carrying amount RM	Fair value RM
2020		
Financial Liabilities		
Lease liabilities	4,544,579	4,771,137
Loans and borrowings	273,987,418	280,992,276
2019		
Financial Liabilities		
Loans and borrowings	343,938,970	354,016,382

30. FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

i. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

ii. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

iii. Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting date

	Group			
	Fair value RM	Level 1 RM	Level 2 RM	Level 3 RM
2020				
Derivative financial instruments				
- foreign currency forward contracts	(39,007,767)	-	(39,007,767)	-
2019				
Derivative financial instruments				
- foreign currency forward contracts	(1,788,000)	-	(1,788,000)	-

During the financial years ended 31 March 2020 and 2019, there was no transfer between fair value measurement hierarchy.

Fair value of financial instruments that are not measured at fair value in the statements of financial position at the end of the reporting date (but fair value disclosures are required)

	Group			
	Fair value RM	Level 1 RM	Level 2 RM	Level 3 RM
2020				
Financial Liabilities				
Lease liabilities	4,771,137	-	-	4,771,137
Loans and borrowings	280,992,276	-	-	280,992,276
2019				
Financial Liabilities				
Loans and borrowings	354,016,382	-	-	354,016,382

The fair values of lease liabilities and loans and borrowings, which are estimated using discounted cash flow analysis, based on current lending rate for similar types of lease and borrowing arrangements.

31. CATEGORY OF FINANCIAL INSTRUMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets				
FVTPL:				
Short-term investments	125,409,015	37,705,968	120,564,704	32,857,218
At amortised costs:				
Trade receivables and other receivables	463,119,281	410,419,666	222,571	222,571
Amount owing by subsidiaries	-	-	787,459,171	788,357,855
Cash and bank balances	179,751,928	112,685,320	833,171	2,296,560
Financial liabilities				
FVTPL:				
Derivative financial liabilities	39,007,767	1,788,000	-	-
At amortised costs:				
Trade and other payables	273,874,382	259,526,314	83,214	79,837
Lease liabilities	4,544,579	-	-	-
Loans and borrowings	273,987,418	343,938,970	-	-

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group's capital includes its shareholders' funds and interest-bearing borrowings. The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Board of Directors has announced a policy to distribute a minimum of 60% of the Group annual net profit to its shareholders effective from the financial year ended 31 March 2018.

No changes were made in the objectives, policies and processes since the financial year ended 31 March 2019.

As at 31 March 2020, the total capital managed by the Group which comprises shareholders' equity, amounted to RM2,539,798,790 (2019: RM2,256,421,472).

The Group is not subject to any externally imposed capital requirements.

The Group and the Company monitor capital using a group gearing ratio, which is net debts divided by total capital. Net debts comprise borrowings (including finance lease payables) less cash, bank balances and short-term investments whilst total capital is the total equity of the Group. The gearing ratio as at 31 March 2020 and 2019, which are within the Group's and the Company's objectives of capital management are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash, bank balances and short-term investments	305,160,943	150,391,288	121,397,875	35,153,778
Less: Total interest bearing borrowings	(273,987,418)	(343,938,970)	-	-
Total net cash/(net debt)	31,173,525	(193,547,682)	121,397,875	35,153,778
Total equity	2,543,123,220	2,259,230,061	1,571,499,169	1,469,766,717
Gearing ratio (%)	N/A	9%	N/A	N/A

33. SUBSEQUENT EVENT

In March 2020, the World Health Organisation has officially announced the outbreak of coronavirus ("Covid-19") as a global pandemic. The Covid-19 outbreak has seen an overwhelming demand for gloves which form part of essential personal healthcare protective equipment. The Group has been granted approval by the Malaysia Government to continue operating during the Movement Control Order to ensure the continuous supply of gloves to global markets.

The directors of the Group are actively monitoring and managing the Group's operations to minimise any potential business risk, if any, that may arise from Covid-19.

ADDITIONAL COMPLIANCE INFORMATION

A. Related Party Transactions

A list of the significant related party transactions between the Company and its subsidiaries, and between the Group and other related parties including relevant Key Management personnel for the financial year ended 31 March 2020 is set out on page 138 of the Annual Report.

B. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any relevant regulatory bodies during the financial year.

C. Non-Audit Fees Paid/Payable

The amount of non-audit fees paid/payable by the Group for services rendered by the external auditor, Deloitte PLT and its affiliates in respect of the financial year amounted to RM58,372 (2019: RM70,610).

D. Variation in Result

There was no profit forecast announced by the Group for the financial year.

E. Profit Guarantees

There was no profit guarantee given by the Group for the financial year.

F. Revaluation of Landed Properties

The company does not have a revaluation policy on its landed properties.

G. Material Contracts

During the year, there were no material contracts entered into by the Company and its subsidiaries which involved directors' and major shareholders' interests.

H. Contracts Relating to Loan

There were no contracts relating to loan by the Company and its subsidiaries.

LIST OF PROPERTIES

Location Address	Existing Use	Approximate Age of Building	Tenure	Date of Acquisition	Area (m²)	NBV (RM)
GRN 193487, Lot 4864 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	Between 13 to 25 years	Freehold	1995 to 2007	30,641 (build-up area)	24,453,763
H.S.(D) 276179, P.T. No. 7320 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	Between 9 to 14 years	Freehold	2006 to 2011	41,736 (build-up area)	47,545,099
H.S.(D) 279954, P.T. No. 7321 Seksyen 4, Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	7 years	Freehold	2013	31,948 (build-up area)	51,765,828
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Factory and office building	Between 1 to 5 years	Leasehold expiring on 9 October 2110	2015 to 2019	204,276 (build-up area)	410,304,367
GRN 193487, Lot 4864 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	1993 to 2001	43,158	4,901,383
H.S.(D) 276179, P.T. No. 7320 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	2006 to 2007	57,987	10,031,396
H.S.(D) 279954, P.T. No. 7321 Seksyen 4, Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	2010 to 2011	45,220	11,671,112
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Industrial land	N/A	Leasehold expiring on 9 October 2110	2013	384,449	90,853,325
H.S.(D) 36056, P.T. No. 5786 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Agriculture land	N/A	Leasehold expiring on 9 October 2110	2013	68,800	3,636,518

Location Address	Existing Use	Approximate Age of Building	Tenure	Date of Acquisition	Area (m^2)	NBV (RM)
H.S.(D) 36057, P.T. No. 5787 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Industrial land	N/A	Leasehold expiring on 9 October 2110	2014	650	159,164
H.S.(D) 1742, P.T. No. 2965 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor Darul Ehsan	Vacant land	N/A	Leasehold expiring on 14 Mar 2090	1998	3,237	130,287
C-G-9, Jalan Dataran SD1 Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur	4 storey office buiding	13 years	Leasehold expiring on 27 Aug 2102	2007	410 (build-up area)	1,395,195
No.2A, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single storey house-hostel	16 years	Freehold	2009	143	142,476
No.6, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single storey house-hostel	16 years	Freehold	2009	144	142,595
No.8, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single storey house-hostel	16 years	Freehold	2009	145	142,723
No.10, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single storey house-hostel	16 years	Freehold	2009	146	142,852
No.12, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single storey house-hostel	16 years	Freehold	2010	147	146,883
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Hostel building	Between 1 to 5 years	Leasehold expiring on 9 October 2110	2015 to 2019	75,146 (build-up area)	83,714,714

ANALYSIS OF SHAREHOLDINGS
AS AT 22 JUNE 2020

Number of Total Issued and Paid Up Share Capital	: 3,388,006,128 ordinary shares
Class of Shares	: Ordinary Share
Voting Rights	: One vote per ordinary share
Number of Shareholders	: 15,958

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	164	2,451	0.00
100 - 1,000	6,434	3,875,506	0.11
1,001 - 10,000	6,163	24,624,202	0.73
10,001 - 100,000	2,167	70,426,646	2.08
100,001 - 169,400,305(*)	1,029	1,670,518,387	49.31
169,400,306 and above(**)	1	1,618,558,936	47.77
	15,958	**3,388,006,128**	**100**

Remark: * Less than 5% of issued holdings
** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

The following are the substantial shareholders of the Company according to the Register of Substantial Shareholders.

	Direct Interest		Indirect Interest	
Name of Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Hartalega Industries Sdn Bhd	1,618,558,936	47.77	0	0
Kuan Kam Hon @ Kwan Kam Onn	20,143,480	0.59	1,655,576,016*^#+	48.87
Kuan Kam Peng	59,227,800	1.75	1,618,628,936^+	47.78

* Deemed interest through his shareholding in Budi Tenggara Sdn Bhd by virtue of Section 8 of the Companies Act 2016.
^ Deemed interest through his shareholding in Hartalega Industries Sdn Bhd by virtue of Section 8 of the Companies Act 2016.
# Indirect Interest shares held through spouse/children of the director who herself/himself is not the director of the Company.
+ Deemed interest through his shareholding in Yayasan Hartalega by virtue of Section 197 of Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Kuan Kam Hon @ Kwan Kam Onn	20,143,480	0.59	1,655,576,016*^#+	48.87
Kuan Mun Leong	14,254,000	0.42	0	0
Kuan Mun Keng	9,340,800	0.28	0	0
Dr. Danaraj A/L Nadarajah	179,500	0.01	0	0
Dato' Tan Guan Cheong	240,000	0.07	140,000#	0
Razman Hafidz bin Abu Zarim	0	0.00	0	0
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	0	0.00	0	0
Datuk Seri Nurmala binti Abd Rahim	0	0.00	0	0
Datuk Loo Took Gee	3,000	0.00	0	0

* Deemed interest through his shareholding in Budi Tenggara Sdn Bhd by virtue of Section 8 of the Companies Act 2016.
^ Deemed interest through his shareholding in Hartalega Industries Sdn Bhd by virtue of Section 8 of the Companies Act 2016.
# Indirect Interest shares held through spouse/children of the director who herself/himself is not the director of the Company.
+ Deemed interest through his shareholding in Yayasan Hartalega by virtue of Section 197 of Companies Act 2016.

30 LARGEST SHAREHOLDERS AS AT 22 JUNE 2020

No.	Name of Shareholder	No. of Shares	%
1	HARTALEGA INDUSTRIES SDN BHD	1,618,558,936	47.77
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	85,613,680	2.53
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	70,971,400	2.09
4	KUAN KAM PENG	59,227,800	1.75
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	38,074,380	1.12
6	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS-PB)	35,164,000	1.04
7	RHB NOMINEES (ASING) SDN BHD MEDLINE INDUSTRIES INC.	29,957,100	0.88
8	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	28,353,100	0.84
9	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	27,450,900	0.81
10	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	25,691,594	0.76
11	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	24,578,000	0.73
12	HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL	24,383,500	0.72
13	KUAN EU JIN	24,234,200	0.72
14	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	23,985,400	0.71

No.	Name of Shareholder	No. of Shares	%
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	23,685,200	0.70
16	BUDI TENGGARA SDN. BHD.	21,493,600	0.63
17	HSBC NOMINEES (ASING) SDN BHD SBL OF MORGAN STANLEY & CO. INTERNATIONAL PLC	21,000,000	0.62
18	KEVIN TEN	20,968,036	0.62
19	ANDY TEN	20,680,436	0.61
20	JASON TEN JHIA SEENG	20,680,432	0.61
21	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	20,623,510	0.61
22	KUAN KAM HON @ KWAN KAM ONN	20,143,480	0.59
23	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	19,016,100	0.56
24	TAN BOOI CHARN	18,661,800	0.55
25	KUAN VIN SEUNG	18,294,200	0.54
26	DB (MALAYSIA) NOMINEE (ASING) SDN BHD STATE STREET AUSTRALIA FUND REMI FOR RETAIL EMPLOYEES SUPERANNUATION TRUST	18,034,007	0.53
27	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	16,862,460	0.50
28	KINETIC REGION SDN. BHD.	16,306,880	0.48
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	15,000,000	0.44
30	KUAN MUN LEONG	14,254,000	0.42

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth (14th) Annual General Meeting of the Company will be conducted fully virtual from the Broadcast Venue at the Auditorium, 3A Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan on Tuesday, 15 September 2020, at 9.30 a.m. for the following purposes:

A G E N D A

AS ORDINARY BUSINESS

1. To table the Audited Financial Statements for the year ended **31 March 2020** together with the Reports of the Directors and Auditors thereon.

(Please refer to Note A)

2. To approve the payment of a final dividend of 2.1 sen per share single tier for the financial year ended **31 March 2020**.

(Resolution 1)

3. To approve the payment of Directors' Fees of RM1,082,000.00, and benefits of RM28,750.00, for the financial year ended **31 March 2020**.

(Resolution 2)

4. To approve the payment of Directors' Fees of up to RM2,196,000.00 and benefits of up to RM53,500.00, from 1 April 2020 until the next Annual General Meeting.

(Resolution 3)

5. **i.** To re-elect the following Directors retiring in accordance with Clause 91 of the Constitution of the Company:

a. Mr. Kuan Mun Leong **(Resolution 4**)

b. Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria **(Resolution 5)**

c. Datuk Seri Nurmala binti Abdul Rahim **(Resolution 6)**

ii. To re-elect the following Director retiring in accordance with Clause 96 of the Constitution of the Company:

a. Datuk Loo Took Gee **(Resolution 7)**

6. To re-appoint DELOITTE PLT (LLP0010145-LCA) (AF0080) as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 8)

AS SPECIAL BUSINESS

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

7. ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 & 76 OF THE COMPANIES ACT 2016

"THAT subject to the Companies Act 2016, the Constitution of the Company and the approvals of the Securities Commission, Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Section 75 & 76 of the Companies Act 2016 to allot and issue shares in the Company from time to 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 issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 9)

8. ORDINARY RESOLUTION - AUTHORITY TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT Dato' Tan Guan Cheong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company."

(Resolution 10)

9. ORDINARY RESOLUTION - PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY

"THAT subject always to the provisions of the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant statutory and/or regulatory requirements, the Company be authorised, to the fullest extent permitted by law, to buy-back such amount of Shares in the Company as may be determined by the Directors of the Company from time to time, through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that:

i. the aggregate number of Shares bought-back does not exceed 10% of the total issued and paid-up ordinary share capital of the Company at any time;

ii. the maximum amount of funds to be allocated for the Shares buy-back shall not exceed the Company's audited retained earnings at any point in time;

iii. the Shares purchased shall be treated in the following manner:

   a. the purchased Shares shall be cancelled; or

   b. the purchased Shares shall be retained as treasury shares for distribution as dividend to the shareholders and/or resale on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancellation subsequently; or

   c. part of the purchased Shares shall be retained as treasury shares and the remainder shall be cancelled; or

   d. in such other manner as Bursa Securities and other relevant authorities may allow from time to time; or

   e. any combination of (a), (b), (c) and (d) above.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:

i. the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

ii. the expiration of the period within which the next AGM after that date is required by law to be held; or

iii. revoked or varied by resolution passed by the Company in general meeting;

whichever occurs first.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to take all such steps as may be necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities (Central Depository) Industry Act 1991, and the entering into and execution of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the Shares bought-back) in accordance with the provisions of the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other relevant statutory and/or regulatory requirements."

(Resolution 11)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 2.1 sen per share single tier for the financial year ended 31 March 2020, if approved, will be paid on 16 October 2020, to depositors registered in the Record of Depositors at the close of business on 2 October 2020.

A depositor shall qualify for the dividend in respect of:

a. Shares transferred into the Depositor's Securities Account before 5.00 p.m. on 2 October 2020, in respect of ordinary transfers; and

b. Shares bought on the Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

By Order of the Board

WONG MAW CHUAN (MIA 7413) (SSM PC NO. 202008003554)
WONG YOUN KIM (F) (MAICSA 7018778) (SSM PC NO. 201908000410)
LEE CHIN WEN (F) (MAICSA 7061168) (SSM PC NO. 202008001901)
(Company Secretaries)

30 July 2020

Notes:

A. The Agenda item 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 the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.

1. A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

2. Subject to Note (3) below, where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

3. The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. Where the Form of Proxy is executed by a corporation, it must be executed under its seal or under the hand of its attorney.

6. In support of the Government of Malaysia's (the Government) ongoing efforts to contain the spread of the Coronavirus (Covid-19) and the Government's advice of social distancing and not having mass gatherings, the Company would like to leverage on technological advancements by conducting the Fourteenth Annual General Meeting of the Company (the Meeting or AGM) on a fully virtual basis through electronic live streaming and online remote voting, pursuant to Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution. The Company will be using Boardroom's LUMI AGM solution accessible at https://web.lumiagm.com/. You may also download the free "Lumi AGM" app from the Apple App Store or Google Play Store. Please follow the procedures as stipulated in the Administrative Details for the Meeting in order to register, participate and vote virtually via Boardroom's LUMI AGM solution.

7. The main and only venue of the virtual meeting is strictly to serve as the broadcast venue where the chairperson of the meeting shall be physically present and no shareholders/proxies shall be physically present at the broadcast venue. The meeting will be in compliance with Section 327(2) of the Companies Act 2016 which provides that the main venue of the AGM shall be in Malaysia and the chairperson must be present at the main venue of the AGM. The electronic means of conducting the AGM on a fully virtual basis will facilitate and enable all shareholders to participate fully in the proceedings by audio and/or video capabilities without the need to be physically present at the meeting venue, which is advantageous given the current circumstances relating to Covid-19 and best health practices.

8. 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, must, to be valid, be deposited at the office of the Share Registrar, Boardroom Share Registrar Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Online Portal at https://boardroomlimited.my by logging in and selecting "E-PROXY LODGEMENT" (please refer to the Administrative Details for details) not less than forty-eight (48) hours before the time appointed for holding of the meeting or at any adjournment thereof.

9. Shareholders/proxies/corporate representatives would need to register as a member of Boardroom's Smart Investor Online Portal first before they can request for the Remote Participant User identification number and password to virtually attend, participate, speak and vote at the above Meeting via Boardroom's LUMI AGM solution, in accordance with Administrative Details.

10. Only a depositor whose name appears on the Record of Depositors as at 9 September 2020 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

11. Pursuant to Clause 58 of the Constitution of the Company, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory notes on Special Business:

12. **Resolution 9**

    Ordinary Resolution - Authority to allot and issue shares pursuant to Section 75 & 76 of the Companies Act 2016

    The proposed Ordinary Resolution 9 is a renewable mandate for the issue of shares under Section 75 & 76 of the Companies Act 2016. If passed, it will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares (other than bonus or rights issue) and for such purposes as they consider would be in the best interests of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 10 September 2019 pursuant to this authority.

The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to the placing of shares, funding future investment(s), acquisition(s) and working capital and thereby reducing administrative time and cost associated with the convening of such meeting(s).

13. Resolution 10

Ordinary Resolution - Authority to Continue in Office as Independent Non-Executive Director

In line with the Malaysian Code on Corporate Governance, the Board of Directors has assessed the independence of Dato' Tan Guan Cheong, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and the Board has recommended for him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

i. Dato' Tan Guan Cheong has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and hence, he would be able to provide an element of objectivity, independent judgement and balance to the Board;

ii. His length of services on the Board of more than nine (9) years does not in any way interfere with his exercise of objective judgement or their ability to act in the best interests of the Company and Group. In fact, Dato' Tan Guan Cheong, who has been with the Company for more than nine (9) years, is familiar with the Group's business operations and has devoted sufficient time and commitment to his role and responsibilities as an Independent Director for informed and balanced decision-making; and

iii. He has exercised due care during his tenure as Independent Director of the Company and has discharged his duties with reasonable skill and competence, bringing independent judgement and depth into the Board's decision-making in the interest of the Company and its shareholders.

14. Resolution 11

Ordinary Resolution - Proposed renewal of authority for purchase of own shares by the Company

The proposed Ordinary Resolution 11 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

Further information on the Proposed Renewal of Authority for Purchase of Own Shares by the Company is set out in the Share Buy-Back Statements to Shareholders of the Company which can be downloaded from our website.

Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. The Directors who are standing for re-election in accordance with Clause 91 of the Constitution of the Company at the Annual General Meeting of the Company are as follows:

a. Mr. Kuan Mun Leong **(Resolution 4)**

b. Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria **(Resolution 5)**

c. Datuk Seri Nurmala binti Abdul Rahim **(Resolution 6)**

2. The Director who is standing for re-election in accordance with Clause 96 of the Constitution of the Company at the Annual General Meeting of the Company is as follows:

a. Datuk Loo Took Gee **(Resolution 7)**

3. The detailed profiles of the above Directors who are standing for re-election are set out in the Directors' Profile set out on pages 16 to 20 of the Annual Report and their securities holdings in the Company are set out in the Analysis of Shareholdings on page 153 to 156.

4. Board Meetings held in the financial year ended 31 March 2020

There were Five (5) Board Meetings held during the financial year ended 31 March 2020. Details of the attendance of the Directors are as follows:

Directors	Attendance
KUAN KAM HON @ KWAN KAM ONN	5/5
KUAN MUN LEONG	5/5
KUAN MUN KENG	5/5
DR. DANARAJ A/L NADARAJAH (Resigned on 1/7/2020)	5/5
DATO' TAN GUAN CHEONG	5/5
RAZMAN HAFIDZ BIN ABU ZARIM	5/5
TAN SRI DATUK DR. REBECCA FATIMA STA. MARIA	5/5
DATUK SERI NURMALA BINTI ABDUL RAHIM	5/5
DATUK LOO TOOK GEE (Appointed on 5/11/2019)	1/1

5. Place, Date and Time of Meeting

The Fourteenth (14th) Annual General Meeting of the Company will be conducted fully virtual from the Broadcast Venue at the Auditorium, 3A Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan on Tuesday, 15 September 2020, at 9.30 a.m.

PROXY FORM

Hartalega

HARTALEGA HOLDINGS BERHAD
Registration No. 200601022130 (741883-X)
(Incorporated in Malaysia)

*I/*We ....
(Full Name in Block Capitals)

of..
(Address)

being a member/members of Hartalega Holdings Berhad, hereby appoint:

1) Name of proxy:..NRIC No: ....
(Full Name in Block Capitals)
Address:.. No. of shares represented:...

2) Name of proxy:..NRIC No: ....
(Full Name in Block Capitals)
Address:.. No. of shares represented:...

or, *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us on *my/*our behalf at the **Fourteenth (14th) Annual General Meeting** of **Hartalega Holdings Berhad** to be conducted fully virtual from the Broadcast Venue at the Auditorium, 3A Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan on Tuesday, 15 September 2020, at 9.30 a.m. or at any adjournment thereof.

*My/*Our Proxy(ies) is/are to vote as indicated below:

NO.	RESOLUTIONS	FOR*	AGAINST*
1	To approve the payment of a final dividend of 2.1 sen per share single tier		
2	To approve the payment of Directors' Fees of RM1,082,000.00, and benefits of RM28,750.00, for the financial year ended 31 March 2020		
3	To approve the payment of Directors' Fees of up to RM2,196,000.00 and benefits of up to RM53,500.00, from 1 April 2020 until the next Annual General Meeting		
4	To re-elect Mr. Kuan Mun Leong as Director		
5	To re-elect Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria as Director		
6	To re-elect Datuk Seri Nurmala binti Abdul Rahim as Director		
7	To re-elect Datuk Loo Took Gee as Director		
8	To re-appoint DELOITTE PLT (LLP0010145-LCA) (AF0080) as Auditors of the Company and to authorise the Directors to determine their remuneration		
9	**Special Business** - Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016		
10	**Special Business** - Authority to continue in office, Dato' Tan Guan Cheong as Independent Non-Executive Director		
11	**Special Business** - Authority for purchase of own shares by the Company		

(Please indicate with an "X" in the appropriate space above how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

Dated this ______ day of ____________ 2020

Number of shares held	
CDS Account No.	

Signature / Seal of Shareholders: ____
[*Delete if not applicable]

Notes:

(A) The Agenda item 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 the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.

(1) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

(2) Subject to Note (3) below, where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

(3) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.

(4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(5) Where the Form of Proxy is executed by a corporation, it must be executed under its seal or under the hand of its attorney.

(6) In support of the Government of Malaysia's (the Government) ongoing efforts to contain the spread of the Coronavirus (Covid-19) and the Government's advice of social distancing and not having mass gatherings, the Company would like to leverage on technological advancements by conducting the Fourteenth Annual General Meeting of the Company (the Meeting or AGM) on a fully virtual basis through electronic live streaming and online remote voting, pursuant to Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution. The Company will be using Boardroom's LUMI AGM solution accessible at https://web.lumiagm.com/. You may also download the free "Lumi AGM" app from the Apple App Store or Google Play store. Please follow the procedures as stipulated in the Administrative Details for the Meeting in order to register, participate and vote virtually via Boardroom's LUMI AGM solution.

(7) The main and only venue of the virtual meeting is strictly to serve as the broadcast venue where the chairperson of the meeting shall be physically present and no shareholders/proxies shall be physically present at the broadcast venue. The meeting will be in compliance with Section 327(2) of the Companies Act 2016 which provides that the main venue of the AGM shall be in Malaysia and the chairperson must be present at the main venue of the AGM. The electronic means of conducting AGM on a fully virtual basis will facilitate and enable all shareholders to participate fully in the proceedings by audio and/or video capabilities without the need to be physically present at the meeting venue, which is advantageous given the current circumstances relating to Covid-19 and best health practices.

(8) 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, must, to be valid, must be deposited at the office of the Share Registrar, Boardroom Share Registrar Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Online Portal at https://boardroomlimited.my by logging in and selecting "E-PROXY LODGEMENT" (please refer to the Administrative Details for details) not less than forty-eight (48) hours before the time appointed for holding of the meeting or at any adjournment thereof.

(9) Shareholders/proxies/corporate representatives would need to register as a member of Boardroom's Smart Investor Online Portal first before they can request for the Remote Participant User identification number and password to virtually attend, participate, speak and vote at the above Meeting via Boardroom's LUMI AGM solution, in accordance with Administrative Details.

(10) Only a depositor whose name appears on the Record of Depositors as at 9 September 2020 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

(11) Pursuant to Clause 58 of the Constitution of the Company, all resolutions set out in this Notice will be put to vote by way of poll.

Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

fold here

Stamp

HARTALEGA HOLDINGS BERHAD
Registration No. 200601022130 (741883-X)

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200, Petaling Jaya
Selangor Darul Ehsan

fold here

Hartalega

Corporate Office

C-G-9, Jalan Dataran SD1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur, Malaysia
Tel : +603-6277 1733
Fax : +603-6280 2533
Email : info@hartalega.com.my

Factory

No. 7, Kawasan Perusahaan Suria
45600 Bestari Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603-3280 3888
Fax : +603-3271 0135

No. 1, Persiaran Tanjung
Kawasan Perindustrian Tanjung
43900 Sepang
Selangor Darul Ehsan, Malaysia

www.hartalega.com.my