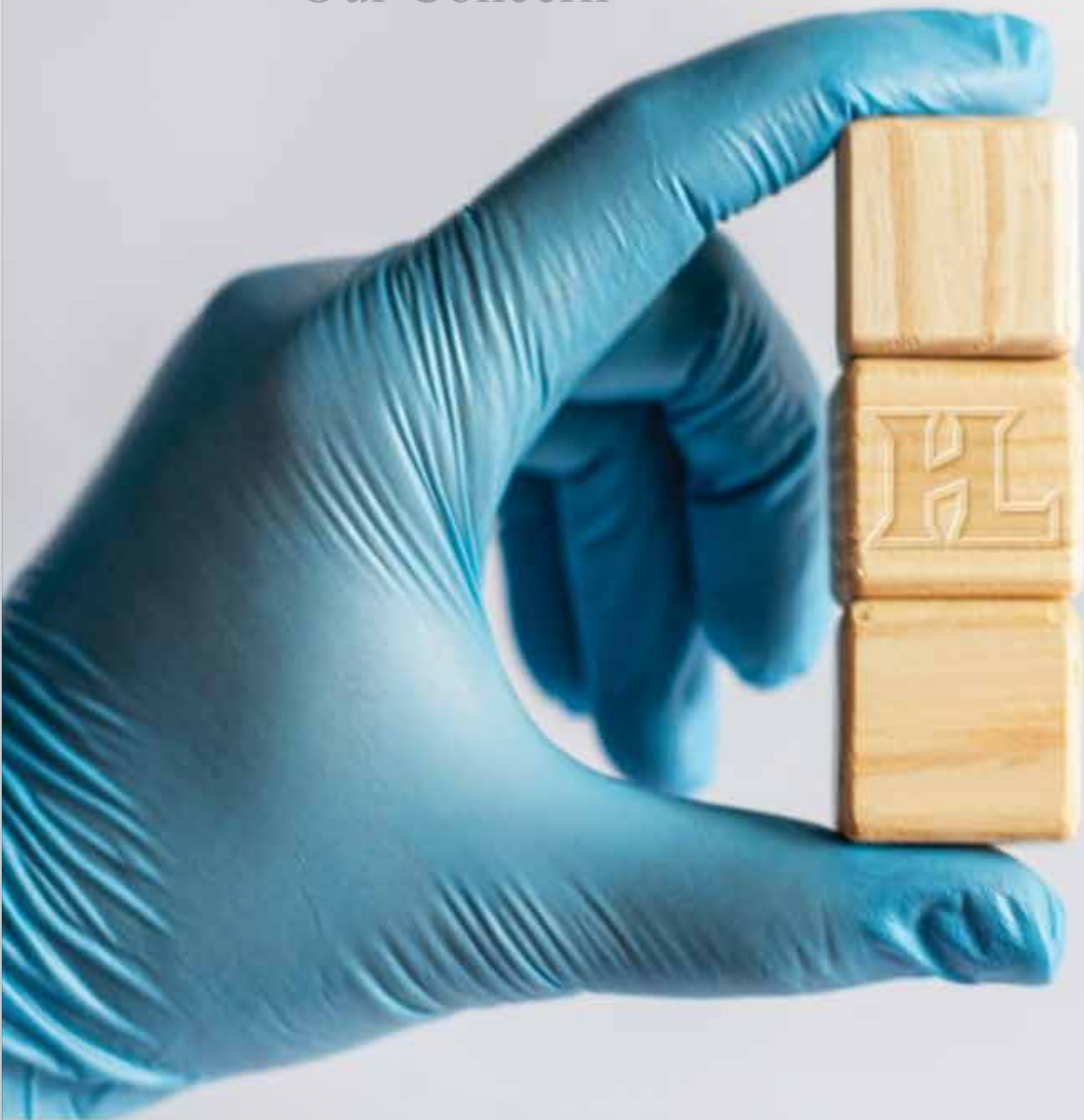


Your Protection,  
Our Concern



## **HLT GLOBAL BERHAD**

201501038003 (1163324-H)

**KNOWLEDGE & EXPERIENCE IN GLOVE DIPPING TECHNOLOGY**

A N N U A L   R E P O R T   2 0 2 0

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Wong Wai Tzing**

Independent Non-Executive Chairperson

**Chui Mee Chuen**

Executive Director / Chief Financial Officer

**Wong Kok Wah**

Deputy Chairman / Executive Director

**Yau Ming Teck**

Non-Independent Non-Executive Director

**Chan Yoke Chun**

Executive Director / Chief Executive Officer

**Wong Koon Wai**

Independent Non-Executive Director

### COMPANY SECRETARY

Tea Sor Hua (MACS 01324)  
(CCM PC NO. 201908001272)

### REGISTERED OFFICE

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

### AUDITORS

Crowe Malaysia PLT  
(201906000005(LLP0018817-LCA) &  
AF1018)  
Level 16 Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel No: 03-2788 9999

### AUDIT AND RISK MANAGEMENT COMMITTEE

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

### BUSINESS ADDRESS

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

### PRINCIPAL BANKER

Public Bank Berhad

### NOMINATION AND REMUNERATION COMMITTEE

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

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia  
Securities Berhad

Stock Code : 0188

Stock Name : HLT

### EMPLOYEE SHARE OPTION SCHEME COMMITTEE

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

### SHARE REGISTRAR

Securities Services (Holdings)  
Sdn Bhd (197701005827(36869-T))  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel No : 03-2084 9000  
Fax No : 03-2094 9940

## NOTICE OF SIXTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixth Annual General Meeting of HLT GLOBAL BERHAD (“HLT” or “the Company”) will be held on a fully virtual basis and entirely via remote participation and voting at the Broadcast Venue: Conference Room of HLT, No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor on Monday, 31 May 2021 at 10:30 a.m. or at any adjournment thereof, to transact the following businesses:-

### AGENDA

#### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 1*
2. To approve the payment of Directors’ fees and/or benefits of up to RM400,000.00 for the financial year ending 31 December 2021. *(Ordinary Resolution 1)*
3. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company’s Constitution:-
  - i. Mr. Wong Kok Wah *(Ordinary Resolution 2)*
  - ii. Mr. Yau Ming Teck *(Ordinary Resolution 3)*
4. To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting (“AGM”) and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 4)*

#### AS SPECIAL BUSINESS:

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

5. **GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *(Ordinary Resolution 5)*

“THAT subject always to the Constitution of the Company, the Companies Act 2016 (“Act”), the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.”

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

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

"THAT approval be and is hereby given for the renewal of existing shareholders' mandate for the Company and/or its subsidiaries ("Group") to enter into recurrent related party transactions of a revenue and/or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.8 of the Circular to Shareholders dated 30 April 2021 ("Circular"), subject further that the Recurrent Related Party Transactions are entered into in the ordinary course of business which are:

- (i) necessary for the day-to-day operations of the Group;
- (ii) on normal commercial terms and transaction price which are not more favourable to the related parties than those generally available to the public;
- (iii) undertaken on arm's length basis; and
- (iv) not to the detriment of the minority shareholders of the Company.

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

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

whichever is the earliest.

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

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

### 7. **PROPOSED SHARE BUY-BACK OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED SHARE BUY-BACK AUTHORITY")** *(Ordinary Resolution 7)*

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

- (i) the maximum aggregate number of HLT Shares, which may be purchased by the Company, shall not exceed 10% of the total number of issued shares in the Company at any point in time subject to compliance with the provision of the Act, the Listing Requirements of Bursa Securities and/or any other relevant authorities;
- (ii) the maximum amount of funds to be allocated for the proposed share buy-back shall not exceed the aggregate of the retained profits of the Company; and
- (iii) the authority conferred by this resolution shall be effective immediately after the passing of this resolution and shall continue to be in force until:-
  - (a) the conclusion of the next AGM of HLT following the general meeting at which the ordinary resolution for the Proposed Share Buy-Back Authority is passed, at which time shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
  - (b) the expiration of the period within the next AGM is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholder of the Company at a general meeting,

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

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

- (i) cancel the purchased HLT Shares; or

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

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

AND THAT the Directors of the Company, be and are hereby authorised and empowered to do all acts and things and to take all such steps as necessary or expedient (including opening and maintaining a Central Depository System account) and to enter into and execute, on behalf of the Company, any instrument, agreement and/or arrangement with any person, and with full power to assent to any condition, modification, variation and/or amendment as may be imposed by Bursa Securities or any relevant regulatory authority, and/or as may be required in the best interest of the Company and to take all such steps as they may deem fit, necessary and expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Share Buy-Back Authority."

### 8. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

*(Special Resolution)*

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

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

By order of the Board

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

Petaling Jaya, Selangor Darul Ehsan  
 30 April 2021

#### Notes:

- (a) The Sixth AGM of the Company ("Meeting") will be conducted fully virtual through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services ePortal's platform at <https://www.sshsb.net.my/>. Please follow the procedures provided in the Administrative Notes for the Meeting in order to register, participate and vote remotely via the RPV facilities.



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

- (b) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 61 of the Company's Constitution which require the Chairman of the Meeting to be present at the main venue of the Meeting. Members/proxies **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue. Members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.
- (c) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy appointed by the member shall have the same rights as the member to participate, speak and vote at the Meeting. The members or their proxies may submit questions to the Company prior to the Meeting or via real time submission of typed texts through a text box within Securities Services ePortal's platform during live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in the primary mode of communication, shareholders and proxies may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the Meeting.
- (d) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 24 May 2021. Only members whose names appear in the General Meeting Record of Depositors as at 24 May 2021 shall be regarded as members and entitled to attend, participate, speak and vote at the Meeting.
- (e) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (f) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (g) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (h) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (i) To be valid, the instrument appointing a proxy may be made via hardcopy or by electronic means in the following manners and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof at which the person named in the appointment proposes to vote:-

### (1) In Hardcopy Form

The proxy form shall be deposited at the share registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

### (2) By Electronic Means

The proxy form shall be electronically lodged via Securities Services ePortal's platform at <https://www.sshsb.net.my/> or by fax to +603-2094 9940 or by email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my).



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

- (j) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- (k) In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our Meeting at short notice. Kindly check Bursa Securities' and the Company's website at [www.hltglobal.com.my](http://www.hltglobal.com.my) for the latest updates on the status of the Meeting.

### **EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS**

#### **1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2020**

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

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

Pursuant to Section 230(1) of the Companies Act 2016, the fee of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees and benefits for the financial year ending 31 December 2021. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for such shortfall.

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

The Company had at its Fifth AGM held on 22 June 2020 ("5th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("20% General Mandate"). This 20% General Mandate will expire at the conclusion of this AGM.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the 5th AGM which will lapse at the conclusion of the 6th AGM.

The Ordinary Resolution 5 proposed under item 5 of the Agenda, is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("20% General Mandate"). This 20% General Mandate may be utilised by the Company to issue and allot new ordinary shares **until 31 December 2021** and thereafter, unless extended by Bursa Securities, the 10% limit under Rule 6.04(1) of the Listing Requirements of Bursa Securities will be reinstated. This authority, unless revoked or varied at general meeting, will expire at the next AGM.

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

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

### The Board of Directors' Statement

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

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

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

The Ordinary Resolution 6 proposed under item 6 of the Agenda, if passed, will give a mandate to the Group to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to the Rule 10.09 of the Listing Requirements of Bursa Securities. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 30 April 2021 for further information.

#### **5. Item 7 of the Agenda – Proposed Share Buy-back Authority**

The Ordinary Resolution 7 proposed under item 7 of the Agenda is to seek the shareholders' mandate on the authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company. This Ordinary Resolution, if passed, will empower the Directors of the Company to purchase its own ordinary shares of up to 10% of the total number of issued shares of the Company through Bursa Securities at any time within the time stipulated.

Please refer to the Share Buy-Back Statement dated 30 April 2021 for further details of the Proposed Share Buy-Back Authority.

#### **6. Item 8 of the Agenda – Proposed Amendments to the Constitution of the Company**

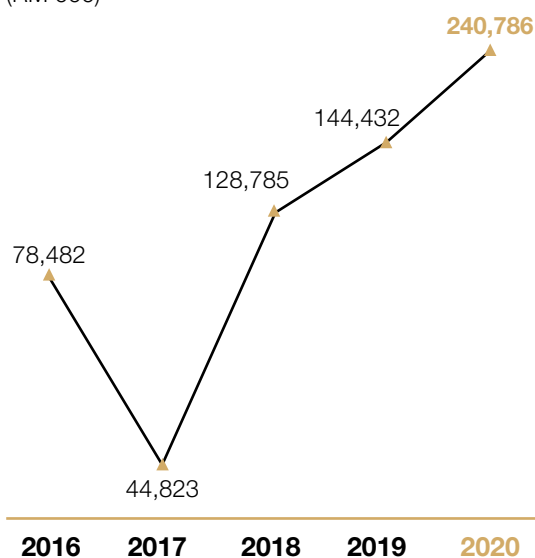
The proposed amendments to the Constitution of the Company under item 8 of the Agenda is primarily to align the Company's Constitution with the Companies (Amendment) Act 2019 which came into operation on 15 January 2020 and to provide clarity on the objects of the Company as well as to enhance administrative efficiency.

The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

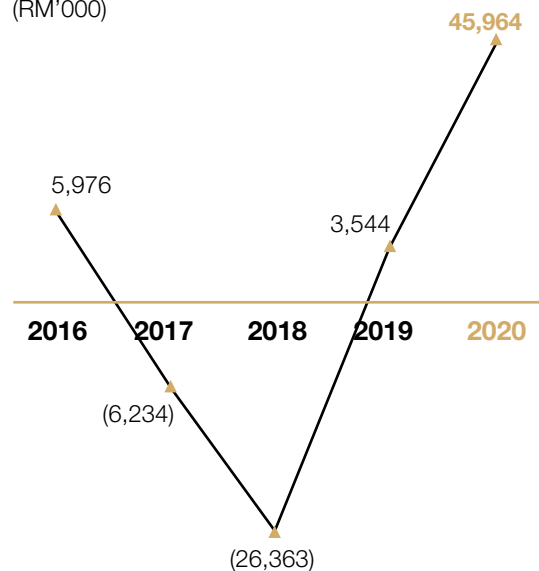
## FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
Revenue (RM'000)	78,482	44,823	128,785	144,432	<b>240,786</b>
Profit/(Loss) before taxation (RM'000)	5,976	(6,234)	(26,363)	3,544	<b>45,964</b>
Earnings/(Loss) per share (sen)	2.63	(2.34)	(5.56)	0.94	<b>2.92</b>
Net assets per share (sen)	15.83	11.12	9.36	10.3	<b>16.4</b>

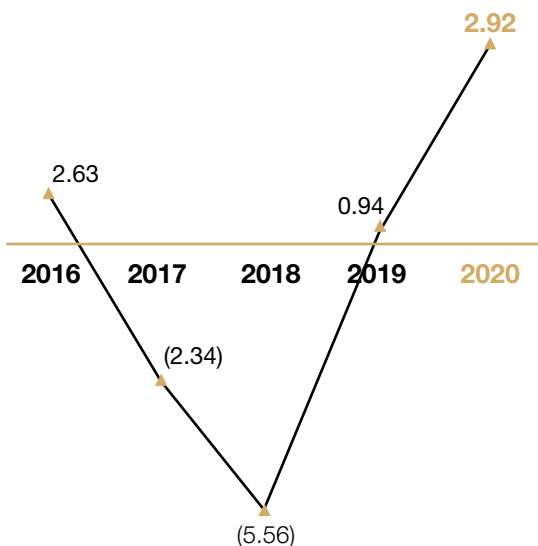
**Revenue**  
(RM'000)



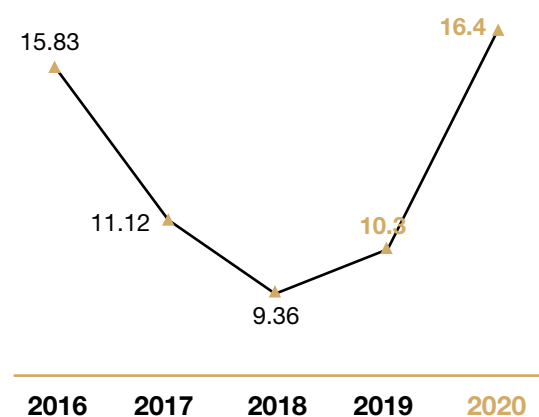
**Profit/(Loss) Before Taxation**  
(RM'000)



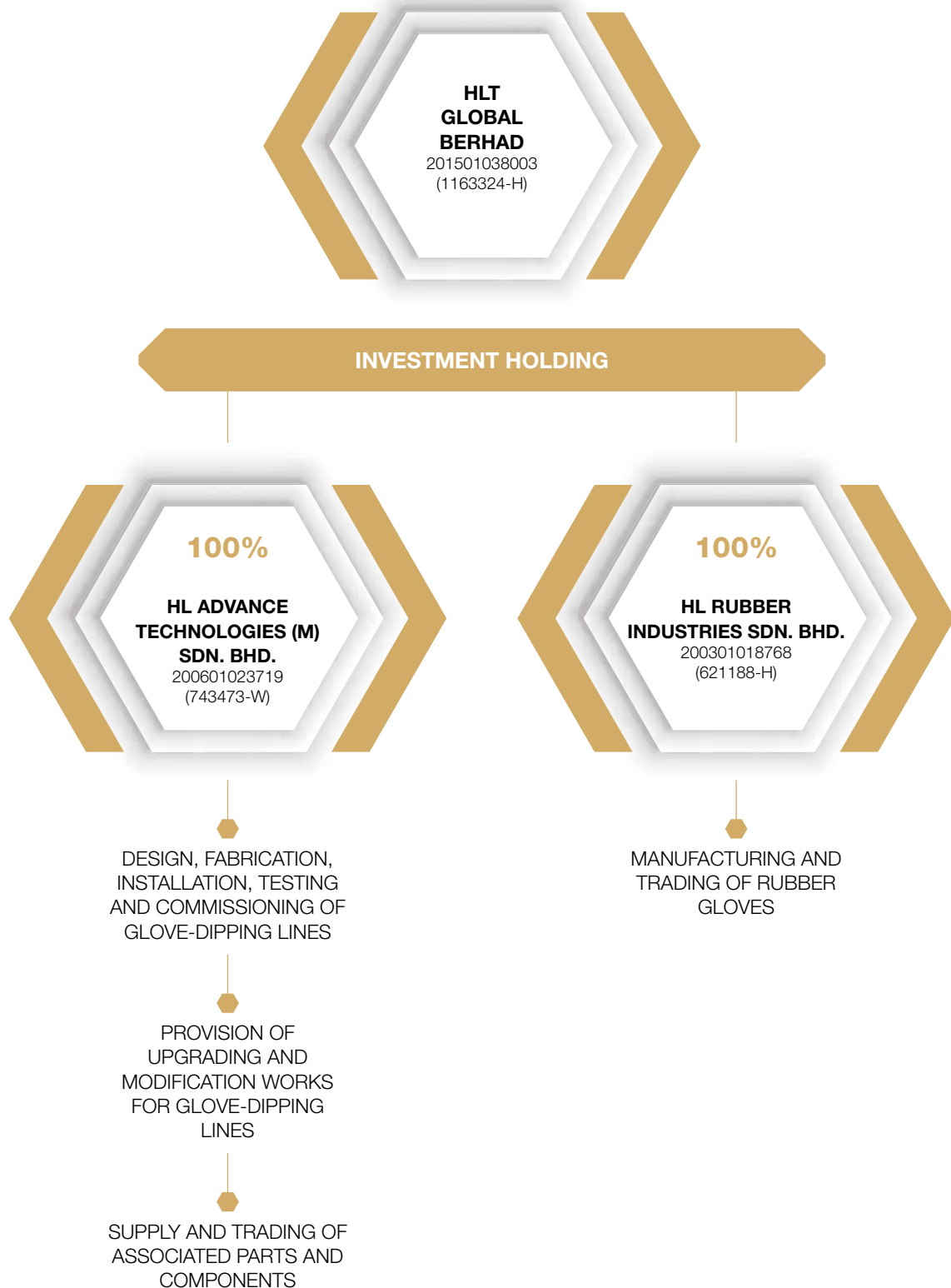
**Earnings/(Loss) Per Share**  
(Sen)



**Net Assets Per Share**  
(Sen)



## CORPORATE STRUCTURE



## PROFILE OF DIRECTORS

### Wong Wai Tzing

*Independent Non-Executive  
Chairperson*

**Ms. Wong Wai Tzing**, a Malaysian female aged 64, is our Independent Non-Executive Chairperson. She was appointed to our Board on 8 January 2016 and is a member of the Audit and Risk Management Committee and Nomination and Remuneration Committee.

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

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

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

She attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

### Wong Kok Wah

*Deputy Chairman /  
Executive Director and  
Key Senior Management*

**Mr. Wong Kok Wah**, a Malaysian male aged 55, is our co-founder and Deputy Chairman / Executive Director. He is also our major shareholder. He was appointed to our Board on 22 October 2015. He is responsible for overseeing our Group's business development and sales as well as our entire manufacturing operations.

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

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

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

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

He attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

## PROFILE OF DIRECTORS (CONT'D)

### Chan Yoke Chun

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

**Ms. Chan Yoke Chun**, a Malaysian female aged 58, is our co-founder and Executive Director/ CEO. She is also a major shareholder of the Company. She was appointed to our Board on 22 October 2015. She is responsible for overseeing the overall management and operations of our Group.

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

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

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

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

She attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

## PROFILE OF DIRECTORS (CONT'D)

### Chui Mee Chuen

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

**Ms. Chui Mee Chuen**, a Malaysian female aged 42, is the Executive Director/ CFO of our Group. She was appointed to our Board on 26 September 2018. She is responsible for overseeing the finance and accounting functions of our Group.

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

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

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

Ms. Chui does not hold directorship on other public companies and listed corporation.

She attended all four (4) Board Meetings held during the financial year ended 31 December 2020.



## PROFILE OF DIRECTORS (CONT'D)

### Yau Ming Teck

*Non-Independent  
Non-Executive Director*

**Mr. Yau Ming Teck**, a Malaysian male aged 50, is our Non-Independent Non-Executive Director. He was appointed to our Board on 30 October 2015 and is a member of the Audit and Risk Management Committee and Nomination and Remuneration Committee.

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

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

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

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

He attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

## PROFILE OF DIRECTORS (CONT'D)

### Wong Koon Wai

*Independent  
Non-Executive Director*

**Mr. Wong Koon Wai**, a Malaysian male aged 46, is our Independent Non-Executive Director. He was appointed to our Board on 8 January 2016 and he is the Chairman of the Audit and Risk Management Committee and Nomination and Remuneration Committee.

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

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

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

He is also a director of Golden Plus Holdings Berhad and several other private companies.

He attended all four (4) Board Meetings held during the financial year ended 31 December 2020.

#### Notes:

1. *None of the Directors have family relationship with other Directors or major shareholders of the Company except for the following:-*
  - a) *Mr. Wong Kok Wah is the spouse of Ms. Chan Yoke Chun, a Director and major shareholder of the Company*
  - b) *Ms. Chan Yoke Chun is the spouse of Mr. Wong Kok Wah, a Director and major shareholder of the Company*
2. *None of the Directors have any conflict of interest with the Company.*
3. *None of the Directors have been convicted of any offence in the past five (5) years, or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2020.*

## PROFILE OF KEY SENIOR MANAGEMENT

### GLOVE-DIPPING LINES

#### Chan Kok Kien

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

**Mr. Chan Kok Kien**, a Malaysian male aged 44, is the Operation Manager of our Group. He is responsible for managing and overseeing on-site operation for our Group.

Mr. Chan graduated with a Bachelor Degree in Engineering majoring in Electrical from Multimedia University in 2001. He started his career in 2002 at Viscount Plastics (Malaysia) Sdn Bhd as Production engineer, where he was involved in production planning, plant machinery utilisation efficiency, preventive and schedule maintenance. He later joined KC Engineering & Trading, a company principally involve in designing

and manufacturing of rubber processing machinery in 2006 as Project Engineer where he was responsible for various machinery design and production planning as well as product marketing development.

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

#### Choong Siew Meng

*Factory Manager of HLA*

**Mr. Choong Siew Meng**, a Malaysian male aged 50, is the Factory Manager of our Group since 2014. He is responsible for overseeing all fabrication works performed at our factory.

Mr. Choong studied at Sekolah Menengah Kebangsaan San Peng until 1986 after which he was an apprentice in a metal fabrication business from 1987 until 1991. In 1991, he joined Yee Wah Engineering Sdn Bhd, a company involved in the metal fabrication of machinery and equipment, as Mechanic where he was responsible for machinery repair and metal fabrication works until he left the company in 2000. He was later a freelance subcontractor in metal fabrication works from 2000 to 2001, before he rejoined Yee Wah Engineering Sdn Bhd as Mechanic in 2001. He subsequently joined Hup Lek Engineering in 2007 as Supervisor where he was mainly responsible for supervising factory operations.

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

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

### Chin Shiau Wan

*Purchasing and Logistics Manager of HLA*

**Ms. Chin Shiau Wan**, a Malaysian female aged 43, is the Purchasing and Logistics Manager of our Group since 2014. She is responsible for overseeing our purchasing and logistics functions.

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

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

## RUBBER GLOVES

### Bong Swee Chin

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

**Mr. Bong Swee Chin**, a Malaysian male aged 48, is the Quality Assurance Manager of HLRI since 2016. He is responsible for overseeing all the factory quality process activities and other production supporting activities which assigned to him.

Mr. Bong having around 20 years working experience in which 10 years in rubber glove industry.

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

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

### Rusli Bin Yahaya

*Production Manager of HLRI*

**Mr. Rusli Bin Yahaya**, a Malaysian male aged 54, the Production Manager of HLRI since 2019. He is responsible for overseeing the production activities of HLRI.

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

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

#### **Notes:**

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

- a) any directorship in public companies and listed corporations;*
- b) any family relationship with any Directors and/or major shareholders of the Company;*
- c) any conflict of interest with the Company; and*
- d) been convicted of any offence in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 31 December 2020.*

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF THE GROUP'S BUSINESS

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

#### Glove-Dipping Lines Segment

HLA is principally involved in the following business activities:-

- (i) design, fabrication, installation, testing and commissioning of glove-dipping lines ("**Sale of New Lines**");
- (ii) provision of upgrading and modification works for glove-dipping lines ("**Upgrade and Modification**"); and
- (iii) supply and trading of associated parts and components ("**Supply and Trading**").

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

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

#### Rubber Gloves Segment

HLRI, a 55%-owned subsidiary of HLT, commenced operations in 2003 and since its established has proven track record on delivering quality products and services to its multinational customers. HLT completed the acquisition of the remaining 45% issued and paid-up share capital of HLRI on 5 April 2021.

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

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

### FINANCIAL RESULTS & FINANCIAL POSITION

For the financial year ended 31 December 2020 ("**FYE 2020**"), we reported a profit after taxation ("**PAT**") of RM30.20 million as compared to RM4.01 million in the financial year ended 31 December 2019 ("**FYE 2019**"). The increase in the PAT for the FYE 2020 was mainly attributed to better performance from both Glove-Dipping Lines Segment and Rubber Gloves Segment.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL RESULTS & FINANCIAL POSITION (CONT'D)

Certain financial and non-financial indicators pertaining to our financial performance and financial position for the FYE 2020 vis-à-vis the FYE 2019 are as follows:-

	FYE 2020 RM'000	FYE 2019 RM'000	% Change
<b>Our financial performance</b>			
Revenue	240,786	144,432	66.71
Gross profit("GP")	72,692	13,669	431.80
Profit before taxation ("PBT")	45,964	3,544	1,196.95
PAT	30,198	4,013	652.50
Gross profit margin (%)	30.19	9.46	20.73
PBT margin (%)	19.09	2.45	16.64
PAT margin (%)	12.54	2.78	9.76
<u>Revenue</u>			
Glove-Dipping Lines	68,490	53,760	27.40
Rubber Gloves	172,296	90,672	90.02
Corporate	—	—	—
<u>GP</u>			
Glove-Dipping Lines	15,188	12,400	22.48
Rubber Gloves	57,504	1,269	4,431.44
Corporate	—	—	—
<u>PBT/Loss Before Tax ("LBT")</u>			
Glove-Dipping Lines	11,015	6,116	80.10
Rubber Gloves	44,990	(2,290)	(2,064.63)
Corporate	(10,041)	(282)	3,460.64
<u>PAT/Loss After Tax ("LAT")</u>			
Glove-Dipping Lines	8,365	6,016	39.05
Rubber Gloves	31,874	(1,721)	(1,952.06)
Corporate	(10,041)	(282)	3,460.64
	<b>As at 31 December 2020 RM'000</b>	<b>As at 31 December 2019 RM'000</b>	<b>% Change</b>
<b>Our financial position</b>			
Total non-current assets	46,854	32,309	45.02
Total current assets	193,943	87,488	121.68
Total non-current liabilities	4,691	3,532	32.81
Total current liabilities	99,067	41,932	136.26
Total equity attributable to owners of the Company	101,161	52,736	91.83
<b>Our production level</b>			
Estimated units of glove-dipping lines manufactured	14	8	



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL RESULTS & FINANCIAL POSITION (CONT'D)

During the financial year under review, our revenue increased by 66.71% or RM96.35 million which was mainly attributable to the increase in revenue from both Glove-Dipping Lines Segment and Rubber Gloves Segment. The GP and GP margin of RM72.69 million and 30.19% respectively for the FYE 2020 as compared to RM13.67 million and 9.46% for the FYE 2019. The improved in the GP and GP margin was mainly attributable to better performance from both the Glove-Dipping Lines and Rubber Gloves Segment as compared to previous financial year.

Our PBT of RM45.96 million for the FYE 2020 as compared to RM3.54 million has spiked by 1,196.95%. Our PAT also soared to RM30.20 million, a spike of 652.50% from the previous financial year. The increase in the profit was contributed from our two segments especially the Rubber Gloves Segment. It was due to surge in the demand of rubber gloves and increase in the average selling price of rubber glove during the COVID-19 pandemic period. The total expenses for the group were RM29.43 million. The increase of RM18.09 million in the total expenses was mainly due to fair value recognition of Employees Share Option Scheme and commission paid for selling rubber gloves.

Total assets of the Group stands at RM240.80 million. The Group had incurred RM19.67 million of capital expenditure during the financial year under review. The major additions are the fabrication and development of two (2) new Triple Former Glove-Dipping lines and the replacement of machinery parts and tools for the existing glove-dipping lines. The significant increase in current assets was attributable by increase in inventories, other receivables, deposits and prepayments, contract assets, cash and cash equivalent and new placement of fixed deposits but partly offset by decrease in trade receivables and amount owing by related parties. The increase in other receivables, deposits and prepayments was mainly due to deposits paid and advance payment made to supplier for purchasing the raw materials. Cash position increased by RM95.77 million to RM117.23 million (including fixed deposit with a licensed bank of RM1.5 million with tenure of more than 3 months), this was driven by new high record of sales throughout the FYE 2020. Notwithstanding a decrease in the trade receivables of RM4.12 million, the management had recognised an allowance for impairment loss of RM1.80 million and reversal of impairment loss of RM2.28 million. The management believes that the remaining trade receivables are fully recoverable taking into consideration the long-term business relationship with the customers.

The non-current liabilities as of FYE 2020 represent the term loan and deferred tax liabilities of the Group. The current liabilities increased by 136.26% as compared to the balance as at 31 December 2019. The increase was mainly attributed to the increase in trade payables, other payables, contract liabilities, amount owing to related parties and current tax liabilities and partly offset by decrease in borrowings. The borrowings consisted of term loans and a lease liability. The Group had fully settled term loans of HLRI and the lease liability during the FYE 2020, the total net repayment of borrowings were RM1.20 million. The increase in other payables was mainly due to the advance payment made by the customers for orders of rubber gloves. The increase in the contract liabilities was mainly due to advance consideration received from few customers with secured orders of RM90.61 million at FYE 2020.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### OPERATING ACTIVITIES

#### Glove-Dipping Lines Segment

For the FYE 2020, our Sale of New Lines continued to be the main contributor of revenue where it accounted for 97.09% of our total revenue for Glove-Dipping Lines Segment. The total value of new orders for glove-dipping lines secured in the FYE 2020 of RM96.198 million was higher than that of RM74.26 million for the FYE 2019. The revenue from our Sale of New Lines segment for the FYE 2020 increased by RM16.42 million from the RM50.07 million for the FYE 2019 mainly attributable to revenue contribution from both outstanding FYE2019's orders and new orders secured during the year. As at 31 December 2020, our outstanding value of orders to be recognised as revenue subsequent to the FYE 2020 amounted to RM88.29 million.

Revenue from our Upgrade and Modification and Supply and Trading accounted for 2.69% and 0.22% respectively of our total revenue for Glove-Dipping Lines Segment for the FYE 2020.

For the FYE 2020, our new orders for glove-dipping lines were secured from five (5) customers, were made up of a combination of two (2) local order for fourteen (14) glove-dipping lines and four (3) foreign orders for four (4) glove-dipping lines.

Our revenue was generated from a combination of local sales and foreign sales to countries such as Vietnam, Thailand and Indonesia. For the FYE 2020, our revenue from Glove-Dipping Lines Segment continued to be contributed by both local sales and foreign sales, which contributed 81.10% and 18.90% respectively of our total revenue.

#### Rubber Gloves Segment

The Rubber Gloves Segment contributed RM172.30 million or 71.56% revenue to the Group's total revenue, increased by 90.02% from FYE 2019. Export sales contributed 72.13% of the total revenue of Rubber Gloves Segment. The export markets mainly consist of Taiwan, United States of America, Hong Kong and Singapore.

The Rubber Gloves Segment recorded a gross profit of RM57.50 million with a gross profit margin of 33.37%. The operating expenses for Rubber Gloves Segment were RM12.51 million which made up the PBT of RM44.99 million and PAT of RM31.87 million.

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

### ANTICIPATED OR KNOWN RISKS

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

#### **a) Glove-Dipping Lines Segment**

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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

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

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

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

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

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

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

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

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

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

##### (iv) **Fluctuations in our gross profit margin**

The pricing of our glove-dipping lines varies from customer to customer as they are made to customers' specifications with different requirements. Accordingly, the gross profit margin of our orders for glove-dipping lines varies from order to order and is generally determined by us after taking into consideration the specifications of the subject glove-dipping lines with due regard to the material used, production parameters, dimensional measurement, process complexity and logistic arrangement as well as the potential repeat orders in the future. In view of the above, our gross profit margin fluctuates from year to year and for the FYE 2019 to FYE 2020, we experienced a decrease in our gross profit margin from 23.07% 22.18%.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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

#### b) Rubber Gloves Segment

##### (i) Competition

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

##### (ii) Foreign exchange fluctuations

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

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

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

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### TREND AND OUTLOOK

The economy registered a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. For 2020 as a whole, the economy contracted by 5.6%. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity during the fourth quarter. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: 18.2%). (Source: *Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2020*, Bank Negara Malaysia)

Malaysia is globally renowned for its high quality and competitively priced rubber products. Malaysian rubber products manufacturers comprise multinationals and joint ventures from various countries including USA, Europe and Japan, as well as locally-owned enterprises. Malaysia remains the world's leading supplier for medical gloves (examination and surgical gloves), satisfying more than 50% of global demand. The rubber glove industry in Malaysia is a vibrant and growing industry, as evidenced by the growth in the Malaysian exports of rubber gloves from RM13.10 billion in year 2015 to RM17.35 billion in year 2019, registering a compound annual growth rate of 7.3%. During the year 2020, Malaysia exported approximately RM35.26 billion worth of rubber gloves. (Source: *Malaysia Rubber Export Promotion Council Website*, [www.mrepc.com](http://www.mrepc.com))

The prospect for growth in the rubber glove industry are positive as the industry is expected to continue to be driven by growth in the global and domestic healthcare industry, increasing demand arising from other end-user markets such as manufacturing, continued growth in the global economy, and availability of raw materials utilised in the manufacturing of rubber gloves. Given the vibrant and growing rubber glove industry in Malaysia, the prospect of our Rubber Gloves Segment would seem promising. Further, in view of the outbreak of COVID-19, the Group envisages strong demand for the rubber gloves, especially from the global and domestic healthcare industry as well as the various end-user markets such as manufacturing, industrial, food processing, semiconductor, electronics and beauty.

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

### DIVIDEND POLICY

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

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

# SUSTAINABILITY STATEMENT

## INTRODUCTION

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

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

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

## GOVERNANCE STRUCTURE

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

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

## KEY SUSTAINABILITY AREAS

### 1. ECONOMIC

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

The Group is pleased to report that one of our subsidiaries, HL Rubber Industries Sdn. Bhd. (“**HLRI**”) had been certified under ISO 9001 : 2015 Quality Management System for manufacture of non-sterile latex and nitrile examination gloves. HLRI had demonstrate its ability to consistently provide products that meet customer and applicable regulatory requirements. HLRI aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable regulatory requirements.

### 2. ENVIRONMENT

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

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

The management is concerned about the energy consumption which is cost factor and also impacts on the environment. A Solar Photovoltaic System (“**Solar PV System**”) has been introduced in HLRI’s factory with a capacity of 1.06MWp. With the Solar PV System, it is estimated that HLRI could generate 1.24GWh of green energy a year which is equivalent to reduce of 486 tonnes of CO<sub>2</sub> and save of 5,592 trees in a year.

## SUSTAINABILITY STATEMENT (CONT'D)

### KEY SUSTAINABILITY AREAS (CONT'D)

#### 3. SOCIAL

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

The Group provides benefits to recognise and appreciate employees' contribution and commitment. All fulltime employees are entitled to medical benefits, insurance coverage, various categories of annual leave and stock ownership such as Employee Share Option Scheme ("ESOS"). The Group had also organised external and internal trainings, seminars and workshops to upgrade and enhance the skill sets, knowledge and technical expertise of the employees.

The Group intends to play a positive role in the communities where it operates. During the financial year under review, the Group made charitable contributions to various non-profitable organisation.

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



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### INTRODUCTION

The Board of Directors (“**the Board**”) of HLT Global Berhad (“**HLT Global**” or “**the Company**”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiary (“**the Group**”) as a fundamental part of discharging its duties to enhance shareholders’ value, consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance (“**MCCG**”), the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the Corporate Governance Guide.

The Board is pleased to set out below the Corporate Governance Overview Statement which describes the manner in which the Group has applied the following principles of the Code during the financial year ended 31 December 2020 (“**FYE 2020**”):

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

This Corporate Governance Overview Statement should be read together with Corporate Governance Report 2020 which is available on the Company’s corporate website at [www.hltglobal.com.my](http://www.hltglobal.com.my) as well as via an announcement on the website of Bursa Securities.

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### PART I – BOARD RESPONSIBILITIES

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

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

- a. Audit and Risk Management Committee (“**ARMC**”)
- b. Nomination and Remuneration Committee (“**NRC**”)
- c. Employees’ Share Option Scheme Committee

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

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

The Board Charter was formalised on 4 January 2017 and it was last reviewed, revised and approved by the Board on 29 May 2020. The Board Charter is intended to identify the role, structure and processes related to the key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity to Directors and senior management with regards to the roles of the Boards and its Committees, the role of the Chairperson and Executive Directors, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.

The Board will review and update the Board Charter from time to time to reflect the changes to the Company's policies and procedures to ensure the Board Charter remains consistent with the Board's objectives, current law and practices.

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

#### PART II – COMPOSITION OF THE BOARD

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

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

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

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

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

In accordance to the Board Charter, the maximum tenure of an Independent Director shall not exceed a cumulative term of nine (9) years from the date of first appointment as Independent Director. During the financial year under review, none of the Independent Director of HLT has served the Company for a cumulative term of more than nine (9) years.

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

The composition of the NRC is as follow:

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

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

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

The activities undertaken by the NRC during the FYE 2020 were as follows:

- Reviewed and assessed the Executive Directors' and Non-Executive Directors' Annual Performance Evaluation Forms;
- Reviewed and assessed the performance of the ARMC;
- Reviewed and assessed the effectiveness of the Board as a whole;
- Assessed and evaluated the independence of the Independent Directors;
- Considered and recommended to the Board for consideration, the re-election of Directors who retired at the last AGM;
- Reviewed and recommended to the Board for consideration, the remuneration packages of the Executive Directors for the FYE 2020; and
- Reviewed and recommended to the Board for consideration, the Directors' fees for the FYE 2020.

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

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

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

All the Directors have attended more than 50% of the total Board Meetings held during the FYE 2020 and complied with the requirement on attendance of Board Meetings as stipulated in the Listing Requirements of Bursa Securities.

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

The Directors are aware of their duty to undergo appropriate training from time to time in order to ensure that they are equipped to carry out their duties effectively.

During the FYE 2020, all Directors have attended an in-house training session, entitled Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018).

#### Part III – REMUNERATION

The Board has established a formal and transparent Remuneration Policy to attract and retain Directors and Senior Management of the Company.

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### Part III – REMUNERATION (CONT'D)

The remuneration of the Non-Executive Directors received from the Company and the Group for the FYE 2020 are as follows:-

##### The Company

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

##### The Group

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Allowance RM'000	Bonus RM'000	Total RM'000
Wong Wai Tzing	60	–	–	–	–	60
Yau Ming Teck	60	–	–	135.3	–	195.3
Wong Koon Wai	40	–	–	–	–	40
<b>TOTAL</b>	<b>160</b>	<b>–</b>	<b>–</b>	<b>135.3</b>	<b>–</b>	<b>295.3</b>

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### Part III – REMUNERATION (CONT'D)

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

Range of Remuneration	Company No. of Key Senior Management Officer	Group No. of Key Senior Management Officer
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	–	2
RM150,001 to RM200,000	–	2
RM400,001 to RM450,000	–	1
RM650,001 to RM700,000	–	1
RM700,001 to RM750,000	–	1

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

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

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### PART I – ARMC

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

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

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

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### PART I – ARMC (CONT'D)

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

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

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

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

The Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out. ARMC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems.

The internal audit function is outsourced to an independent professional firm, which is independent from the activities and operations of the Group. The Internal Auditor reports directly to the ARMC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the senior management.

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

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

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

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



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### PART I – COMMUNICATION WITH STAKEHOLDERS

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

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

#### PART II – CONDUCT OF GENERAL MEETINGS

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

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

Shareholders are encouraged to actively participate in the question and answer session. The Board, senior management and the External Auditors will be present to answer and provide appropriate clarifications at the meeting. Shareholders are also invited to convey and share their inputs with the Board. Where applicable, the Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

All resolutions set out in the Notice of the Fifth AGM ("AGM") of the Company held on 22 June 2020 were voted by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The notice of AGM is despatched to shareholders at least 28 days before the AGM to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice for convening the forthcoming Sixth AGM of the Company to be held on 31 May 2021 was sent to the shareholders on 30 April 2021.

All Directors attended the Fifth AGM held on 22 June 2020 and Extraordinary General Meeting held on 12 March 2021; and the Board has responded to all queries raised by the shareholders.

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

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

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

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### INTRODUCTION

Pursuant to Rule 15.15 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), the Board is pleased to present the Audit and Risk Management Committee Report which lays out the activities held for the financial year ended 31 December 2020 (“**FYE2020**”).

### OBJECTIVES

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

The Terms of Reference of the ARMC can be accessed from the corporate website of the Company at [www.hltglobal.com.my](http://www.hltglobal.com.my).

### COMPOSITION

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

The members of the ARMC comprises of the following Directors:

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

### ATTENDANCE AT MEETINGS

A total of four (4) meetings were held during the FYE 2020 and the attendance record of each of the ARMC member at the Committee meetings were as follows:-

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

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

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### SUMMARY OF WORKS CARRIED OUT BY THE ARMC DURING THE FYE 2020

The Committee carried out its duties and responsibilities as set out in the Terms of Reference and carried out the works for the FYE 2020 as follows:-

#### 1. Financial Statements and Reporting Review

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

#### 2. Matters Relating to External Audit

- a) Reviewed and deliberated the Audit Planning Memorandum covering, inter-alia, audit approaches, areas of audit emphasis, significant events during the financial year and timetable, before commencement of the annual statutory audit.
- b) Reviewed and deliberated the Audit Review Memorandum, covering significant audit findings, potential key audit matters, significant deficiencies in internal control, status of the audit and on the matter of independence of the External Auditors.
- c) Met with the External Auditors once during the Committee's meeting which was held on 27 February 2020 without the presence of the Executive Directors and Management to discuss any issues arising from the annual statutory audit or any other matters the External Auditors may wish to discuss. There was no major issue raised during the meeting.
- d) Considered and recommended the re-appointment of Crowe Malaysia PLT as the External Auditors and their audit fee to the Board for consideration based on competency, efficiency and transparency as demonstrated by the External Auditors during their audit.
- e) Reviewed recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at an arm's length basis based on normal commercial terms.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### SUMMARY OF WORKS CARRIED OUT BY THE ARMC DURING THE FYE 2020 (CONT'D)

#### 3. Matters Relating to Internal Audit

- a) Reviewed and discussed the Internal Audit Report which consists of the findings, recommendations and the Management responses to ensure that all key risks will be addressed and adequate controls put in place on a timely basis.
- b) Reviewed and assessed the adequacy of the scope, functions, independence, framework and methods employed, competency as well as resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their works.

### INTERNAL AUDIT FUNCTION

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

#### 1. Outsourced Internal Auditors

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

The profile of Sterling is set out as follows:

Principal Engagement Lead : So Hsien Ying

Qualifications : Certified Internal Control Professional from Internal Control Institute (US)  
Associate Member of The Institute of Internal Auditors Malaysia (IIAM)  
Master in Business Administration (Finance) (HULL)  
BSc Economics (Hons) (London)

Experiences : More than twenty-seven (27) years of experience in corporate planning, business process improvement, risk management, internal audit and internal control review

Number of resources : Each internal audit review ranges from three (3) to four (4) staff per visit

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

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### INTERNAL AUDIT FUNCTION (CONT'D)

#### 2. Summary of Internal Audit works for the FYE 2020

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

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

Name of Entity Audited	Audited Areas
HL Rubber Industries Sdn. Bhd.	<ul style="list-style-type: none"> <li>• Inventory Management</li> <li>• Sales and Marketing</li> <li>• Delivery Management and Logistics</li> </ul>
HL Rubber Industries Sdn. Bhd.	<ul style="list-style-type: none"> <li>• Production</li> <li>• Laboratory and Quality Assurance</li> </ul>

Findings from the internal audit reviews conducted were discussed with the Management and subsequently presented together with the Management's response and proposed action plans to the ARMC for their review and approval. Notwithstanding the above, although a number of internal control deficiencies were identified during the internal audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The total costs incurred for the outsourcing of the internal audit function for the FYE 2020 was RM28,364.54.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

The Board of Directors ("**the Board**") is pleased to provide HLT Global Berhad and its subsidiaries ("**Group**")'s Statement on Risk Management and Internal Control ("**Statement**") which outlines the nature and scope of its risk management and internal control of the Group during the financial year ended 31 December 2020 ("**FYE 2020**"). This Statement has been prepared pursuant to Rule 15.26 (b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**Guidelines**").

### BOARD'S RESPONSIBILITY

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

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

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

#### 1. RISK MANAGEMENT

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

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

#### 2. INTERNAL AUDIT FUNCTION

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

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

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

#### 2. INTERNAL AUDIT FUNCTION (CONT'D)

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

During the FYE 2020, the Internal Auditor has reviewed the adequacy and integrity of the Group's internal control system of the key functions including the system for compliance with applicable laws, regulations, rules, directives and guidelines. The following subsidiary of the Group were audited by the Internal Auditors:

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
April 2020 - June 2020	August 2020	HL Rubber Industries Sdn. Bhd.	<ul style="list-style-type: none"> <li>Inventory Management</li> <li>Sales and Marketing</li> <li>Delivery Management and Logistics</li> </ul>
July - September 2020	November 2020	HL Rubber Industries Sdn. Bhd.	<ul style="list-style-type: none"> <li>Production</li> <li>Laboratory and Quality Assurance</li> </ul>

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

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

The total costs incurred for the outsourcing of the internal audit function for the FYE 2020 was RM28,364.54.

#### 3. INTERNAL CONTROL SYSTEM

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

##### - The Board and ARMC

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

##### - Organisation Structure and Authorisation Procedures

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

##### - Human Resources Policy

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

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

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

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

##### - Information and Communication

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

##### - Monitoring and Review

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

##### - Anti-Bribery and Corruption Policy

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

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

### ASSURANCE FROM THE MANAGEMENT

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

### REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their reviews were performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their reviews, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines to be set out, nor is factually inaccurate.

### CONCLUSION

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

This statement is made in accordance with the resolution of the Board of Directors dated 16 April 2021.



## ADDITIONAL COMPLIANCE INFORMATION

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

The Company has yet to fully utilise the IPO proceeds during the financial year ended 31 December 2020 (“FYE 2020”).

The Board has resolved to extend the timeframe for the utilisation of proceeds which have been earmarked for the upgrading of eight existing glove-dipping lines and setting up of one new glove-dipping line of a subsidiary, HLRI to 17 November 2021 pending implementation of the Private Placement, which serves to, amongst others, finance or part-finance the land acquisition and factory construction costs pursuant to the Company’s business expansion plan to set up a new rubber gloves manufacturing plant.

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

Purposes	Revised utilisation of IPO proceeds RM'000	Actual Utilisation RM'000	Balance RM'000
(a) Working capital	7,316	(7,316)	–
(b) Estimated listing expenses	2,400	(2,400)	–
(c) Upgrading <sup>(1)</sup>	3,600	–	3,600
(d) New line <sup>(2)</sup>	4,500	–	4,500
<b>Total</b>	<b>17,816</b>	<b>(9,716)</b>	<b>8,100</b>

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

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

### 2. AUDIT FEE AND NON-AUDIT FEE

The amount of audit and non-audit fee paid/payable to the External Auditors by the Group and the Company for the FYE 2020 are as follows:-

	The Group RM	The Company RM
Audit fee	110,000	36,000
Non-Audit fee	5,000	5,000
	<b>115,000</b>	<b>41,000</b>

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

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

Save as disclosed below, HLT and its subsidiaries has not entered into any material contracts (not being contracts entered into the ordinary course of business) involving the interest of the Directors and major shareholders, either still subsisting at the end of the FYE 2020 and entered into since the end of previous financial year:

- (a) Share sale agreement dated 11 January 2021 entered into between HLT, Suntel International Co. Ltd, Hup Lek Engineering & Trading Sdn. Bhd. and Teng Kok Fah for the acquisition of 4,200,000 ordinary shares in HL Rubber Industries Sdn. Bhd. ("**HLRI**") representing 40.0% of the total issued share capital of HLRI, for a purchase consideration of RM80,000,000 to be satisfied via the issuance of 80,000,000 HLT Shares at an issue price of RM1.00 per HLT Share.

The share sale agreement has been completed in accordance with its terms on 5 April 2021.

### 4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The details of the shareholders' Mandate for the RRPTs are set out in the Circular to Shareholders dated 30 April 2021 which is available on the Company's and Bursa Malaysia Securities Berhad's website.

Details of the RRPTs occurred during the FYE 2020 are disclosed in Note 32 to the Financial Statements set out on page 108 of this Annual Report.

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

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

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

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

On 2 December 2016, the Company had granted 2,000,000 options pursuant to the ESOS ("**ESOS Options**") at an exercise price of RM0.30, of which 640,000 ESOS Options were granted to the Directors.

During the FYE 2020, the number of ESOS options granted was 26,670,000 at an exercise price of RM0.70, of which 12,982,500 options exercisable on the date of offer, 6,107,500 options exercisable one year after the date of offer and 6,980,000 options exercisable three years after the date of offer. The ESOS options granted to Directors was 10,600,000 options.

As at 31 December 2020, 61% of the ESOS Options has been granted to the Directors and Senior Management since the commencement date to 31 December 2020.

**ADDITIONAL COMPLIANCE INFORMATION  
(CONT'D)**
**5. EMPLOYEE SHARE OPTION SCHEME ("ESOS") (CONT'D)**

ESOS Options granted and exercised by the Non-Executive Directors of the Company since effective date to 31 December 2020 are as follows:-

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

The total number of options granted, exercised and outstanding (as adjusted) under the ESOS since commencement date to 31 December 2020, are set out as follow:

	Total	Executive Directors	Non-Executive Directors	Senior Management	Other Employees
Number of options granted	28,302,500	7,400,000	3,840,000	5,890,000	11,172,500
Number of options exercised	(5,670,000)	(1,150,000)	(270,000)	(1,537,000)	(2,713,000)
Number of options lapsed	(67,500)	–	–	–	(67,500)
Number of options rejected	(85,000)	–	–	–	(85,000)
Number of options outstanding	22,480,00	6,250,000	3,570,000	4,353,000	8,307,000

## STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible to ensure that the audited financial statements give a true and fair view of the state of affairs, the operations results and cash flow of the Group and of the Company for the financial year ended 31 December 2020 ("**FYE 2020**") in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

In preparing the financial statements for the FYE 2020, the Directors have ensured that appropriate accounting policies have been consistently applied, made reasonable and prudent judgments and estimates in accordance to applicable accounting standards and applied the going concern basis for the preparation of the financial statements.

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

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

### PRINCIPAL ACTIVITIES

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

### RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	30,198,036	(6,240,540)
Attributable to:-		
Owners of the Company	15,915,975	(6,240,540)
Non-controlling interests	14,282,061	–
	30,198,036	(6,240,540)

### DIVIDEND

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

### RESERVES AND PROVISIONS

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

### ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM 73,465,039 to RM 98,318,247 by way of:-
  - (i) issuance of 4,135,000 new ordinary shares from the exercise of options under Company's Employee Share Option Scheme at the exercise prices as disclosed in Note 17(b) to the financial statements which amounted to RM4,766,418.
  - (ii) issuance of 100,433,950 new ordinary shares from exercise of Warrants at the exercise price of RM0.20 per warrant as disclosed in Note 17(b) to the financial statements which amounted to RM20,086,790.
- (b) there were no issues of debentures by the Company.

## DIRECTORS' REPORT (CONT'D)

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### EMPLOYEE SHARE OPTION SCHEME

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

The details of the ESOS are disclosed in Note 19 to the financial statements.

### WARRANTS

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

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

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

The movements of the Warrants are as follows:-

	Entitlement for Ordinary Shares		
	At 1.1.2020	Exercised	At 31.12.2020
		Lapsed	
<i>Number of unexercised Warrants</i>			
Warrants	199,091,998	(100,433,950)	98,658,048

### BAD AND DOUBTFUL DEBTS

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

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

**DIRECTORS' REPORT  
(CONT'D)****CURRENT ASSETS**

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

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

**VALUATION METHODS**

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

**CONTINGENT AND OTHER LIABILITIES**

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

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

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

**CHANGE OF CIRCUMSTANCES**

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

**ITEMS OF AN UNUSUAL NATURE**

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

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



## DIRECTORS' REPORT (CONT'D)

### DIRECTORS

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

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

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

Lin, Kuo-Tang (Resigned on 14 April 2021)

### DIRECTORS' INTERESTS

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

	< ----- Number Of Ordinary Shares ----- >			
	At 1.1.2020	Bought	Sold	At 31.12.2020
<b>The Company</b>				
<u>Direct Interests</u>				
Chan Yoke Chun	140,162,000	2,500,000	–	142,662,000
Wong Kok Wah	139,965,000	–	–	139,965,000
Yau Ming Teck	8,337,600	–	(8,337,600)	–
Wong Koon Wai	270,000	150,000	(320,000)	100,000
Wong Wai Tzing	245,000	30,000	(225,000)	50,000
Chui Mee Chuen	217,500	750,000	(217,500)	750,000
<u>Indirect Interests</u>				
Chan Yoke Chun <sup>#</sup>	139,965,000	–	–	139,965,000
Wong Kok Wah <sup>#</sup>	140,162,000	2,500,000	–	142,662,000

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

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTERESTS (CONT'D)

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

	< ----- Number Of Options under ESOS ----- >			
	At 1.1.2020	Granted	Exercised	At 31.12.2020
<b>The Company</b>				
<i>Direct Interests</i>				
Chan Yoke Chun	–	2,000,000	–	2,000,000
Wong Kok Wah	–	2,000,000	–	2,000,000
Yau Ming Teck	–	3,000,000	–	3,000,000
Wong Koon Wai	–	300,000	–	300,000
Wong Wai Tzing	–	300,000	(30,000)	270,000
Chui Mee Chuen	–	3,000,000	(750,000)	2,250,000
<i>Indirect Interests</i>				
Chan Yoke Chun <sup>#</sup>	–	2,000,000	–	2,000,000
Wong Kok Wah <sup>#</sup>	–	2,000,000	–	2,000,000

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

	< ----- Number Of Warrants ----- >			
	At 1.1.2020	Allotted	Sold	At 31.12.2020
<b>The Company</b>				
<i>Direct Interests</i>				
Chan Yoke Chun	68,874,450	–	(68,874,450)	–
Wong Kok Wah	69,982,500	–	(30,335,900)	39,646,600
Yau Ming Teck	4,168,800	–	(4,168,800)	–
Wong Koon Wai	75,000	–	(75,000)	–
Wong Wai Tzing	172,500	–	(80,000)	92,500
Chui Mee Chuen	108,750	–	(108,750)	–
<i>Indirect Interests</i>				
Chan Yoke Chun <sup>#</sup>	69,982,500	–	(30,335,900)	39,646,600
Wong Kok Wah <sup>#</sup>	68,874,450	–	(68,874,450)	–

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

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

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

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32 to the financial statements.

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

### **DIRECTORS' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 31 to the financial statements.

### **INDEMNITY AND INSURANCE COST**

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

### **SUBSIDIARIES**

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

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

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

### **SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

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

### **AUDITORS**

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

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

Signed in accordance with a resolution of the directors dated 16 April 2021.

**Chan Yoke Chun**

**Wong Kok Wah**

## STATEMENT BY DIRECTORS

### PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Chan Yoke Chun and Wong Kok Wah, being two of the directors of HLT Global Berhad, state that, in the opinion of the directors, the financial statements set out on pages 60 to 127 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 16 April 2021.

Chan Yoke Chun

Wong Kok Wah

## STATUTORY DECLARATION

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

I, Chan Yoke Chun, being the director primarily responsible for the financial management of HLT Global Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 to 127 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Chan Yoke Chun, NRIC Number: 630107-10-7614  
at Kuala Lumpur  
in the Federal Territory  
on this 16 April 2021

Chan Yoke Chun

Before me  
**Datin Hajah Raihela Wanchik (No. W-275)**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HLT GLOBAL BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of HLT Global Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 127.

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

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matter

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

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

### Key Audit Matter (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

### OTHER MATTERS

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

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

Kuala Lumpur

16 April 2021

**Ung Voon Huay**  
03233/09/2022 J  
Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

## AT 31 DECEMBER 2020

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	–	–	53,313,123	53,313,123
Property, plant and equipment	6	27,099,074	12,219,081	–	–
Right-of-use assets	7	16,969,976	17,304,999	–	–
Goodwill	8	2,785,364	2,785,364	–	–
		46,854,414	32,309,444	53,313,123	53,313,123
<b>CURRENT ASSETS</b>					
Inventories	9	27,521,089	20,785,972	–	–
Trade receivables	10	17,528,984	21,653,136	–	–
Other receivables, deposits and prepayments	11	25,932,379	12,599,985	1,000	1,000
Contract assets	12	4,499,547	1,764,249	–	–
Amount owing by related parties	13	1,229,552	8,922,063	–	–
Amount owing by a subsidiary	14	–	–	11,152,453	11,326,111
Short-term investments	15	69,216,228	9,299,434	33,749,639	7,740,232
Current tax assets		–	298,712	–	–
Fixed deposits with a licensed bank	16	6,220,000	–	720,000	–
Cash and bank balances		41,795,682	12,164,373	193,986	452,147
		193,943,461	87,487,924	45,817,078	19,519,490
<b>TOTAL ASSETS</b>		<b>240,797,875</b>	<b>119,797,368</b>	<b>99,130,201</b>	<b>72,832,613</b>

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

**STATEMENTS OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2020**  
**(CONT'D)**

		<b>The Group</b>		<b>The Company</b>	
	<b>Note</b>	<b>2020 RM</b>	<b>2019 RM</b>	<b>2020 RM</b>	<b>2019 RM</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	17	98,318,247	73,465,039	98,318,247	73,465,039
Merger deficit	18	(22,032,990)	(22,032,990)	–	–
Employee share option reserve	19	7,730,407	83,049	7,730,407	83,049
Retained profits/(Accumulated losses)		17,144,894	1,220,882	(7,279,224)	(1,046,721)
Equity attributable to owners of the Company		101,160,558	52,735,980	98,769,430	72,501,367
Non-controlling interests	5	35,879,565	21,597,504	–	–
<b>TOTAL EQUITY</b>		<b>137,040,123</b>	<b>74,333,484</b>	<b>98,769,430</b>	<b>72,501,367</b>
<b>NON-CURRENT LIABILITIES</b>					
Lease liability	20	–	240,923	–	–
Term loans	21	695,901	1,342,470	–	–
Deferred tax liabilities	22	3,995,167	1,948,526	–	–
		4,691,068	3,531,919	–	–
<b>CURRENT LIABILITIES</b>					
Trade payables	23	22,467,199	16,455,846	–	–
Other payables and accruals	24	47,928,865	12,939,467	360,771	331,246
Contract liabilities	12	22,950,297	11,782,378	–	–
Amount owing to related parties	13	390,662	324,150	–	–
Lease liability	20	–	71,454	–	–
Term loans	21	116,993	358,670	–	–
Current tax liabilities		5,212,668	–	–	–
		99,066,684	41,931,965	360,771	331,246
<b>TOTAL LIABILITIES</b>		<b>103,757,752</b>	<b>45,463,884</b>	<b>360,771</b>	<b>331,246</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>240,797,875</b>	<b>119,797,368</b>	<b>99,130,201</b>	<b>72,832,613</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	25	240,785,841	144,431,581	3,800,000	–
COST OF SALES		(168,094,065)	(130,762,953)	–	–
GROSS PROFIT		72,691,776	13,668,628	3,800,000	–
OTHER OPERATING INCOME		2,703,894	1,213,214	329,709	240,788
		75,395,670	14,881,842	4,129,709	240,788
SELLING AND DISTRIBUTION EXPENSES		(10,291,375)	(1,839,884)	–	–
ADMINISTRATIVE EXPENSES		(8,929,109)	(6,820,754)	(614,936)	(522,413)
OTHER EXPENSES		(10,661,917)	(419,333)	(9,755,313)	–
FINANCE COSTS		(33,798)	(95,856)	–	–
NET REVERSAL/ (IMPAIRMENT LOSSES) ON FINANCIAL ASSETS AND CONTRACT ASSETS	26	484,360	(2,161,595)	–	–
PROFIT/(LOSS) BEFORE TAXATION	27	45,963,831	3,544,420	(6,240,540)	(281,625)
INCOME TAX (EXPENSE)/CREDIT	28	(15,765,795)	468,276	–	–
PROFIT/(LOSS) AFTER TAXATION		30,198,036	4,012,696	(6,240,540)	(281,625)
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		30,198,036	4,012,696	(6,240,540)	(281,625)

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

	Note	The Group 2020 RM	2019 RM	The Company 2020 RM	2019 RM
<b>PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-</b>					
Owners of the Company		15,915,975	4,835,844	(6,240,540)	(281,625)
Non-controlling interests		14,282,061	(823,148)	–	–
		30,198,036	4,012,696	(6,240,540)	(281,625)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-</b>					
Owners of the Company		15,915,975	4,835,844	(6,240,540)	(281,625)
Non-controlling interests		14,282,061	(823,148)	–	–
		30,198,036	4,012,696	(6,240,540)	(281,625)
<b>EARNINGS PER SHARE (SEN):-</b>					
Basic	29	2.92	0.94		
Diluted		2.55	0.94		

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Group	Note	<-- Non-Distributable -->		Distributable		Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
		Share Capital RM	Merger Deficit RM	Employee Share Option Reserve RM	Losses) / Retained Profits RM			
Balance at 1.1.2019		73,465,039	(22,032,990)	83,049	(3,614,962)	47,900,136	22,420,652	70,320,788
Profit/(Loss) after taxation/ Total comprehensive income/ (expenses) for the financial year		-	-	-	4,835,844	4,835,844	(823,148)	4,012,696
Balance at 31.12.2019/1.1.2020		73,465,039	(22,032,990)	83,049	1,220,882	52,735,980	21,597,504	74,333,484
Profit after taxation/Total comprehensive income for the financial year		-	-	-	15,915,975	15,915,975	14,282,061	30,198,036
Contributions by and distributions to owners of the Company:								
- Issuance of ordinary shares pursuant to:								
- Employees' share options exercised	17(b)	4,766,418	-	(2,099,918)	-	2,666,500	-	2,666,500
- Warrants exercised	17(b)	20,086,790	-	-	-	20,086,790	-	20,086,790
- Share options lapsed		-	-	(8,037)	8,037	-	-	-
- Share options to employees		-	-	9,755,313	-	9,755,313	-	9,755,313
Total transactions with owners		24,853,208	-	7,647,358	8,037	32,508,603	-	32,508,603
Balance at 31.12.2020		98,318,247	(22,032,990)	7,730,407	17,144,894	101,160,558	35,879,565	137,040,123

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

<b>The Company</b>	<b>Note</b>	<b>Share Capital RM</b>	<b>Non- Distributable Employee Share Option Reserve RM</b>	<b>Distributable Accumulated Losses RM</b>	<b>Total Equity RM</b>
Balance at 1.1.2019		73,465,039	83,049	(765,096)	72,782,992
Loss after taxation/Total comprehensive expenses for the financial year		–	–	(281,625)	(281,625)
Balance at 31.12.2019/1.1.2020		73,465,039	83,049	(1,046,721)	72,501,367
Loss after taxation/Total comprehensive expenses for the financial year		–	–	(6,240,540)	(6,240,540)
Contributions by and distributions to owners of the Company:					
- Issuance of ordinary shares pursuant to:					
- Employees' share options exercised	17(b)	4,766,418	(2,099,918)	–	2,666,500
- Warrants exercised	17(b)	20,086,790	–	–	20,086,790
- Share options lapsed		–	(8,037)	8,037	–
- Share options to employees		–	9,755,313	–	9,755,313
Total transactions with owners		24,853,208	7,647,358	8,037	32,508,603
Balance at 31.12.2020		98,318,247	7,730,407	(7,279,224)	98,769,430

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<b>The Group</b>		<b>The Company</b>	
	<b>2020 RM</b>	<b>2019 RM</b>	<b>2020 RM</b>	<b>2019 RM</b>
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation	45,963,831	3,544,420	(6,240,540)	(281,625)
Adjustments for:-				
Depreciation of property, plant and equipment	4,791,434	4,405,929	-	-
Depreciation of right-of-use assets	335,023	335,021	-	-
Impairment loss on trade receivables	1,797,588	2,161,595	-	-
Interest expense	33,798	95,856	-	-
Share options to employees	9,755,313	-	9,755,313	-
Unrealised loss/(gain) on foreign exchange	28,709	(10,107)	-	-
Dividend income	(731,233)	(297,270)	(4,123,846)	(238,068)
Fair value gain on short-term investments	(5,863)	(2,720)	(5,863)	(2,720)
Gain on disposal of plant and equipment	(140,193)	(101,635)	-	-
Interest income	(2,574)	(9,454)	-	-
Reversal of impairment loss:				
- trade receivables	(2,281,926)	-	-	-
- contract assets	(22)	-	-	-
Operating profit/(loss) before working capital changes	59,543,885	10,121,635	(614,936)	(522,413)
(Increase)/Decrease in inventories	(6,735,117)	2,926,650	-	-
Net increase in contract liabilities	8,432,643	10,062,180	-	-
(Increase)/Decrease in trade and other receivables	(8,614,054)	3,226,542	-	-
Increase/(Decrease) in trade and other payables	40,992,367	(11,378,477)	29,525	(24,638)
Net decrease/(increase) in amount owing by related parties	7,991,460	(7,091,311)	-	-
<b>CASH FLOWS FROM/(FOR) OPERATIONS</b>	<b>101,611,184</b>	<b>7,867,219</b>	<b>(585,411)</b>	<b>(547,051)</b>
Income tax paid	(8,207,774)	(578,244)	-	-
Income tax refunded	-	1,033,060	-	13,596
Interest received	2,574	9,454	-	-
Interest paid	(33,798)	(95,856)	-	-
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>	<b>93,372,186</b>	<b>8,235,633</b>	<b>(585,411)</b>	<b>(533,455)</b>

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

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

		<b>The Group</b>		<b>The Company</b>	
	<b>Note</b>	<b>2020 RM</b>	<b>2019 RM</b>	<b>2020 RM</b>	<b>2019 RM</b>
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Additional investments in an existing subsidiary		–	–	–	(350,000)
Dividend received		737,096	299,990	4,129,709	240,788
Placement of fixed deposit with tenure more than 3 months		(1,500,000)	–	–	–
Purchase of property, plant and equipment	30(a)	(19,674,517)	(1,342,312)	–	–
Purchase of right-of-use assets	30(a)	–	(100,000)	–	–
Proceeds from disposal of property, plant and equipment		143,283	102,500	–	–
Repayment of advances made to a subsidiary		–	–	173,658	599,392
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(20,294,138)</b>	<b>(1,039,822)</b>	<b>4,303,367</b>	<b>490,180</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Proceeds from issuance of ordinary shares		22,753,290	–	22,753,290	–
Repayment of term loans	30(b)	(888,246)	(402,101)	–	–
Repayment of bankers' acceptances	30(b)	–	(1,849,000)	–	–
Repayment of lease liability	30(b)	(312,377)	(62,623)	–	–
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<b>21,552,667</b>	<b>(2,313,724)</b>	<b>22,753,290</b>	<b>–</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>94,630,715</b>	<b>4,882,087</b>	<b>26,471,246</b>	<b>(43,275)</b>
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>		<b>(362,612)</b>	<b>63,191</b>	<b>–</b>	<b>–</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>21,463,807</b>	<b>16,518,529</b>	<b>8,192,379</b>	<b>8,235,654</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	30(d)	<b>115,731,910</b>	<b>21,463,807</b>	<b>34,663,625</b>	<b>8,192,379</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 1. GENERAL INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 16 April 2021.

### 2. PRINCIPAL ACTIVITIES

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

### 3. BASIS OF PREPARATION

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

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

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

Amendments to MFRS 3: Definition of a Business  
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9  
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform  
Amendments to MFRS 101 and MFRS 108: Definition of Material  
Amendments to References to the Conceptual Framework in MFRS Standards

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

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

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

##### *Key Sources of Estimation Uncertainty*

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

##### **(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements respectively.

##### **(b) Impairment of Goodwill**

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

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

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

##### **(d) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 9 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

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

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

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

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables, contract assets and amount owing by related parties as at the reporting date are disclosed in Notes 10, 12 and 13 to the financial statements respectively.

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

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amount owing by a subsidiary as at the reporting date are disclosed in Notes 11 and 14 to the financial statements respectively.

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

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 12 to the financial statements.

**(h) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities as at the reporting date is RM5,212,668 (2019: current tax assets - RM298,712).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Critical Judgements Made in Applying Accounting Policies*

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

**(a) Lease Terms**

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

**(b) Contingent Liabilities**

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

**(c) Share-based Payments**

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

**4.2 BASIS OF CONSOLIDATION**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

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

##### (a) Business Combinations of Entities Under Common Control

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

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

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

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

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

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

##### (c) Non-Controlling Interests

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

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

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

##### **(e) Loss of Control**

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

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

#### **4.3 GOODWILL**

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

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

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

#### **4.4 FUNCTIONAL AND FOREIGN CURRENCIES**

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

#### 4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

##### (a) Financial Assets

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

##### *Debt Instruments*

##### (i) Amortised Cost

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

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

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

###### *Debt Instruments (Cont'd)*

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

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

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

###### *Equity Instruments*

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

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

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

##### (b) Financial Liabilities

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

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

##### (ii) Other Financial Liabilities

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

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

**(c) Equity Instruments**

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

Ordinary Shares

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

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

**(d) Derecognition**

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

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

**4.6 INVESTMENTS IN SUBSIDIARIES**

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

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

**4.7 PROPERTY, PLANT AND EQUIPMENT**

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

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

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

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

Buildings	2%
Factory equipment	10%
Plant and machineries	10%
Air conditioners	10% - 20%
Computers	20%
Electrical installation	20%
Furniture and fittings	20%
Lab equipment	20%
Motor vehicles	20%
Office equipment	10% - 20%
Renovation	20%
Tools and utensils	50%

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

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

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

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

#### 4.8 LEASES

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

**4.8 LEASES (CONT'D)**

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

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

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

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

**4.9 INVENTORIES**

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

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

**4.10 CONTRACT ASSET AND CONTRACT LIABILITY**

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

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

**4.11 CASH AND CASH EQUIVALENTS**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.12 IMPAIRMENT****(a) Impairment of Financial Assets**

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

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

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

**(b) Impairment of Non-financial Assets**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

**4.13 PROVISIONS**

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

**4.14 EMPLOYEE BENEFITS**

**(a) Short-term Benefits**

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

**(b) Defined Contribution Plans**

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

**(c) Share-based Payment Transactions**

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

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

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

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

**4.15 INCOME TAXES**

**(a) Current Tax**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.15 INCOME TAXES (CONT'D)****(a) Current Tax (Cont'd)**

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

**(b) Deferred Tax**

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

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

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

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

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

**4.16 CONTINGENT LIABILITIES**

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

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

**4.17 OPERATING SEGMENTS**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

#### 4.18 EARNINGS PER ORDINARY SHARE

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

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

#### 4.19 BORROWING COSTS

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

#### 4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

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

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical 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.

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

#### 4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

#### 4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

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

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

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

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

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

##### (b) Sale of Goods

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

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

##### (c) Rendering of Services

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

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

##### (a) Dividend Income

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

##### (b) Interest Income

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

**5. INVESTMENTS IN SUBSIDIARIES**

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost		
At 1 January	53,313,123	52,963,123
Addition during the financial year	–	350,000
At 31 December	53,313,123	53,313,123

The details of the subsidiaries are as follows:-

<b>Name of Subsidiary</b>	<b>Principal Place of Business/Country of Incorporation</b>	<b>Percentage of Issued Share Capital Held by Parent</b>		<b>Principal Activities</b>
		<b>2020</b>	<b>2019</b>	
		<b>%</b>	<b>%</b>	
HL Advance Technologies (M) Sdn. Bhd. ("HLA")	Malaysia	100	100	Manufacture of glove-dipping machines, fabrication works on metal and stainless steel products and carry out all supporting services associated therewith.
HL Rubber Industries Sdn. Bhd. ("HLRI")	Malaysia	55	55	Manufacture and trading of rubber gloves.

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

	<b>Effective Equity Interest</b>		<b>The Group</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>	<b>RM</b>	<b>RM</b>
HLRI	45	45	35,879,565	21,597,504

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
 (CONT'D)**
**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

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

	2020 RM	HLRI 2019 RM
<u>At 31 December</u>		
Non-current assets	33,216,594	24,990,273
Current assets	107,814,360	41,921,724
Non-current liabilities	(3,995,167)	(2,441,177)
Current liabilities	(57,564,873)	(16,476,366)
<b>Net assets</b>	<b>79,470,914</b>	<b>47,994,454</b>
<u>Financial Year Ended 31 December</u>		
Revenue	172,296,331	90,672,346
Profit/(Loss) for the financial year	41,737,914	(1,829,217)
Total comprehensive income/(expenses)	41,737,914	(1,829,217)
<b>Total comprehensive income/(expenses) attributable to non-controlling interests</b>	<b>14,282,061</b>	<b>(823,148)</b>
<b>Net cash flows from operating activities</b>	<b>64,337,595</b>	<b>8,220,793</b>
<b>Net cash flows for investing activities</b>	<b>(29,677,779)</b>	<b>(1,335,795)</b>
<b>Net cash flows for financing activities</b>	<b>(3,081,131)</b>	<b>(1,772,466)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

**6. PROPERTY, PLANT AND EQUIPMENT**

The Group	At 1.1.2020 RM	Additions (Note 30(a)) RM	Disposal RM	Depreciation Charges (Note 27) RM	At 31.12.2020 RM
<b>2020</b>					
<i>Carrying Amount</i>					
Factory equipment	928,281	304,165	–	(270,374)	962,072
Plant and machineries	9,878,057	4,260,000	–	(2,746,984)	11,391,073
Air conditioners	19,879	6,540	–	(10,306)	16,113
Computers	78,897	43,480	(3,090)	(34,903)	84,384
Electrical installation	91,535	–	–	(34,086)	57,449
Furniture and fittings	950	3,600	–	(990)	3,560
Lab equipment	10,281	20,200	–	(4,174)	26,307
Motor vehicles	209,261	144,060	–	(175,974)	177,347
Office equipment	35,859	42,809	–	(20,719)	57,949
Renovation	140,151	–	–	(44,136)	96,015
Tools and utensils	825,930	3,962,323	–	(1,448,788)	3,339,465
Capital work-in-progress	–	10,887,340	–	–	10,887,340
	12,219,081	19,674,517	(3,090)	(4,791,434)	27,099,074

The Group	At 1.1.2019 RM	Additions (Note 30(a)) RM	Disposal RM	Depreciation Charges (Note 27) RM	At 31.12.2019 RM
<b>2019</b>					
<i>Carrying Amount</i>					
Factory equipment	1,158,539	53,154	–	(283,412)	928,281
Plant and machineries	12,292,446	441,653	–	(2,856,042)	9,878,057
Air conditioners	31,802	–	–	(11,923)	19,879
Computers	93,136	28,513	(865)	(41,887)	78,897
Electrical installation	125,621	–	–	(34,086)	91,535
Furniture and fittings	1,580	–	–	(630)	950
Lab equipment	12,895	–	–	(2,614)	10,281
Motor vehicles	496,883	–	–	(287,622)	209,261
Office equipment	51,753	3,850	–	(19,744)	35,859
Renovation	79,913	99,403	–	(39,165)	140,151
Tools and utensils	938,995	715,739	–	(828,804)	825,930
	15,283,563	1,342,312	(865)	(4,405,929)	12,219,081

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
 (CONT'D)**
**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	<b>At Cost RM</b>	<b>Accumulated Depreciation RM</b>	<b>Carrying Amount RM</b>
<b>The Group</b>			
At 31.12.2020			
Factory equipment	3,459,123	(2,497,051)	962,072
Plant and machineries	38,806,849	(27,415,776)	11,391,073
Air conditioners	136,576	(120,463)	16,113
Computers	497,994	(413,610)	84,384
Electrical installation	170,429	(112,980)	57,449
Furniture and fittings	134,038	(130,478)	3,560
Lab equipment	72,364	(46,057)	26,307
Motor vehicles	2,612,216	(2,434,869)	177,347
Office equipment	179,812	(121,863)	57,949
Renovation	249,195	(153,180)	96,015
Tools and utensils	6,386,579	(3,047,114)	3,339,465
Capital work-in-progress	10,887,340	–	10,887,340
	<b>63,592,515</b>	<b>(36,493,441)</b>	<b>27,099,074</b>
At 31.12.2019			
Factory equipment	3,154,958	(2,226,677)	928,281
Plant and machineries	34,589,849	(24,711,792)	9,878,057
Air conditioners	130,036	(110,157)	19,879
Computers	459,509	(380,612)	78,897
Electrical installation	170,429	(78,894)	91,535
Furniture and fittings	130,438	(129,488)	950
Lab equipment	52,164	(41,883)	10,281
Motor vehicles	3,236,772	(3,027,511)	209,261
Office equipment	137,003	(101,144)	35,859
Renovation	249,195	(109,044)	140,151
Tools and utensils	2,974,776	(2,148,846)	825,930
	<b>45,285,129</b>	<b>(33,066,048)</b>	<b>12,219,081</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

**7. RIGHT-OF-USE ASSETS**

The Group	At 1.1.2020 RM	Depreciation Charges (Note 27) RM	At 31.12.2020 RM	
2020				
Carrying Amount				
Leasehold apartments	72,758	(959)	71,799	
Leasehold land	4,094,150	(59,606)	4,034,544	
Buildings	12,758,091	(179,458)	12,578,633	
Motor vehicle	380,000	(95,000)	285,000	
	17,304,999	(335,023)	16,969,976	
	At 1.1.2019 RM	Addition RM	Depreciation Charges (Note 27) RM	At 31.12.2019 RM
2019				
Carrying Amount				
Leasehold apartments	73,715	–	(957)	72,758
Leasehold land	4,153,753	–	(59,603)	4,094,150
Buildings	12,937,552	–	(179,461)	12,758,091
Motor vehicle	–	475,000	(95,000)	380,000
	17,165,020	475,000	(335,021)	17,304,999
			2020 RM	2019 RM
Analysed by:-				
Cost			19,027,556	19,027,556
Accumulated depreciation			(2,057,580)	(1,722,557)
			16,969,976	17,304,999

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**
**7. RIGHT-OF-USE ASSETS (CONT'D)**

- (a) The Group leases certain pieces of leasehold land and motor vehicle of which the leasing activities are summarised below:-
- (i) Leasehold apartments and leasehold land      The Group has entered into 4 (2019 - 4) non-cancellable operating lease agreements for the use of apartments and land. The leases are for a period of 99 (2019 - 99) years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land.
- (ii) Motor vehicle      The Group has leased its motor vehicle under hire purchase arrangement. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.
- (b) The leasehold land and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

**8. GOODWILL**

	<b>The Group</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
Cost:-		
At 1 January/31 December	2,785,364	2,785,364

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

	<b>Gross Profit Margin</b>		<b>Growth Rate</b>		<b>Discount Rate</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
HLRI	21.00 - 40.00	3.00 - 5.00	-19.00 - 68.00	5.00 - 6.00	27.76	11.35

- (i) Budgeted gross profit margin      Average gross margin achieved in 5 (2019 - 5) financial years immediately before the budgeted period increased for expected efficiency improvements and cost saving measures.
- (ii) Growth rate      Based on the expected projection of the rubber gloves sector.
- (iii) Discount rate (pre-tax)      Reflects specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

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

**9. INVENTORIES**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Raw materials	17,895,279	6,431,829
Work-in-progress	2,059,033	8,870,912
Goods-in-transit	2,385,800	1,259,649
Finished goods	5,180,977	4,223,582
	<b>27,521,089</b>	<b>20,785,972</b>

None of the inventories is carried at net realisable value.

The amount of inventories recognised as an expense in cost of sales was RM128,736,358 (2019 - RM93,587,815).

**10. TRADE RECEIVABLES**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Trade receivables	36,074,710	40,684,333
Allowance for impairment losses	(18,545,726)	(19,031,197)
	<b>17,528,984</b>	<b>21,653,136</b>
Allowance for impairment losses:-		
At 1 January	(19,031,197)	(16,869,602)
Addition during the financial year (Note 26)	(1,797,588)	(2,161,595)
Reversal during the financial year (Note 26)	2,281,926	-
	<b>(18,546,859)</b>	<b>(19,031,197)</b>
Effect of foreign exchange	1,133	-
At 31 December	<b>(18,545,726)</b>	<b>(19,031,197)</b>

The Group's normal trade credit terms range from 30 to 90 (2019 - 30 to 90) days.



**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
 (CONT'D)**
**11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Other receivables: -					
Third parties	(a)	604,503	10,443,656	-	-
Goods and services tax recoverable		670,918	670,918	-	-
		1,275,421	11,114,574	-	-
Deposits		1,383,584	422,776	1,000	1,000
Prepayments		495,962	434,568	-	-
Advance payment	(b)	22,777,412	628,067	-	-
		25,932,379	12,599,985	1,000	1,000

(a) In the last financial year, included in other receivables of the Group is a profit guarantee receivable of RM10,000,000 from the acquisition of a subsidiary.

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

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

	The Group	
	2020 RM	2019 RM
<b>Contract Assets</b>		
Contract assets relating to construction contracts	6,987,475	4,252,199
Allowance for impairment losses	(2,487,928)	(2,487,950)
	4,499,547	1,764,249
Allowance for impairment losses:-		
At 1 January	(2,487,950)	(2,487,950)
Reversal during the financial year (Note 26)	22	-
At 31 December	(2,487,928)	(2,487,950)
<b>Contract Liabilities</b>		
Contract liabilities relating to construction contract	(22,950,297)	(11,782,378)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

- (a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 6 (2019 - 6) months.
- (b) The contract liabilities primarily relate to advance considerations received from few customers for construction contracts of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging from 3 to 6 (2019 - 3 to 6) months.
- (c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	<b>The Group</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
At 1 January	(10,018,129)	44,051
Revenue recognised in profit or loss during the financial year	66,493,049	50,070,434
Billings to customers during the financial year	(74,925,692)	(60,132,614)
Reversal of impairment losses on contract assets	22	-
At 31 December	(18,450,750)	(10,018,129)
Represented by:-		
Contract assets	4,499,547	1,764,249
Contract liabilities	(22,950,297)	(11,782,378)
	(18,450,750)	(10,018,129)

**13. AMOUNTS OWING BY/(TO) RELATED PARTIES**

The amounts owing are trade in nature and subject to the normal trade credit term of 30 (2019 - 30) days.

**14. AMOUNT OWING BY A SUBSIDIARY**

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

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
 (CONT'D)**
**15. SHORT-TERM INVESTMENTS**

	<b>The Group</b>			
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Carrying Amount RM</b>	<b>Market Value RM</b>	<b>Carrying Amount RM</b>	<b>Market Value RM</b>
Money market fund, at fair value (Note 30(d))	69,216,228	69,216,228	9,299,434	9,299,434

	<b>The Company</b>			
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Carrying Amount RM</b>	<b>Market Value RM</b>	<b>Carrying Amount RM</b>	<b>Market Value RM</b>
Money market fund, at fair value (Note 30(d))	33,749,639	33,749,639	7,740,232	7,740,232

**16. FIXED DEPOSITS WITH A LICENSED BANK**

The fixed deposits with a licensed bank of the Group and the Company at the end of the reporting period bore effective interest rates ranging from 1.7% to 1.85% (2019 - Nil) and 1.70% (2019 - Nil) per annum respectively. The fixed deposits have maturity periods ranging from 4 to 365 (2019 - Nil) days and 4 (2019 - Nil) days for the Group and the Company respectively.

**17. SHARE CAPITAL**

	<b>The Group/The Company</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Number of Shares</b>		<b>RM</b>	<b>RM</b>
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares				
At 1 January	511,977,099	511,977,099	73,465,039	73,465,039
New shares issued pursuant to:				
- employees' share options exercised (Note 19)	4,135,000	-	4,766,418	-
- warrants exercised	100,433,950	-	20,086,790	-
At 31 December	616,546,049	511,977,099	98,318,247	73,465,039

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

### 17. SHARE CAPITAL (CONT'D)

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) During the financial year, the Company increased its issued and paid-up share capital from RM73,465,039 to RM98,318,247 by way of:-
  - (i) Issuance of 4,135,000 new ordinary shares from the exercise of options under the Company's Employee Share Option Scheme at exercise prices of RM0.30 and RM0.70 which amounted to RM4,766,418.
  - (ii) Issuance of 100,433,950 new ordinary shares from exercise of warrants at exercise price of RM0.20 which amounted to RM20,086,790.

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

### 18. MERGER DEFICIT

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

### 19. EMPLOYEE SHARE OPTION RESERVE

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

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

The main features of the ESOS are as follows:-

- (a) Eligible persons are employees or directors of the Group, who have been confirmed in the employment of the Group and have served for at least six (6) months before the date of the offer.
- (b) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall be up to ten percent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) at the point in time when an offer is made. The Company will for the duration of the scheme make available sufficient number of new shares in the unissued share capital of the Company to satisfy all subsisting options which may be exercisable from time to time.
- (c) The option price for the IPO ESOS Grant, shall be the initial public offering price. The option which is not granted as part of the IPO ESOS Grant, option price shall be determined by the ESOS Committee based on the five (5) day weighted average market price of ordinary shares immediately preceding the date of offer of the option, with a potential discount of not more than 10% in accordance with any prevailing guideline issued by Bursa Securities or any other relevant authorities as may be amended from time to time, or at the par value of ordinary shares of the Company, whichever is higher.

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
 (CONT'D)**
**19. EMPLOYEE SHARE OPTION RESERVE (CONT'D)**

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

- (d) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.
- (e) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

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

Date of Offer	Exercise Price	Contractual Life of Options	<----- Number of Options over Ordinary Shares ----->				
			At 1 January 2020	Granted	Exercised	Lapsed/ Rejected	At 31 December 2020
2 December 2016	RM0.30*	5 Years	697,500	–	(570,000)	(67,500)	60,000
24 July 2020	RM0.70	5 Years	–	26,070,000	(3,565,000)	(85,000)	22,420,000
			697,500	26,070,000	(4,135,000)	(152,500)	22,480,000

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

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

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

The number of options exercisable as at 31 December 2020 was 9,392,500 (2019 - 697,500) and have exercise prices of RM0.30 and RM0.70 (2019 - RM0.30) and a weighted average contractual life of 5 (2019 - 5) years.

On 24 July 2020, the Company has granted 26,070,000 share options under the ESOS, out of which, 12,982,500 were exercisable during the financial year. These options expire on 24 July 2025 and the remaining options are exercisable if the employee remains in service for 3 years from the date of grant.

During the financial year, 4,135,000 share options were exercised at exercise prices of RM0.30 and RM0.70 each in exchange for 4,135,000 new ordinary shares as disclosed in Note 17 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

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

	<b>The Group/The Company</b>		
	<b>ESOS 1 2020</b>	<b>ESOS 2 2020</b>	<b>ESOS 1 2019</b>
Fair value of share options at the grant date (RM)	0.12	0.57	0.12
Weighted average ordinary share price (RM)	0.45	0.79	0.45
Exercise price of share option (RM)	0.30 <sup>^</sup>	0.70	0.30 <sup>^</sup>
Expected volatility (%)	38.27	84.04	38.27
Expected life (years)	5	5	5
Risk free rate (%)	3.885	2.444	3.885
Expected dividend yield (%)	0	0	0

<sup>^</sup> Adjusted for the alteration in the capital structure of the Company during the option period.

**20. LEASE LIABILITY**

	<b>The Group</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
At 1 January	312,377	–
Acquisition of new lease	–	375,000
Interest expense recognised in profit or loss (Note 27)	6,346	13,761
Repayment of principal	(312,377)	(62,623)
Repayment of interest expense	(6,346)	(13,761)
At 31 December	–	312,377
Analysed by:-		
Current liabilities	–	71,454
Non-current liabilities	–	240,923
	–	312,377

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

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
 (CONT'D)**
**21. TERM LOANS**

	<b>The Group</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
Current liabilities	116,993	358,670
Non-current liabilities	695,901	1,342,470
	<b>812,894</b>	<b>1,701,140</b>

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

	<b>Effective Interest Rate</b>		<b>The Group</b>	
	<b>2020 %</b>	<b>2019 %</b>	<b>2020 RM</b>	<b>2019 RM</b>
Floating rate term loan I	3.27	4.52	812,894	938,214
Floating rate term loan II	–	4.72	–	382,202
Floating rate term loan III	–	4.92	–	380,724
			<b>812,894</b>	<b>1,701,140</b>

Term loan I is secured by:-

- (i) deed of assignments cum loan agreements over the leasehold land and buildings of the Group as disclosed in Note 7 to the financial statements; and
- (ii) a joint and several guarantee of certain directors of the Group.

Term loans II and III were secured by:-

- (i) a first charge over the leasehold land and building of the Group;
- (ii) a basic factory debenture over the leasehold land and building of the Group; and
- (iii) a corporate guarantee from a corporate shareholder of the subsidiary.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

**22. DEFERRED TAX LIABILITIES**

The Group	At 1.1.2020 RM	Recognised in Profit or Loss (Note 28) RM	At 31.12.2020 RM
<b>2020</b>			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	–	1,729,227	1,729,227
Right-of-use assets	1,948,526	335,452	2,283,978
<i>Deferred Tax Asset</i>			
Provisions	–	(18,038)	(18,038)
	1,948,526	2,046,641	3,995,167

The Group	At 1.1.2019 RM	Recognised in Profit or Loss (Note 28) RM	At 31.12.2019 RM
<b>2019</b>			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	2,591,245	(2,591,245)	–
Right-of-use assets	1,970,384	(21,858)	1,948,526
<i>Deferred Tax Asset</i>			
Unused tax losses	(2,044,941)	2,044,941	–
	2,516,688	(568,162)	1,948,526

**23. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 7 to 120 (2019 - 7 to 120) days.

**24. OTHER PAYABLES AND ACCRUALS**

	The Group 2020 RM	2019 RM	The Company 2020 RM	2019 RM
Other payables:-				
Third parties	3,572,077	7,310,156	190,771	160,736
Goods and services tax payable	667,197	667,197	–	–
Sales and services tax payable	154,298	–	–	–
	4,393,572	7,977,353	190,771	160,736
Accruals	6,356,120	4,717,317	170,000	170,510
Advance payment from customers	37,179,173	244,797	–	–
	47,928,865	12,939,467	360,771	331,246



**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
 (CONT'D)**
**25. REVENUE**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Revenue from Contracts with Customers</b>				
Recognised over time				
Manufacturing of glove-dipping machines	66,493,049	50,070,434	–	–
Recognised at a point in time				
Sale of goods	172,450,194	91,740,784	–	–
Rendering of services	1,842,598	2,620,363	–	–
	240,785,841	144,431,581	–	–
<b>Revenue from Other Source</b>				
Dividend income	–	–	3,800,000	–
	240,785,841	144,431,581	3,800,000	–

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

**26. NET REVERSAL/(IMPAIRMENT LOSSES) ON FINANCIAL ASSETS AND CONTRACT ASSETS**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Impairment losses:		
- trade receivables (Note 10)	(1,797,588)	(2,161,595)
Reversal of impairment losses:		
- trade receivables (Note 10)	2,281,926	–
- contract assets (Note 12)	22	–
	484,360	(2,161,595)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fee:				
- current financial year	110,000	107,000	35,000	35,000
- overprovision in the previous financial year	-	(5,000)	-	-
- non-audit fees:				
- current financial year	5,000	5,000	5,000	5,000
Depreciation:				
- property, plant and equipment (Note 6)	4,791,434	4,405,929	-	-
- right-of-use assets (Note 7)	335,023	335,021	-	-
Directors' remuneration:				
- fees	160,000	160,000	160,000	160,000
- non-fees emoluments	1,949,036	1,868,040	-	-
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- bank overdraft	-	1,740	-	-
- term loans (Note 30(b))	27,452	44,230	-	-
- bankers' acceptances	-	36,125	-	-
Interest expense on lease liability (Note 20) (Note 30(b))	6,346	13,761	-	-
Loss/(Gain) on foreign exchange:				
- realised	853,984	276,534	-	-
- unrealised	28,709	(10,107)	-	-
Rental expenses on:				
- equipment	172,964	289,047	-	-
- factory	45,000	-	-	-
- premises	62,360	37,626	-	-
- warehouse	1,417	11,023	-	-
Share options expense	9,755,313	-	9,755,313	-
Staff costs (including other key management personnel as disclosed in Note 31):				
- short-term employee benefits	13,379,583	13,181,020	-	-
- defined contribution benefits	610,872	524,138	-	-
Dividend income:				
- short-term investments	(731,233)	(297,270)	(323,846)	(238,068)
Fair value gain on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investment	(5,863)	(2,720)	(5,863)	(2,720)
Gain on disposal of property, plant and equipment	(140,193)	(101,635)	-	-
Interest income on financial assets measured at amortised cost:				
- others	(2,574)	(9,454)	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
 (CONT'D)**
**28. INCOME TAX EXPENSE/(CREDIT)**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020 RM</b>	<b>2019 RM</b>	<b>2020 RM</b>	<b>2019 RM</b>
Current tax:	13,669,000	130,000	–	–
- current financial year				
- under/(over)provision in the previous financial year	50,154	(30,114)	–	–
	13,719,154	99,886	–	–
Deferred tax (Note 22):				
- origination and reversal of temporary differences	2,144,138	(481,938)	–	–
- overprovision in the previous financial year	(97,497)	(86,224)	–	–
	2,046,641	(568,162)	–	–
	15,765,795	(468,276)	–	–

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2020 RM</b>	<b>2019 RM</b>	<b>2020 RM</b>	<b>2019 RM</b>
Profit/(Loss) before taxation	45,963,831	3,544,420	(6,240,540)	(281,625)
Tax at the statutory tax rate of 24% (2019 - 24%)	11,031,319	850,661	(1,497,730)	(67,590)
Tax effects of:-				
Non-deductible expenses	5,020,472	303,590	2,488,860	125,379
Non-taxable income	(196,942)	(57,789)	(991,130)	(57,789)
Utilisation of deferred tax assets previously not recognised	(41,711)	(1,448,400)	–	–
Under/(Over)provision of current tax in the previous financial year	50,154	(30,114)	–	–
Overprovision of deferred tax in the previous financial year	(97,497)	(86,224)	–	–
	15,765,795	(468,276)	–	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year.

**NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)**

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

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Provisions	18,471,000	18,770,000	–	–
Unabsorbed capital allowances	–	(9,113,000)	–	–
Temporary differences on property, plant and equipment	(799,000)	7,782,000	–	–
	17,672,000	17,439,000	–	–

**29. EARNINGS PER SHARE**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
<b>Basic earnings per share</b>		
Profit after taxation attributable to owners of the Company (RM)	15,915,975	4,835,844
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January	511,977,099	511,977,099
Effects of new ordinary shares issued	33,720,150	–
Weighted average number of ordinary shares at 31 December	545,697,249	511,977,099
Basic earnings per ordinary share (sen)	2.92	0.94

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
 (CONT'D)**
**29. EARNINGS PER SHARE (CONT'D)**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
<b>Diluted earnings per share</b>		
Profit after taxation attributable to owners of the Company (RM)	15,915,975	4,835,844
Weighted average number of ordinary shares for basic earnings per share	545,697,249	511,977,099
Shares deemed to be issued for no consideration:		
- employee share options in issue	2,011,373	–
- warrants in issue	76,425,248	–
Weighted average number of ordinary shares for diluted earnings per share computation	624,133,870	511,977,099
Diluted earnings per ordinary share (sen)	2.55	#

# In the last financial year, the effects of potential ordinary shares arising from the conversion of ESOS and warrants are anti-dilutive and accordingly, they had been ignored in the calculation of dilutive earnings per share. As a result, the diluted earnings per ordinary share is the same as basic earnings per share.

**30. CASH FLOW INFORMATION**

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

	<b>The Group</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
Cash disbursed for purchase of property, plant and equipment (Note 6)	19,674,517	1,342,312
Cost of right-of-use assets (Note 7)	–	475,000
Less: Amount financed through lease (Note (b) below)	–	(375,000)
Cash disbursed for purchase of right-of-use assets	–	100,000
	19,674,517	1,442,312

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

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

The Group	Lease Liability RM	Term Loans RM	Total RM
<b>2020</b>			
At 1 January	312,377	1,701,140	2,013,517
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(312,377)	(888,246)	(1,200,623)
Repayment of borrowing interests	(6,346)	(27,452)	(33,798)
	(318,723)	(915,698)	(1,234,421)
<u>Non-cash Change</u>			
Finance charges recognised in profit or loss (Note 27)	6,346	27,452	33,798
At 31 December	–	812,894	812,894

The Group	Lease Liability RM	Bankers' Acceptances RM	Term Loans RM	Total RM
<b>2019</b>				
At 1 January	–	1,849,000	2,103,241	3,952,241
<u>Changes in Financing Cash Flows</u>				
Acquisition of new lease	375,000	–	–	375,000
Repayment of borrowing principal	(62,623)	(1,849,000)	(402,101)	(2,313,724)
Repayment of borrowing interests	(13,761)	(36,125)	(44,230)	(94,116)
	298,616	(1,885,125)	(446,331)	(2,032,840)
<u>Non-cash Change</u>				
Finance charges recognised in profit or loss (Note 27)	13,761	36,125	44,230	94,116
At 31 December	312,377	–	1,701,140	2,013,517

**NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)****30. CASH FLOW INFORMATION (CONT'D)**

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

	<b>The Group</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
Interest paid on lease liability	6,346	13,761
Payment of lease liability	312,377	62,623
	<b>318,723</b>	<b>76,384</b>

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2020 RM</b>	<b>2019 RM</b>	<b>2020 RM</b>	<b>2019 RM</b>
Fixed deposits with a licensed bank	6,220,000	–	720,000	–
Cash and bank balances	41,795,682	12,164,373	193,986	452,147
Money market funds (Note 15)	69,216,228	9,299,434	33,749,639	7,740,232
	<b>117,231,910</b>	<b>21,463,807</b>	<b>34,663,625</b>	<b>8,192,379</b>
Less: Fixed deposit with tenure of more than 3 months	(1,500,000)	–	–	–
	<b>115,731,910</b>	<b>21,463,807</b>	<b>34,663,625</b>	<b>8,192,379</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

**31. KEY MANAGEMENT PERSONNEL COMPENSATION**

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

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>(a) Directors</b>				
<u>Directors of the Company</u>				
Non-Executive Directors				
Short-term employee benefits:				
- fees	160,000	160,000	160,000	160,000
- allowances	135,323	134,400	–	–
	295,323	294,400	160,000	160,000
Executive Directors				
Short-term employee benefits:				
- salaries, bonuses and other benefits	1,621,113	1,557,000	–	–
- defined contribution benefits	192,600	176,640	–	–
	1,813,713	1,733,640	–	–
Total directors' remuneration (Note 27)	2,109,036	2,028,040	160,000	160,000
<b>(b) Other Key Management Personnel</b>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	1,115,429	695,713	–	–
- defined contribution benefits	124,504	85,651	–	–
Total compensation for other key management personnel (Note 27)	1,239,933	781,364	–	–



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

### 32. RELATED PARTY DISCLOSURES

#### (a) Identities of Related Parties

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

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

#### (b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Dividend from a subsidiary	–	–	3,800,000	–
Purchases from a related party	2,466,207	933,651	–	–
Sales to related parties	20,602,856	75,366,287	–	–

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

### 33. OPERATING SEGMENTS

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)**

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

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

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

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

**33.1 BUSINESS SEGMENTS**

2020	Glove- Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
<b>Revenue</b>				
External revenue	68,489,510	172,296,331	–	240,785,841
Inter-segment revenue	416,672	–	3,800,000	4,216,672
	68,906,182	172,296,331	3,800,000	245,002,513
Consolidation adjustments				(4,216,672)
Consolidated revenue				240,785,841
<b>Results</b>				
Segment profit/(loss)	11,285,754	54,972,070	(6,240,540)	60,017,284
Finance cost				(33,798)
Consolidation adjustments				(14,019,655)
Consolidated profit before taxation				45,963,831
Segment profit/(loss) include the following:-				
Interest income	(2,574)	–	–	(2,574)
Depreciation	463,562	4,598,931	–	5,126,457*
Net (reversal)/impairment loss on trade receivables	(691,831)	75,157	–	(484,360)#
Gain on disposal of property, plant and equipment	(140,193)	–	–	(140,193)
Unrealised foreign exchange (gain)/loss	(23,911)	52,620	–	28,709
Fair value gain on short term investment	–	–	(5,863)	(5,863)

\* After consolidation adjustments of RM63,964

# After consolidation adjustments of RM132,314

**NOTES TO THE FINANCIAL STATEMENTS  
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 (CONT'D)**
**33. OPERATING SEGMENTS (CONT'D)**
**33.1 BUSINESS SEGMENTS (CONT'D)**

2020	Glove- Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
<b>Assets</b>				
Segment assets	62,636,623	133,264,618	99,130,201	295,031,442
Unallocated assets:				
- current tax assets				–
Consolidation adjustments				(54,233,567)
Consolidated total assets				<u>240,797,875</u>
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	6,519,731	13,178,163	–	19,674,517*
* After consolidation adjustments of RM23,377				
<b>Liabilities</b>				
Segment liabilities	52,330,050	54,613,954	360,771	107,304,775
Unallocated liabilities:				
- term loan				812,894
- current tax liabilities				5,212,668
Consolidation adjustments				(9,572,585)
Consolidated total liabilities				<u>103,757,752</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)**

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

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

2019	Glove- Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
<b>Revenue</b>				
External revenue	53,759,235	90,672,346	–	144,431,581
Inter-segment revenue	396,243	–	–	396,243
	54,155,478	90,672,346	–	144,827,824
Consolidation adjustments				(396,243)
Consolidated revenue				144,431,581
<b>Results</b>				
Segment profit/(loss)	6,095,962	(2,220,849)	(281,625)	3,593,488
Finance cost				(95,856)
Consolidation adjustments				46,788
Consolidated profit before taxation				3,544,420
Segment profit/(loss) include the following:-				
Interest income	(9,454)	–	–	(9,454)
Depreciation	589,120	4,085,676	–	4,740,950*
Impairment loss on trade receivables	2,161,595	–	–	2,161,595
Gain on disposal of property, plant and equipment	(101,500)	(135)	–	(101,635)
Unrealised foreign exchange loss/(gain)	81,342	(91,449)	–	(10,107)
Fair value gain on short term investment	–	–	(2,720)	(2,720)

\* After consolidation adjustments of RM66,154

**NOTES TO THE FINANCIAL STATEMENTS  
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 (CONT'D)**
**33. OPERATING SEGMENTS (CONT'D)**
**33.1 BUSINESS SEGMENTS (CONT'D)**

2019	Glove- Dipping Lines RM	Rubber Gloves RM	Corporate RM	The Group RM
<b>Assets</b>				
Segment assets	43,415,235	48,754,183	72,832,613	165,002,031
Unallocated assets:				
- current tax assets				298,712
Consolidation adjustments				(45,503,375)
Consolidated total assets				119,797,368
Additions to non-current assets other than financial instruments are:-				
Property, plant and equipment	24,890	1,336,794	-	1,342,312*
Right-of-use assets	475,000	-	-	475,000
* After consolidation adjustments of RM19,372				
<b>Liabilities</b>				
Segment liabilities	37,953,220	16,206,091	331,246	54,490,557
Unallocated liabilities:				
- lease liability				312,377
- term loans				1,701,140
Consolidation adjustments				(11,040,190)
Consolidated total liabilities				45,463,884

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

#### 33.2 GEOGRAPHICAL INFORMATION

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

Revenue	The Group	
	2020 RM	2019 RM
Malaysia	103,560,528	21,971,302
United States	59,097,971	22,219,799
Taiwan	16,075,004	54,774,165
Hong Kong	16,143,591	–
Singapore	11,477,706	–
China	9,877,263	–
Thailand	7,269,790	8,188,956
Vietnam	4,523,174	28,997,360
Others	12,760,814	8,279,999
	240,785,841	144,431,581

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

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

Revenue	At A Point in Time		Over Time		The Group	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia	49,109,403	7,732,463	54,451,125	14,238,839	103,560,528	21,971,302
United States	59,097,971	22,219,799	–	–	59,097,971	22,219,799
Taiwan	16,075,004	54,774,165	–	–	16,075,004	54,774,165
Hong Kong	16,143,591	–	–	–	16,143,591	–
Singapore	11,477,706	–	–	–	11,477,706	–
China	9,877,263	–	–	–	9,877,263	–
Thailand	–	–	7,269,790	8,188,956	7,269,790	8,188,956
Vietnam	167,712	–	4,355,462	28,997,360	4,523,174	28,997,360
Others	12,760,814	6,812,717	–	1,467,282	12,760,814	8,279,999
	174,709,464	91,539,144	66,076,377	52,892,437	240,785,841	144,431,581

#### 33.3 MAJOR CUSTOMERS

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

	Revenue		Geographical Segment
	2020 RM	2019 RM	
Customer A	N/A	76,753,816	Taiwan
Customer B	38,107,180	N/A	Malaysia
Customer C	41,349,254	N/A	United States

**NOTES TO THE FINANCIAL STATEMENTS  
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 (CONT'D)**
**34. CAPITAL COMMITMENTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020 RM</b>	<b>2019 RM</b>	<b>2020 RM</b>	<b>2019 RM</b>
Purchase of property, plant and equipment	1,008,400	–	–	–

**35. CONTINGENT LIABILITY**

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

	<b>The Group</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
Bank guarantee extended by a subsidiary to a third party	910,000	910,000

**36. FINANCIAL INSTRUMENTS**

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

**36.1 FINANCIAL RISK MANAGEMENT POLICIES**

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

**(a) Market Risk**
**(i) Foreign Currency Risk**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)**

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

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

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

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

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

*Foreign Currency Exposure*

The Group	United States Dollar RM	Chinese Yuan RM	Thai Baht RM	Ringgit Malaysia RM	Total RM
<b>2020</b>					
<u>Financial Assets</u>					
Trade receivables	3,414,224	–	–	14,114,760	17,528,984
Amount owing by related parties	1,192,793	–	–	36,759	1,229,552
Other receivables	–	–	–	604,503	604,503
Short-term investments	–	–	–	69,216,228	69,216,228
Fixed deposits with a licensed bank	–	–	–	6,220,000	6,220,000
Cash and bank balances	13,307,885	–	–	28,487,797	41,795,682
	17,914,902	–	–	118,680,047	136,594,949
<u>Financial Liabilities</u>					
Term loan	–	–	–	812,894	812,894
Trade payables	3,484,169	215,635	10,151	18,757,244	22,467,199
Amount owing to a related party	–	–	–	390,662	390,662
Other payables and accruals	–	–	–	9,928,197	9,928,197
	3,484,169	215,635	10,151	29,888,997	33,598,952
Net financial assets/(liabilities)	14,430,733	(215,635)	(10,151)	88,791,050	102,995,997
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	–	(88,791,050)	(88,791,050)
Currency exposure	14,430,733	(215,635)	(10,151)	–	14,204,947



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

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

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

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

##### *Foreign Currency Exposure (Cont'd)*

The Group	United States Dollar RM	Chinese Yuan RM	Thai Baht RM	Ringgit Malaysia RM	Total RM
<b>2019</b>					
<u>Financial Assets</u>					
Trade receivables	2,377,010	–	–	19,276,126	21,653,136
Amount owing by related parties	8,886,029	–	–	36,034	8,922,063
Other receivables	–	–	–	10,443,656	10,443,656
Short-term investments	–	–	–	9,299,434	9,299,434
Cash and bank balances	3,190,161	–	–	8,974,212	12,164,373
	14,453,200	–	–	48,029,462	62,482,662
<u>Financial Liabilities</u>					
Term loans	–	–	–	1,701,140	1,701,140
Trade payables	1,453,659	205,625	46,318	14,750,244	16,455,846
Amount owing to a related party	–	–	–	324,150	324,150
Other payables and accruals	–	–	–	12,027,473	12,027,473
	1,453,659	205,625	46,318	28,803,007	30,508,609
Net financial assets/ (liabilities)	12,999,541	(205,625)	(46,318)	19,226,455	31,974,053
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	–	(19,226,455)	(19,226,455)
Currency exposure	12,999,541	(205,625)	(46,318)	–	12,747,598

**NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)**

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

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

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

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

*Foreign Currency Risk Sensitivity Analysis*

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

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Effects on Profit After Taxation</b>		
USD/RM - strengthened by 5%	548,368	493,983
- weakened by 5%	(548,368)	(493,983)
<b>Effects on Other Comprehensive Income</b>		
USD/RM - strengthened by 5%	548,368	493,983
- weakened by 5%	(548,368)	(493,983)

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

**(ii) Interest Rate Risk**

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

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

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Note 21 to the financial statements.

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

The Company does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

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

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

###### (iii) Equity Price Risk

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

##### (b) Credit Risk

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

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

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

The Group's major concentration of credit risk relates to the amounts owing by 3 customers which constituted approximately 60% of its trade receivables (including related parties) at the end of the reporting period.

###### (ii) Exposure to Credit Risk

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
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(CONT'D)**

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

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

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

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

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

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

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than a year overdue are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

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

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

<b>The Group</b>	<b>Gross Amount RM</b>	<b>Individual Impairment RM</b>	<b>Carrying Amount RM</b>
<b>2020</b>			
Current (not past due)	12,388,036	–	12,388,036
1 to 30 days past due	5,237,821	–	5,237,821
31 to 60 days past due	919,282	–	919,282
61 to 90 days past due	160,806	–	160,806
More than 90 days past due	52,591	–	52,591
Credit impaired	18,545,726	(18,545,726)	–
Trade receivables	37,304,262	(18,545,726)	18,758,536
Contract assets	6,987,475	(2,487,928)	4,499,547
	44,291,737	(21,033,654)	23,258,083

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

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

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

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

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

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

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>2019</b>				
Current (not past due)	10,286,075	–	(4,846)	10,281,229
1 to 30 days past due	4,155,536	–	(1,232)	4,154,304
31 to 60 days past due	9,951,720	–	(26,305)	9,925,415
61 to 90 days past due	1,503,117	–	(3,298)	1,499,819
More than 90 days past due	4,960,677	–	(246,245)	4,714,432
Credit impaired	18,749,271	(18,749,271)	–	–
Trade receivables	49,606,396	(18,749,271)	(281,926)	30,575,199
Contract assets	4,252,199	(2,487,928)	(22)	1,764,249
	53,858,595	(21,237,199)	(281,948)	32,339,448

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

##### *Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

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(CONT'D)**

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

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

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

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

*Fixed Deposits with A Licensed Bank, Cash and Bank Balances*

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

*Amount Owning By A Subsidiary (Non-trade Balance)*

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

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

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

**(c) Liquidity Risk**

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

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 (CONT'D)**
**36. FINANCIAL INSTRUMENTS (CONT'D)**
**36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**
**(c) Liquidity Risk (Cont'd)**
*Maturity Analysis*

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>2020</b>						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Trade payables	-	22,467,199	22,467,199	22,467,199	-	-
Amount owing to a related party	-	390,662	390,662	390,662	-	-
Other payables and accruals	-	9,928,197	9,928,197	9,928,197	-	-
Term loan	3.27	812,894	930,696	150,540	602,160	177,996
		33,598,952	33,716,754	32,936,598	602,160	177,996
<b>2019</b>						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Trade payables	-	16,455,846	16,455,846	16,455,846	-	-
Amount owing to a related party	-	324,150	324,150	324,150	-	-
Other payables and accruals	-	12,027,473	12,027,473	12,027,473	-	-
Lease liability	4.22	312,377	340,244	83,328	256,916	-
Term loans	4.52 - 4.92	1,701,140	2,169,823	452,751	1,122,243	594,829
		30,820,986	31,317,536	29,343,548	1,379,159	594,829

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(CONT'D)**

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

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

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

*Maturity Analysis (Cont'd)*

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

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>2020</b>						
<u>Non-derivative</u>						
<u>Financial Liability</u>						
Other payables and accruals	-	360,771	360,771	360,771	-	-
<b>2019</b>						
<u>Non-derivative</u>						
<u>Financial Liability</u>						
Other payables and accruals	-	331,246	331,246	331,246	-	-

**36.2 CAPITAL RISK MANAGEMENT**

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

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

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



**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
 (CONT'D)**
**36. FINANCIAL INSTRUMENTS (CONT'D)**
**36.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	<b>2020</b>		<b>2019</b>	
	<b>The Group RM</b>	<b>The Company RM</b>	<b>The Group RM</b>	<b>The Company RM</b>
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments (Note 15)	69,216,228	33,749,639	9,299,434	7,740,232
<u>Designated at Fair Value Through Profit or Loss Upon Initial Recognition</u>				
Other receivables (Note 11)	–	–	10,000,000	–
<u>Amortised Cost</u>				
Trade receivables (Note 10)	17,528,984	–	21,653,136	–
Other receivables (Note 11)	604,503	–	443,656	–
Amount owing by related parties (Note 13)	1,229,552	–	8,922,063	–
Amount owing by a subsidiary (Note 14)	–	11,152,453	–	11,326,111
Fixed deposits with a licensed bank (Note 16)	6,220,000	720,000	–	–
Cash and bank balances	41,795,682	193,986	12,164,373	452,147
	<b>67,378,721</b>	<b>12,066,439</b>	<b>43,183,228</b>	<b>11,778,258</b>
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Trade payables (Note 23)	22,467,199	–	16,455,846	–
Other payables and accruals (Note 24)	9,928,197	360,771	12,027,473	331,246
Amount owing to a related party (Note 13)	390,662	–	324,150	–
Term loans (Note 21)	812,894	–	1,701,140	–
	<b>33,598,952</b>	<b>360,771</b>	<b>30,508,609</b>	<b>331,246</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)**

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

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

	2020		2019	
	The Group RM	The Company RM	The Group RM	The Company RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit and Loss</u>				
Net gains recognised in profit or loss by:				
- mandatorily required by MFRS 9	(737,096)	(329,709)	(299,990)	(240,788)
<u>Amortised Cost</u>				
Net (gains)/losses recognised in profit or loss	(486,912)	–	2,152,141	–
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	27,452	–	82,095	–

**36.5 FAIR VALUE INFORMATION**

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

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

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2020</b>								
<u>Financial Asset</u>								
Short-term investments								
- money market fund	–	69,216,228	–	–	–	–	69,216,228	69,216,228
<u>Financial Liability</u>								
Term loan	–	–	–	–	812,894	–	812,894	812,894

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

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

#### 36.5 FAIR VALUE INFORMATION (CONT'D)

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

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2019								
<u>Financial Asset</u>								
Short-term investments								
- money market fund	-	9,299,434	-	-	-	-	9,299,434	9,299,434
<u>Financial Liability</u>								
Term loans	-	-	-	-	1,701,140	-	1,701,140	1,701,140
The Company								
2020								
<u>Financial Asset</u>								
Short-term investment								
- money market fund	-	33,749,639	-	-	-	-	33,749,639	33,749,639
2019								
<u>Financial Asset</u>								
Short-term investment								
- money market fund	-	7,740,232	-	-	-	-	7,740,232	7,740,232

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

- (i) The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

### 37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The Group's operations have been disrupted by a series of precautionary and control measures taken by the government and private corporations in response to the emergency of the COVID-19 pandemic.

Although the Group's operations have been disrupted, the management has assessed the impact on the Group and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

- (b) On 28 August 2020, the wholly-owned subsidiary, HL Advance Technologies (M) Sdn. Bhd. ("HLAT") was served with a sealed Writ of Summons and received a Statement of Claim, both dated 18 August 2020 by WRP Asia Pacific Sdn. Bhd ("WRP"). WRP alleges, inter alia, that in the course of an internal investigation conducted by WRP, it was discovered that the four defendants and HLAT conspired to pay a total of RM36,000,000 to HLAT, to the detriment of WRP.

HLAT is rigorously contesting the alleged claims and is of the view that WRP's claims are without merit and had on 6 October 2020 filed a Defence and Counterclaim through its solicitor against WRP and its subsidiary company, WRP Specialty Products Sdn. Bhd. ("WRP Specialty") for the amount owing of RM10,080,445 and RM6,354,577 respectively.

It is difficult to estimate the impact of this dispute on HLAT's finances and operations at this juncture as the final outcome is dependent on the Court's decision.

The Board of Directors of the Group will continue to take all necessary actions and pursue all available remedies to defend and protect the Group's position.

### 38. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Subsequent to the reporting date, the numbers of new COVID-19 cases increased substantially in Malaysia and markets in which the Group operates. Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.
- (b) On 14 January 2021, the Board of Directors announced that the Company is proposing to acquire the remaining 4,725,000 ordinary shares in its existing subsidiary, HL Rubber Industries Sdn. Bhd. ("HLRI"), representing 45% of the issued and paid-up share capital of HLRI, for a purchase consideration of RM90,000,000 to be satisfied via the issuance of 90,000,000 new ordinary shares in the Company ("Consideration Shares") at an issue price of RM1.00 per Consideration Share. Following the completion of the acquisition on 5 April 2021, HLRI became a wholly-owned subsidiary of the Company.

# LIST OF PROPERTIES

## AS AT 31 DECEMBER 2020

No.	Registered Owner	Address/Title	Description	Land Area/ Gross Floor Area (Sq. Ft.)	Existing Use	Tenure	Carrying Amount as at 31 December 2020 (RM)	Approximate Age of Building (Years)	Date of Valuation (V)/ Date of Acquisition (A)
1.	HL Advance Technologies (M) Sdn. Bhd.	No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor	Three (3)-storey office building with annexed single storey detached factory	Land area - 40,688 Gross floor area - 30,388	Office-cum-factory	Leasehold for a period of 99 years expiring on 11 August 2096	3,561,619	11	22 December 2011 (A)
2.	HL Advance Technologies (M) Sdn. Bhd.	PM 4518, Lot 36522, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan							
		Unit No. 52-25-B4, 4 <sup>th</sup> Floor, Pangsapuri Jati, Jalan Dagang Mas 5, Taman Mas Sepang, 47100 Puchong, Selangor Darul Ehsan	Apartment	Built-up area - 829	Staff accommodation	Leasehold for a period of 99 years expiring on 11 August 2096	44,263	14	15 December 2010 (A)
3.	HL Advance Technologies (M) Sdn. Bhd.	PM 6368, Lot 46226, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan							
		Unit No. 30-02-16, Spring Court 1, Jalan Dagang Mas 1, Taman Mas Sepang, 47100 Puchong, Selangor Darul Ehsan.	Apartment	Built-up area - 710	Staff accommodation	Leasehold for a period of 99 years expiring on 11 August 2096	27,536	13	23 December 2010 (A)
4.	HL Rubber Industries Sdn. Bhd.	PM 6340, Lot 46218, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.							
		Lot 10, Kawasan Perindustrian Diah, 72000 Kuala Pilah, Negeri Sembilan	Three (3) single storey factory buildings and one (1) single storey office building	Land area - 388,501 Gross floor area - 193,953	Manufacturing plant, office, hostel of foreign workers, canteen, warehouse and laboratory	Leasehold for a period of 99 years expiring on 8 June 2087	13,051,558	24	14 November 2018 (V)
		PM 28, Lot 3839, Bandar Kuala Pilah, District of Kuala Pilah, State of Negeri Sembilan				Leasehold for a period of 99 years expiring on 26 January 2082			
		PM 20, 22, 19, Lot 3842, 3843, 3848, Bandar Kuala Pilah, District of Kuala Pilah, State of Negeri Sembilan							

## ANALYSIS OF SHAREHOLDINGS AS AT 7 APRIL 2021

Class of Equity Securities	: Ordinary Shares ("Shares")
Total number of issued Shares	: 706,941,549 Shares
Voting rights by show of hand	: One vote for every member
Voting rights by poll	: One vote for every Share held

### DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 Shares	67	0.43	2,002	#
100 - 1,000 Shares	2,496	16.03	1,809,495	0.25
1,001 - 10,000 Shares	8,972	57.60	44,831,250	6.34
10,001 - 100,000 Shares	3,671	23.57	113,381,352	16.04
100,001 - less than 5% of issued Shares	365	2.34	140,366,950	19.86
5% and above of issued Shares	4	0.03	406,550,500	57.51
<b>Total</b>	<b>15,575</b>	<b>100.00</b>	<b>706,941,549</b>	<b>100.00</b>

# Negligible

### DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Wong Kok Wah	139,965,000	19.80	142,662,000 <sup>(1)</sup>	20.18
Chan Yoke Chun	142,662,000	20.18	139,965,000 <sup>(2)</sup>	19.80
Yau Ming Teck	11,328,000	1.60	—	—
Wong Wai Tzing	50,000	0.01	—	—
Wong Koon Wai	100,000	0.01	—	—
Chui Mee Chuen	750,000	0.11	—	—

#### Notes:

<sup>(1)</sup> Deemed interested by virtue of the Shares held by his spouse, Chan Yoke Chun in HLT Global Berhad.

<sup>(2)</sup> Deemed interested by virtue of the Shares held by her spouse, Wong Kok Wah in HLT Global Berhad.

**ANALYSIS OF SHAREHOLDINGS  
AS AT 7 APRIL 2021  
(CONT'D)**
**SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**
*(As per the Register of Substantial Shareholders)*

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Wong Kok Wah	139,965,000	19.80	142,662,000 <sup>(1)</sup>	20.18
Chan Yoke Chun	142,662,000	20.18	139,965,000 <sup>(2)</sup>	19.80
Suntel International Co., Ltd	85,907,500	12.15	–	–
Hup Lek Engineering & Trading Sdn. Bhd.	38,016,000	5.38	–	–

**Notes:**
<sup>(1)</sup> Deemed interested by virtue of the Shares held by his spouse, Chan Yoke Chun in HLT Global Berhad.

<sup>(2)</sup> Deemed interested by virtue of the Shares held by her spouse, Wong Kok Wah in HLT Global Berhad.

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

No.	Name	No. of Shares held	%
1	Chan Yoke Chun	142,662,000	20.18
2	Wong Kok Wah	139,965,000	19.80
3	Suntel International Co., Ltd	85,907,500	12.15
4	Hup Lek Engineering & Trading Sdn. Bhd.	38,016,000	5.38
5	Yau Ming Teck	11,328,000	1.60
6	Teng Moi Bee	7,060,000	1.00
7	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lim Teck Huat	5,300,000	0.75
8	Teng Kok Fah	3,207,000	0.45
9	Lee Sow Yin	3,104,300	0.44
10	Hu, Xin	2,783,000	0.39
11	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Koh Boon Poh	2,409,900	0.34
12	Wong Yoon Chee	2,279,600	0.32
13	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yap Siew Bee	2,110,000	0.30
14	RHB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Kong Leong	1,873,000	0.26
15	Chew Woei Choon	1,750,000	0.25
16	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Mah Siew Kwok	1,660,000	0.23

**ANALYSIS OF SHAREHOLDINGS  
AS AT 7 APRIL 2021  
(CONT'D)**

**30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)**

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

No.	Name	No. of Shares held	%
17	Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Kok Mun	1,630,500	0.23
18	TA Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Anitha Binti Mohamed Haniffa	1,400,000	0.20
19	Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ooi Boon Chai	1,350,000	0.19
20	Hasil Aneka Sdn. Bhd.	1,229,000	0.17
21	Ngo Yok Hua	1,200,000	0.17
22	Tan Ai Lin	1,180,000	0.17
23	Yap Yok Long	1,170,000	0.17
24	Tan Kim Chai	1,036,000	0.15
25	Tan Hooi Kiak	1,020,000	0.14
26	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged securities account for S Indra Devi A/P Subramaniam	1,000,000	0.14
27	Maybank Nominees (Tempatan) Sdn. Bhd. - Chew Kean Huat	1,000,000	0.14
28	Lau Siau Min	987,000	0.14
29	Maybank Nominees (Tempatan) Sdn. Bhd. - Law Siau Woei	970,000	0.14
30	Shanmugam A/L Suppiah	948,000	0.13



## ANALYSIS OF WARRANT HOLDINGS AS AT 7 APRIL 2021

Type of Convertible Securities	: Warrants 2017/2022 ("Warrants")
No. of Outstanding Warrants	: 98,361,048
Exercise Price	: RM0.20
Exercise Period	: 28 December 2017 to 27 December 2022

### DISTRIBUTION SCHEDULE OF WARRANTHOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants	%
Less than 100 Warrants	150	5.02	7,124	#
100 - 1,000 Warrants	398	13.32	267,874	0.27
1,001 - 10,000 Warrants	1,499	50.17	8,150,475	8.29
10,001 - 100,000 Warrants	841	28.15	26,438,625	26.88
100,001 - less than 5% of issued Warrants	99	3.31	23,850,350	24.25
5% and above of issued Warrants	1	0.03	39,646,600	40.31
<b>Total</b>	<b>2,988</b>	<b>100.00</b>	<b>98,361,048</b>	<b>100.00</b>

# Negligible

### DIRECTORS' WARRANT HOLDINGS AS AT 7 APRIL 2021

(As per the Register of Directors' Warrant holdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Wong Kok Wah	39,646,600	40.31	—	—
Chan Yoke Chun	—	—	39,646,600 <sup>(1)</sup>	40.31
Yau Ming Teck	—	—	—	—
Wong Wai Tzing	92,500	0.09	—	—
Wong Koon Wai	—	—	—	—
Chui Mee Chuen	—	—	—	—

#### Notes:

<sup>(1)</sup> Deemed interested by virtue of the Warrants held by her spouse, Wong Kok Wah in HLT Global Berhad.

## ANALYSIS OF WARRANT HOLDINGS AS AT 7 APRIL 2021 (CONT'D)

### 30 LARGEST WARRANT HOLDERS AS AT 7 APRIL 2021

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

No.	Name	No. of Warrants held	%
1	Wong Kok Wah	39,646,600	40.31
2	Lim Shiu Ho	1,264,400	1.29
3	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Sun Ping	980,000	1.00
4	Tan Kim Chai	902,500	0.92
5	Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Kok Mun	683,650	0.70
6	Tiong Yee Fan	679,800	0.69
7	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Johnson Hii Chang Hium	678,000	0.69
8	Mok E Yen	550,000	0.56
9	Kenanga Nominees (Tempatan) Sdn. Bhd. - Rakuten Trade Sdn. Bhd. for Abdul Radzim Bin Abdul Rahman	547,500	0.56
10	Tan Chuen Yong	510,000	0.52
11	Lee Yoon Keong	500,000	0.51
12	Tan Hooi Kiak	400,000	0.41
13	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Vertical Sources Sdn. Bhd.	350,000	0.36
14	Lew Soon Kiak	330,000	0.34
15	Milankumar Pravinchandra Doshi	330,000	0.34
16	Ng Tiow Min	310,000	0.32
17	Wong Yoon Chee	306,100	0.31
18	Chor Chee Heung	300,000	0.31
19	Maybank Nominees (Tempatan) Sdn. Bhd. – Ho Keat Soong	300,000	0.31
20	Razali Bin Manap	300,000	0.31
21	Yap Ban Foo	300,000	0.31
22	Lee Chai Eng	265,000	0.27
23	Maybank Nominees (Tempatan) Sdn. Bhd. – Siew Wai Yin	260,000	0.26
24	Maybank Nominees (Tempatan) Sdn. Bhd. – Mohamed Adzman Bin Mohamed Sura	252,000	0.26
25	Hasil Aneka Sdn. Bhd.	251,000	0.26
26	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kelly Liew Chee Kwong	250,600	0.25
27	Chew Woei Choon	250,000	0.25
28	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Ing Kiong	250,000	0.25
29	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ching Pong Hua	250,000	0.25
30	Norhamizah Binti Abdul Hamid	247,500	0.25

## APPENDIX A

### PROPOSED AMENDMENTS TO THE CONSTITUTION OF HLT GLOBAL BERHAD ("THE COMPANY")

This is the Appendix A referred to Agenda 8 of the Notice of Sixth Annual General Meeting of the Company dated 30 April 2021.

Clause No.	Existing Clause	Clause No.	Existing Clause								
1	<table><tr><th>Words</th><th>Meanings</th></tr><tr><td>Listing Requirements</td><td>The ACE Market Listing Requirements of the Exchange including any amendments thereto that may be made from time to time.</td></tr></table>	Words	Meanings	Listing Requirements	The ACE Market Listing Requirements of the Exchange including any amendments thereto that may be made from time to time.	1	<table><tr><th>Words</th><th>Meanings</th></tr><tr><td>Listing Requirements</td><td>The <b>Main Market</b> or ACE Market Listing Requirements <b>(as the case may be)</b> of the Exchange including any amendments thereto that may be made from time to time.</td></tr></table>	Words	Meanings	Listing Requirements	The <b>Main Market</b> or ACE Market Listing Requirements <b>(as the case may be)</b> of the Exchange including any amendments thereto that may be made from time to time.
Words	Meanings										
Listing Requirements	The ACE Market Listing Requirements of the Exchange including any amendments thereto that may be made from time to time.										
Words	Meanings										
Listing Requirements	The <b>Main Market</b> or ACE Market Listing Requirements <b>(as the case may be)</b> of the Exchange including any amendments thereto that may be made from time to time.										
4	<p>Subject to the provisions of the Act, this Constitution and any other written law, the Company has:-</p> <p>(a) Full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and</p> <p>(b) For the purposes of Clause 4(a) above, full rights, powers and privileges.</p>	4	<p>Subject to the provisions of the Act, this Constitution and any other written law, the <b>objects for which the Company is established are:-</b></p> <p>(a) <b>To carry on the business of an investment holding company and for that purpose to promote or form or assist in promotion of any company or the subsidiary of the Company or otherwise and to acquire and hold for investment shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking; and</b></p> <p>(b) <b>To carry on or undertake any business or activity, to do any act or enter into any transaction or to do all such other things as are incidental or conducive to the attainment of the above objects.</b></p> <p><b>Section 21 of the Act shall apply to the Company and the Company shall be capable of exercising all the functions of a body corporate and have the full capacity to carry on or undertake any business or any activity the Directors consider advantageous to the Company and that are not prohibited under any law for the time being enforced in Malaysia.</b></p>								

## APPENDIX A (CONT'D)

Clause No.	Existing Clause	Clause No.	Existing Clause
56	<p>Subject to the provisions of this Constitution and the Act, the Company may by special resolution:</p> <ul style="list-style-type: none"> <li>(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</li> <li>(ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act;</li> <li>(iii) convert and/or re-classify any class of shares into any other class of shares; or</li> <li>(iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.</li> </ul>	56	<p>Subject to the provisions of this Constitution and the Act, the Company may by <b>special ordinary</b> resolution:</p> <ul style="list-style-type: none"> <li>(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</li> <li>(ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act;</li> <li>(iii) convert and/or re-classify any class of shares into any other class of shares; or</li> <li>(iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.</li> </ul>
61	<p>The meeting of its Members may be held at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting.</p>	61	<p>The meeting of its Members may be held by <b>fully virtual or hybrid</b> at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and <b>subject to Clause 69</b>, the Chairman shall be present at the main venue of the meeting. <b>For fully virtual general meeting, the broadcast venue shall be the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting.</b></p>

APPENDIX A  
(CONT'D)

Clause No.	Existing Clause	Clause No.	Existing Clause
62	<p>Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:-</p> <p>(i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and</p> <p>(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right.</p> <p>NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.</p>	62	<p>Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, <b>publication on the Company's website</b> or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:-</p> <p>(i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and</p> <p>(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right.</p> <p>NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.</p>

**HLT GLOBAL BERHAD**

[201501038003 (1163324-H)]

(Incorporated in Malaysia)

**PROXY FORM**

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

<b>No. of shares held</b>	
<b>CDS Account No.</b>	

I/We\* \_\_\_\_\_ NRIC/Passport/Registration No.\* \_\_\_\_\_  
(Full name in block)of \_\_\_\_\_  
(Address))

with email address \_\_\_\_\_ mobile phone no. \_\_\_\_\_

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

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

and/or

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

or failing him/her, the Chairperson of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Sixth Annual General Meeting of the Company to be held on a fully virtual basis and entirely via remote participation and voting at the Broadcast Venue: Conference Room of HLT, No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor on Monday, 31 May 2021 at 10:30 a.m. or at any adjournment thereof.

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

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and/or benefits of up to RM400,000.00 for the financial year ending 31 December 2021.		
2.	To re-elect Mr. Wong Kok Wah as a Director of the Company.		
3.	To re-elect Mr. Yau Ming Teck as a Director of the Company.		
4.	To re-appoint Crowe Malaysia PLT as Auditors of the Company.		
5.	To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
6.	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
7.	To approve the Proposed Share Buy-Back Authority.		

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

\* delete whichever not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

Signature/ Common Seal of Member(s)

**Notes:**

- (a) The Sixth AGM of the Company ("Meeting") will be conducted fully virtual through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services ePortal's platform at <https://www.sshsb.net.my/>. Please follow the procedures provided in the Administrative Notes for the Meeting in order to register, participate and vote remotely via the RPV facilities.
- (b) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 61 of the Company's Constitution which require the Chairman of the Meeting to be present at the main venue of the Meeting. Members/proxies **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue. Members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.
- (c) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy appointed by the member shall have the same rights as the member to participate, speak and vote at the Meeting. The members or their proxies may submit questions to the Company prior to the Meeting or via real time submission of typed texts through a text box within Securities Services ePortal's platform during live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in the primary mode of communication, shareholders and proxies may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the Meeting.
- (d) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 24 May 2021. Only members whose names appear in the General Meeting Record of Depositors as at 24 May 2021 shall be regarded as members and entitled to attend, participate, speak and vote at the Meeting.
- (e) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.



Fold this flap for sealing

- (f) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (g) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (h) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (i) To be valid, the instrument appointing a proxy may be made via hardcopy or by electronic means in the following manners and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof at which the person named in the appointment proposes to vote:-
- (1) **In Hardcopy Form**  
The proxy form shall be deposited at the share registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
- (2) **By Electronic Means**  
The proxy form shall be electronically lodged via Securities Services ePortal's platform at <https://www.sshsb.net.my/> or by fax to +603-2094 9940 or by email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my).
- (j) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- (k) In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our Meeting at short notice. Kindly check Bursa Securities' and the Company's website at [www.hltglobal.com.my](http://www.hltglobal.com.my) for the latest updates on the status of the Meeting.

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Stamp

The Share Registrar  
**HLT Global Berhad**  
**Securities Services (Holdings) Sdn Bhd**  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

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**HLT GLOBAL BERHAD** 201501038003 (1163324-H)

NO. 6, JALAN INDUSTRI MAS 7, TAMAN MAS  
47130 PUCHONG, SELANGOR DARUL EHSAN, MALAYSIA

T : (603) 8068 3616  
F : (603) 8068 4618

[www.hltglobal.com.my](http://www.hltglobal.com.my)