Hartalega

Future Focused

Annual Report 2022

Future Focused

The theme of this year's report, 'Future Focused', illustrates how Hartalega looks beyond the needs of the present to drive the Group's sustainable long-term growth. The visual of the globe in vibrant green hues mirrors Hartalega's logo and depicts our commitment to continue protecting lives across the world by integrating Environment, Social and Governance (ESG) best practices in all that we do, to create a brighter future for all.

16TH ANNUAL GENERAL MEETING

1 SEPTEMBER 2022

Contents

Corporate & Management Overview

Responsibility & Financials

Vision & Values

Our Vision

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

Our Mission

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

Driven By Core Values

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

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

Synergy

Excellence

Honesty

Learning

Innovation

Dedication

Industry Firsts

Leading The Way In Innovation

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

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

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

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

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

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

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

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

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

Awards & Recognition

Graduates' Choice Award – Top 3 Most Preferred Graduate Employers to Work for in 2022 for Manufacturing (Rubber) Category

Kincentric Best Employers Malaysia Special Recognition - Commitment to Agile Workforce 2021; Purposeful Workplace Award 2019

Graduan Brand Awards (Malaysia's Most Preferred Employer 2021) – 1st Runner Up for Manufacturing Industry

LinkedIn Talent Awards 2021 – Diversity Champion (below 1,000 employees on LinkedIn)

Asiamoney Asia's Outstanding Companies Poll 2021 – Most Outstanding Company in Malaysia in Healthcare Sector

The Edge Billion Ringgit Club Awards 2020 - Company of the Year, Highest Growth in Profit After Tax Over 3 Years (Super Big Cap Companies), Highest Return on Equity Over 3 Years, Highest Growth in Profit After Tax Over 3 Years

Kincentric Best Employers Malaysia 2020

HR Excellence Awards 2020
- Excellence in Talent Acquisition (Bronze)
- CSR Strategy (Bronze)

MSC Malaysia APICTA 2020 Awards (Industrial Category – Manufacturing)

The Star Export Excellence Awards 2019 - Exporter of the Year Award & Gold Award (Other Industries Category)

The Edge Billion Ringgit Club Awards - Most Profitable Company (Industrial Products Sector) 2013, 2014, 2015 & 2016; Highest Return on Equity Over 3 Years 2018; Highest Return on Equity Over 3 Years & Highest Profit Growth Over 3 Years 2019

Graduates' Choice Award 2019 (Manufacturing Category)

HR Excellence Awards 2019 (Excellence in HR Communication Strategy)

Aon Best Employer Award (2018)

AIA - Malaysia's Healthiest Employees Award (Large Organisation 2018)

HR Excellence Awards 2018
- Excellence in Workplace Wellbeing (Silver)
- Excellence in HR Communication Strategy (Bronze)

MREPC Industry Awards 2018
- Most Outstanding Company
- Export Excellence
- Green Business

Asiamoney Corporate Governance Award (2015)

University of Malaya Excellence Awards (2014 - Human Capital Development)

FinanceAsia Best Companies (2014 - Best Mid Cap Malaysia)

Forbes Asia Best Under A Billion List (2010, 2011, 2012 & 2013)

HR Asia Best Companies To Work For in Asia Awards (2013, 2014)

ISO 9001 : 2015

ISO 13485 : 2016

EN ISO 13485 : 2016

ISO 14001 : 2015

ISO 45001 : 2018

EC-Certificate

JGMP

U.S. Food and Drug Administration 510(k)

UL Certification

National Fire Protection Association

China Food and Drug Administration

ANVISA

ISEGA Food Contact Test Certification (German)

PPE Cert

Our Business

Over **34 years** since inception in

1988

One of the world's **LARGEST** exporters of nitrile gloves, installed production capacity over

44 billion
pieces per year

A culture of innovation and leading R&D

Colloidal Oatmeal Active Therapeutic System,
COATS™
therapeutic glove

COATS
Colloidal Oatmeal System

- Biodegradable gloves
- Polychloroprene examination gloves
- Metal detectable gloves for food safety
- Antimicrobial gloves

Market capitalisation in Bursa Malaysia

RM16.6 billion
(as at 31 March 2022)

FY2022 Highlights

Revenue
RM7.9 billion

Profit After Tax
RM3.2 billion

Profit Before Tax
RM4.6 billion

Net cash position of
RM2.1 billion
(as at 31 March 2022)

Dividend Payout Policy

60% of Profit After Tax

Strong **ESG** Track Record

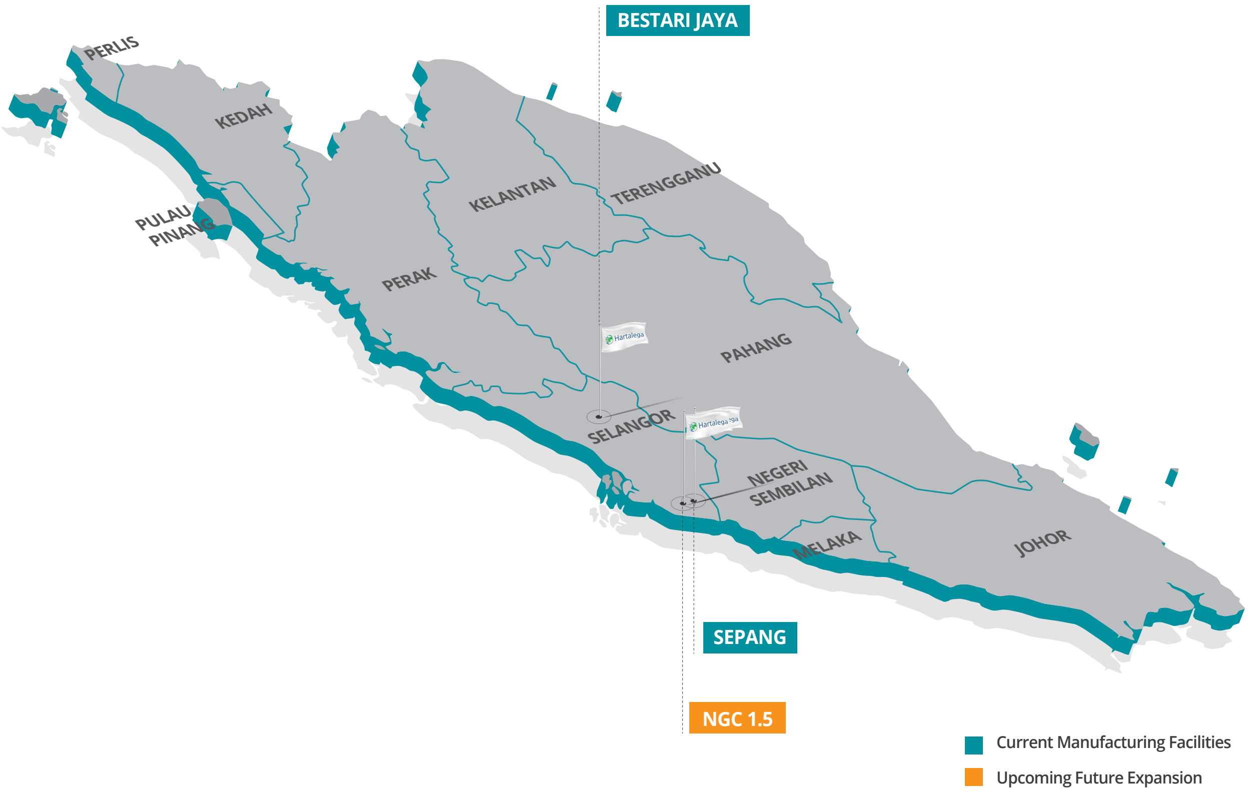
MSCI ESG Rating
AA
(as at December 2021)

Sustainalytics ESG Risk Scores
Low Risk Category
(as at April 2022)

FTSE4Good
Bursa Malaysia Index – Continuously listed since 2014

Our Presence

Total of
9,040
Hartanians



Exporting to more than
70 countries
across 5 continents worldwide

Growing market presence via MUN global distribution arm

The Hartalega Nitrile Glove Story

2002

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

2003

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

2005

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

2007

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

2008

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

2010

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

2011

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

2012

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

2013

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

2014

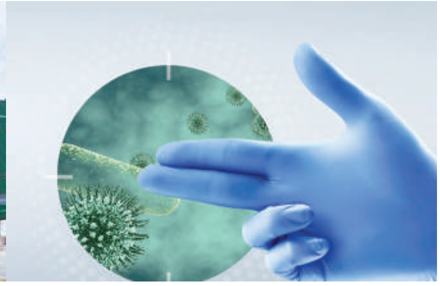
- Commissioned first production lines of the NGC
- Launched new global distribution arm, MUN
- Launched new umbrella brand, GloveOn

2015

- Completed Plants 1 and 2 of the NGC
- Developed Biodegradable Gloves (BDG) through R&D and innovation

2016

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



2017

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

2018

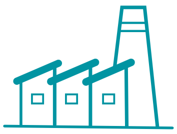
- Commenced commissioning of Plant 5 of the NGC
- Hartalega listed on FBM KLCI Top 30 Largest Public Listed Companies in Malaysia

2019

- Completed commissioning of Plant 5 of the NGC

2020

- Completed commissioning of Plant 6 of the NGC, one year ahead of schedule
- Commenced commissioning of Plant 7 of the NGC

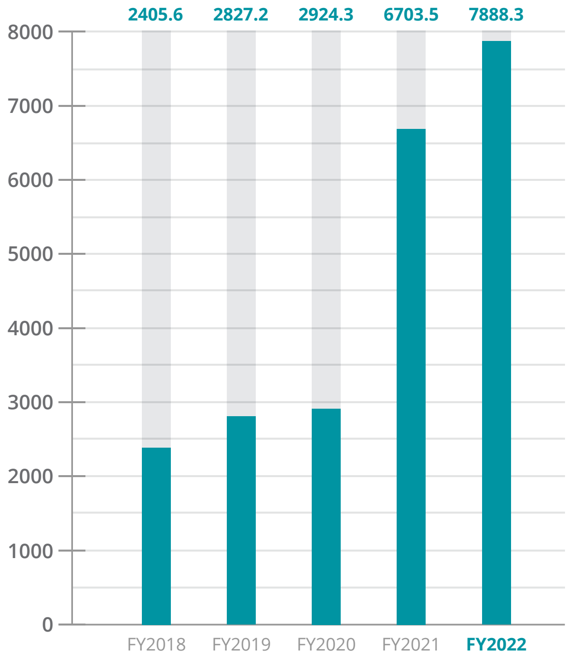


2021

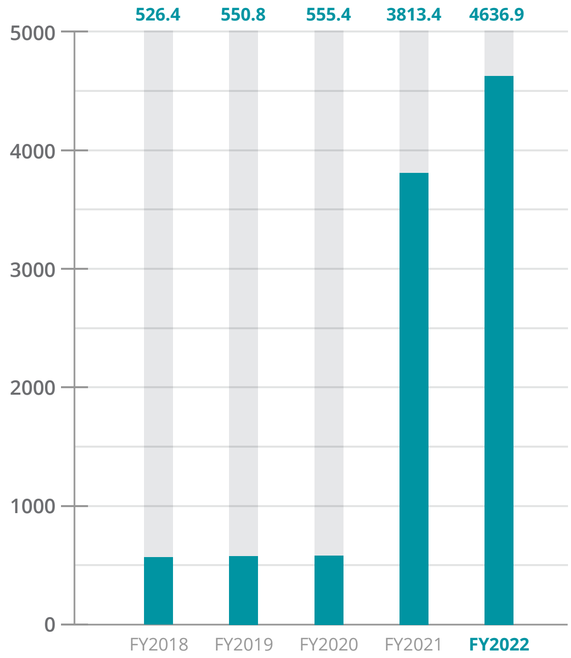
- Launched the Hartalega Academy
- Founding member of the Responsible Glove Alliance in collaboration with global industry participants and stakeholders to uphold responsible recruitment and employment practices

Financial Summary

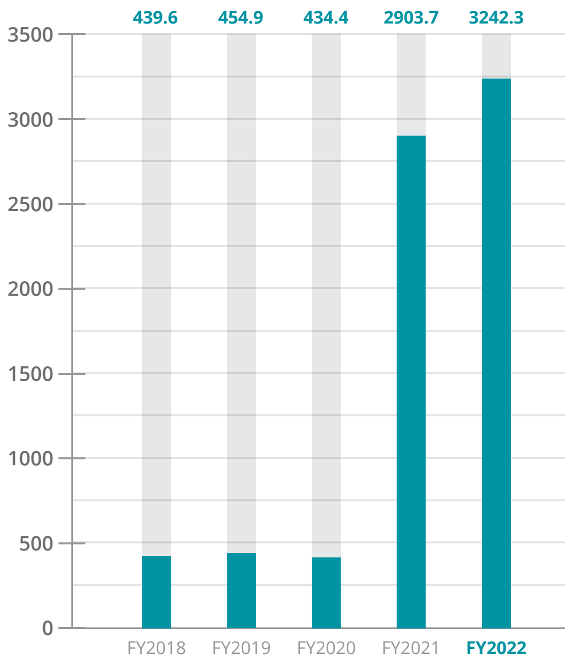
Revenue
(RM Million)



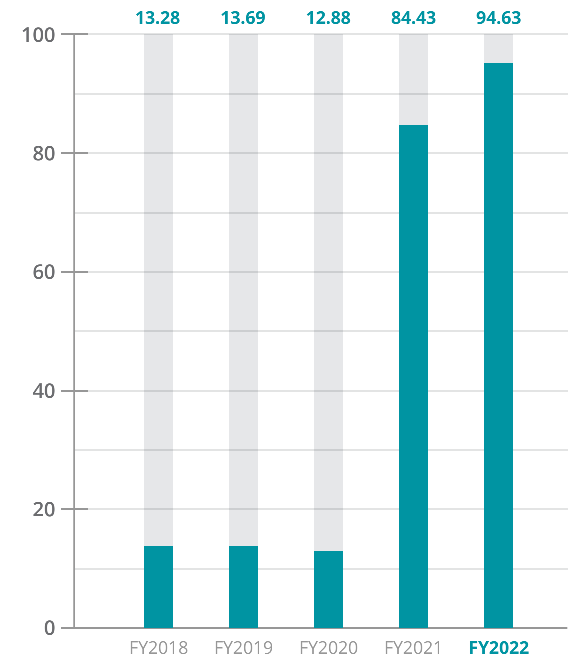
Profit Before Tax
(RM Million)



Profit After Tax
(RM Million)



Earnings Per Share
(Sen)



Corporate Information

BOARD OF DIRECTORS

Kuan Kam Hon @ Kwan Kam Onn	Executive Chairman
Kuan Mun Leong	Chief Executive Officer
Kuan Mun Keng	Chief Business Officer
Dato' Tan Guan Cheong *(Re-designated on 5/7/2022)*	Non-Independent Non-Executive Director
Razman Hafidz bin Abu Zarim	Independent Non-Executive Director
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Senior Independent Non-Executive Director
Datuk Seri Nurmala binti Abd Rahim	Independent Non-Executive Director
Datuk Loo Took Gee	Independent Non-Executive Director
Yap Seng Chong *(Appointed on 5/7/2022)*	Independent Non-Executive Director

AUDIT COMMITTEE

Razman Hafidz bin Abu Zarim *(Re-designated on 5/7/2022)*	Chairman
Dato' Tan Guan Cheong *(Re-designated on 5/7/2022)*	Member
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member
Datuk Seri Nurmala binti Abd Rahim	Member
Yap Seng Chong *(Appointed on 5/7/2022)*	Member

REMUNERATION COMMITTEE

Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria *(Re-designated on 5/7/2022)*	Chairman
Razman Hafidz bin Abu Zarim *(Re-designated on 5/7/2022)*	Member
Dato' Tan Guan Cheong	Member
Datuk Seri Nurmala binti Abd Rahim	Member

NOMINATION COMMITTEE

Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria *(Re-designated on 5/7/2022)*	Chairman
Razman Hafidz bin Abu Zarim *(Re-designated on 5/7/2022)*	Member
Dato' Tan Guan Cheong	Member
Datuk Loo Took Gee	Member

RISK MANAGEMENT & SUSTAINABILITY COMMITTEE

Razman Hafidz bin Abu Zarim *(Re-designated on 5/7/2022)*	Chairman
Dato' Tan Guan Cheong *(Re-designated on 5/7/2022)*	Member
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member
Datuk Seri Nurmala binti Abd Rahim	Member
Kuan Mun Leong *(Resigned on 5/7/2022)*	Member

COMPANY SECRETARIES

Wong Maw Chuan (MIA 7413)
SSM PC No.: 202008003554
Wong Youn Kim (F) (MAICSA 7018778)
SSM PC No.: 201908000410
Lee Chin Wen (F) (MAICSA 7061168)
SSM PC No.: 202008001901

REGISTERED OFFICE

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Selangor Darul Ehsan, Malaysia
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FACTORY LOCATION 2

No. 1, Persiaran Tanjung
Kawasan Perindustrian Tanjung
43900 Sepang
Selangor Darul Ehsan, Malaysia
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PRINCIPAL BANKERS

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

REGISTRAR

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

AUDITORS

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Url: www.hartalega.com.my
Email: info@hartalega.com.my

STOCK EXCHANGE

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

Media Milestones

New Straits Times: May 11, 2022

FINANCIAL RESULTS

HARTALEGA POSTS FULL-YEAR NET PROFIT OF RM3.23B

Glove maker declares dividend of 3.5 sen per share, payable on June 9

FARAH ADILLA
KUALA LUMPUR
bt@nst.com.my

Hartalega Holdings Bhd chief executive officer Kuan Mun Leong (inset) says it continues to face external pressures, including the Russia-Ukraine conflict and Covid-19 lockdown in major cities in China.

HARTALEGA Holdings Bhd's net profit rose 12.1 per cent to RM3.23 billion for the financial year ended March 31 from the RM2.89 billion a year ago.

In a filing with Bursa Malaysia yesterday, the glove maker said this was mainly driven by the 17.7 per cent jump in revenue to RM7.89 billion from RM6.70 billion previously.

However, it added that the boost from the higher average selling price (ASP) for its products was partly offset by the higher raw material as well as other operating costs.

For the fourth quarter, Hartalega fell to a net loss of RM197.9 million from a RM1.12 billion net profit in the same period a year ago.

Berita Harian: May 11, 2022

Hartalega raih keuntungan lebih besar

Hartalega Holdings Bhd meraih keuntungan selepas cukai lebih tinggi berjumlah RM3.23 bilion bagi tahun kewangan penuh berakhir 31 Mac 2022, berbanding RM2.9 bilion tempoh sama tahun sebelumnya.

Dalam satu kenyataan, Hartalega berkata, keuntungan sebelum cukai bagi tahun yang dilaporkan juga melonjak kepada RM4.64 bilion berdasarkan pendapatan berjumlah RM7.89 bilion.

"Bagi suku keempat berakhir 31 Mac 2022, kumpulan mencatat kerugian RM189.7 juta, terutama disebabkan peruntukan untuk membayar Cukai Makmur. Untung sebelum cukai mencecah RM218.4 juta, manakala pendapatan sebanyak RM968.7 juta telah dicatatkan.

Kuan Mun Leong

"Prestasi ini dicapai berikutan harga jualan purata (ASP) yang kembali normal serta jumlah jualan semakin rendah, di samping kos operasi lebih tinggi," katanya.

Menurut Hartalega, selaras dengan komitmen kumpulan untuk menjana nilai kepada pemegang saham, Lembaga Pengarah mengisytiharkan dividen satu peringkat ketiga sebanyak 3.5 sen sesaham bagi tahun kewangan berakhir 31 Mac 2022, dengan tarikh kelayakan pada 26 Mei 2022, yang perlu dibayar pada 9 Jun 2022.

Dividen keseluruhan yang dibayar bagi tahun kewangan kini berjumlah 53.5 sen sesaham.

Ketua Pegawai Eksekutif Hartalega, Kuan Mun Leong, berkata syarikat menjangkakan prospek tetap cerah bagi tahun kewangan 2023 meskipun negara bakal memasuki fasa endemik.

"Bagi sektor sarung tangan, ASP semasa dilihat mencapai tahap terendah dan pembukaan sempadan antarabangsa dan pelonggaran sekatan perjalanan dijangka meredakan masalah kekurangan pekerja, seterusnya bawa manfaat kepada Hartalega.

"Dalam jangka panjang, peningkatan permintaan global organik secara berstruktur menjadi satu perkembangan positif bagi kumpulan, memandangkan penggunaan sarung tangan yang meningkat di pasaran sedang membangun yang rata-rata masih rendah tahap penggunaannya.

"Di samping itu, kesedaran yang kian meningkat terhadap penjagaan kebersihan dalam kalangan pengamal penjagaan kesihatan selepas pandemik," katanya.

Mun Leong berkata, bagi memenuhi pertumbuhan permintaan, kumpulan meningkatkan kapasiti menerusi Kompleks Pengilangan Sarung Tangan Bersepadu Generasi Akan Datang (NGC).

"Proses peluasan NGC 1.5 kini sedang berjalan lancar dan kami menetapkan sasaran untuk beransur-ansur membuka barisan pengeluaran pertama pada suku keempat 2022," katanya.

Beliau menjelaskan, Hartalega terus berdepan tekanan luaran, termasuk konflik Russia-Ukraine yang masih berlarutan dan Perintah Kawalan Pergerakan (PKP) di bandar raya utama di China ekoran penularan kes COVID.

Katanya, ini bakal jejaskan rantaian bekalan global yang menghadapi kekangan ketara, di samping cetus kenaikan harga komoditi dan bahan mentah global.

"Tambahan lagi, pelaksanaan dasar gaji minimum baru-baru ini di Malaysia dijangka mengakibatkan kos operasi lebih tinggi dalam sektor pembuatan," katanya.

The Star: November 3, 2021

Hartalega posts RM914mil net profit in Q2

PETALING JAYA: Hartalega Holdings Bhd posted a net profit of RM914.01mil in the second quarter ended Sept 30, 2021, a 67.72% jump over the previous corresponding quarter on the back of higher sale revenue from the increase in average selling price (ASP).

The group said revenue for the quarter under review rose 49.4% to RM2.01bil.

The board of directors declared a dividend per share of 35.2 sen as compared to 3.85 sen a share in the same quarter last year.

Year-to-date, net profit rose three-fold to RM3.17bil from RM764.68mil in the same period last year.

Revenue for the year-to-date period, meanwhile, rose 161% to RM5.91bil from RM2.27bil in the comparative period.

In a filing with Bursa Malaysia, the glove maker said ASPs for gloves have been declining from their peak in the first half of the financial year moving into the second half of the financial year.

"The tapering of average selling prices in recent months is due to the increasing supply from major glove makers as well as moderating demand because of customers adjusting inventories in view of declining selling prices," it said.

However, it said the sector is expected to undergo a structural step-up in demand post-pandemic on the back of increased glove usage from emerging markets with low gloves consumption per capita and heightened hygiene awareness.

It added that the one-off special prosperity tax proposed during Budget 2022 could have a material impact on its earnings in the second half of the current financial year when it is gazetted.

"Moving forward, the group will continue to focus on improving efficiency and automation level across our operations.

"We remain optimistic of the longer-term prospects underpinned by growing demand for rubber gloves and ongoing expansion

Utusan Malaysia: May 11, 2022

Untung bersih Hartalega RM3.23 bilion

New Straits Times: September 8, 2021

'MALAYSIA TO REMAIN NO. 1 PRODUCER'

Hartalega will continue to aggressively increase production capacity, says CEO

Hartalega Holdings Bhd chief executive officer Kuan Mun Leong

New Straits Times: November 3, 2021

FINANCIAL RESULTS

HARTALEGA'S H1 PROFIT SURGES 317PC

Glove maker declares first interim dividend of 35.2 sen per share, payable on Dec 2

AYISY YUSOF
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HARTALEGA Holdings Bhd's net profit surged 67.7 per cent to RM914.01 million in the second quarter ended Sept 30 from RM544.96 million in the same period a year ago.

The glove manufacturer said in a Bursa Malaysia filing yesterday this was fuelled by higher sales revenue.

Its revenue in the second quarter rose 48.9 per cent to RM2.01 billion from RM1.35 billion previously on the back of higher average selling price (ASP) for gloves.

Kuan Mun Leong

For the first half of the financial year ending March 31 next year, Hartalega's net profit skyrocketed 317.1 per cent to RM3.18 billion from RM764.68 million, while revenue surged 160.4 per cent to RM5.91 billion from RM2.27 billion previously.

It has declared a first interim dividend of 35.20 sen per share, payable on Dec 2.

Chief executive officer Kuan Mun Leong said the ASP continued to soften in the second half of the year due to increasing supply from major glove makers.

"This was further impacted by moderating demand as buyers adjusted their inventories, given declining selling prices," he said.

In a separate statement yesterday.

On the 2022 Budget, Kuan said the one-off "Cukai Makmur" (prosperity tax) could have a material impact on the group's earnings in the second half of the current financial year.

"Nevertheless, for the long term, post-pandemic prospects remain positive. This is driven by the structural step-up in demand stemming from heightened glove usage in emerging markets with low glove consumption per capita and rising hygiene awareness."

Kuan said the company would continue to expand its capacity in line with market supply and demand dynamics.

New Straits Times: August 4, 2021

Q1 RESULTS

HARTALEGA POSTS RM2.26B NET PROFIT

Company bullish on outlook, expects demand for gloves to remain elevated

Hartalega Holdings Bhd says it will continue to expand the capacity of its Next Generation Integrated Glove Manufacturing Complex in Sepang.

Nanyang Siang Pau: August 4, 2021

派息 19.75 仙

贺特佳首季劲赚 22.6 亿

（吉隆坡 3 日讯）在手套销量、平均售价双双走强带动下，贺特佳（HARTA，5168，主板保健股）2022 财政年首季净利，按年暴涨 9.28 倍，至 22 亿 5954 万令吉；对比之下，上年同期赚 2 亿 1972 万令吉。

续扩充 NGC 产量

手套需求续走高

The Sun Daily: September 8, 2021

Hartalega: Glove ASP to stabilise in Q1 next year

Buyers holding off purchases, using up their high-cost inventories first

BY AMIR IMRAN HUSAIN SAFRI
sunbiz@thesundaily.com

Top row to bottom (clockwise): Hartalega executive chairman Kuan Kam Hon, chief business officer Kuan Mun Keng and Kuan Mun Leong.

PETALING JAYA: Hartalega Holdings Bhd has projected the average selling price (ASP) of gloves to stabilise in the first quarter of next year, as prices have fallen about 30% since the first quarter of 2020.

Given the downtrend in prices, its CEO Kuan Mun Leong highlighted that buyers are holding off their purchases at the moment.

"Currently, buyers are exhausting their existing high-cost inventories and the recent economic reopening in the West has resulted in a surge of Covid-19 infections. With these factors, we believe that purchases should creep back up towards the end of the year," he told the media during a virtual press conference following Hartalega's AGM yesterday.

Ultimately, the CEO believes the floor price for gloves will not be lower than the pre-pandemic levels due to changes in the cost structure which have seen a rise in compliance cost and higher raw material prices.

"For example, nitrile gloves' raw material cost is still higher than pre-pandemic levels. So, the price should not be anything below US$35 per thousand pieces. Otherwise, this doesn't make sense in terms of margins."

In regard to the group's operations, Kuan pointed out it is still abiding by the 60% workforce requirements outlined by the authorities which translates to an effective capacity of 70%.

Although the glovemaker has managed to vaccinate over 90% of its 9,000 strong workforce, it found the fortnightly testing of its entire workforce to be disruptive to its operations and difficult to execute.

"We are still talking to the government if there is a better way to do this. Especially, taking note of the government's preparation for Covid-19 to go into an endemic phase. What we're looking for is a policy that is consistent with the corporate's needs as well."

During the full movement control order (FMCO) in June this year, Hartalega along with other domestic gloves manufacturers were not allowed to operate as the sector was not recognised as an essential service under the personal protection equipment producers.

Kuan elaborated that this has translated to an effective capacity loss of 5% to its total annual capacity, which led buyers to shift their purchases to other countries, namely Thailand and China.

With regard to competition, he pointed out the intensifying competition from Chinese producers which aimed to increase their production capacity up to 136 billion pieces between 2019 and 2022. In 2021, Chinese glovemakers share of the global supply is estimated to come in at about 16% while Malaysian manufacturers account for roughly 67%.

Going into next year, the group expects China to increase production capacity by 7% based on the country's expansion plans.

However, Kuan opined that the expansion might not materialise due to downtrend in ASPs as well as supply chain delays from Covid-19 and these factors could also derail Malaysian manufacturers expansion plans as well.

While Malaysia's position as the world's top glove manufacturer is not under any immediate threat, he outlined the need for a conducive operating environment for the sector to retain its lead.

"We need the government's support, and we need to have clarity on foreign labour policy as the pandemic has caused certain disruption in our operations."

Berita Harian: September 8, 2021

Hartalega ambil kira persaingan dari China

Strategi pengembangan masa depan pastikan kekal daya saing eksport

Oleh Mahanum Abdul Aziz
mahanum_aziz@bh.com.my

Hartalega mempercepatkan penyelesaian automasi, pendigitalan serta terus memberi tumpuan R&D

"Peserta industri memerlukan kejelasan dari segi dasar buruh asing, pelan pemulihan pandemik dan sokongan daripada kerajaan untuk terus menguasai pasaran global"

Kuan Mun Leong, Ketua Pegawai Eksekutif Hartalega Holdings

The Sun Daily: February 9, 2022

Hartalega posts net profit of RM256m in third quarter

PETALING JAYA: Hartalega Holdings Bhd's net profit for its third quarter ended Dec 31, 2021 (Q3'22) slid 74% to RM256.06 million from RM1 billion in the corresponding quarter of the previous year, mainly due to lower revenue.

Revenue for the quarter decreased 52.8% to RM1.01 billion from RM2.12 billion previously.

For the nine months, Hartalega's net profit jumped 94.34% to RM3.43 billion from RM1.77 billion in the corresponding quarter of the previous financial year.

Revenue for the period increased 57.41% to RM6.92 billion from RM4.4 billion previously.

The group declared a second interim dividend of 14.8 sen per share for the financial year ending March 31, 2022, payable on March 9, 2022.

In line with the growing rubber glove demand globally, the group will continue to expand capacity in Next Generation Integrated Glove Manufacturing Complex (NGC), Sepang. To date, eight out of nine lines in Plant 7 have been commissioned.

"Upon full commissioning, Plant 7 will have an annual installed capacity of 2.6 billion pieces. The construction for the upcoming expansion under NGC 1.5, is under way and the group targets to commission the first line by October 2022.

"NGC 1.5 will house four additional production plants which will contribute 19 billion pieces to the annual installed capacity. With the completion of NGC 1.5, the group's annual installed capacity will increase to 63 billion pieces per annum. The average selling price for gloves has been declining rapidly from its peak in the first half of the financial year moving into the second half of the financial year," it said in a filing to Bursa Malaysia.

"Post-pandemic, the sector is expected to undergo a structural step-up in demand on the back of increased glove usage from emerging markets with low gloves consumption

Kosmo: November 3, 2021

HARTALEGA giat membangunkan kapasiti pengeluarannya dengan sasaran untuk mencapai kapasiti pengeluaran sebanyak 63 bilion keping sarung tangan setahun.

Untung Hartalega melebihi RM3 bilion

PETALING JAYA – Pengeluar sarung tangan lateks premium, Hartalega Holdings Berhad (Hartalega) mencatatkan prestasi lebih kukuh pada suku kedua berakhir 30 September 2021 dengan merekodkan pertumbuhan untung sebelum cukai kepada RM1.19 bilion.

Untung selepas cukai pula berjumlah RM914 juta, peningkatan 66 peratus daripada RM550 juta yang dicatatkan pada suku sama tahun lalu, manakala hasil melonjak kepada RM2.01 bilion.

Bagi separuh pertama tahun kewangan semasa, Kumpulan mencatatkan untung selepas cukai RM3.18 bilion, peningkatan RM771 juta berbanding tempoh yang sama tahun sebelumnya.

Untung sebelum cukai pula meningkat kepada RM4.07 bilion berasaskan hasil lebih tinggi berjumlah RM5.91 bilion, dipacu terutamanya oleh harga jualan purata lebih tinggi, yang mengimbangi kos bahan mentah yang kian meningkat.

Lembaga Pengarah mengisytiharkan dividen interim pertama 35.20 sen sesaham satu peringkat bagi tahun kewangan berakhir 31 Mac 2022, pada tarikh kelayakan 18 November 2021 yang perlu dibayar pada 2 Disember 2021.

Ketua Pegawai Eksekutifnya, Kuan Mun Leong berkata, pada separuh tahun kedua, harga jualan purata terus menyusut ekoran pertambahan bekalan daripada pengeluar sarung tangan utama.

Tambahnya, kesannya lebih ketara akibat permintaan yang semakin rendah ketika inventori pembeli diselaraskan sejajar dengan penurunan harga jualan, manakala pengumuman Bajet 2022 mengenai Cukai Makmur dijangka memberikan kesan nyata terhadap pendapatan separuh kedua tahun kewangan semasa.

"Namun untuk jangka panjang, permintaan global bagi sarung tangan nitril tetap tinggi dan prospek selepas pandemik tetap positif, dipacu oleh peningkatan permintaan berstruktur daripada penggunaan sarung tangan yang tinggi di pasaran kian membangun.

"Untuk memenuhi permintaan ini, Kumpulan terus meningkatkan kapasiti sejajar dengan dinamik penawaran dan permintaan menerusi Kompleks Pengilangan Sarung Tangan Bersepadu Generasi Akan Datang (NGC) kami," katanya.

China Press: November 3, 2021

次季派息35.2仙
賀佳特淨賺逾9億

（吉隆坡2日讯）贺特佳（HARTA，5168，主要板工业）截至9月底2022财年次季净利上财年同期的5亿4496万令吉，飙涨68%至9亿1401万令吉，公司宣布每股派息35.20仙。

贺特佳向马证交所报备，当季营业额按年劲扬49%，从13亿4602令吉涨至20亿1133万令吉。

该公司指出，在手套平均售价走高的带动下，当季销售额按年涨49%至20亿1000万令吉，进而贡献当季亮眼业绩。

贺特佳次季宣布每股派息35.20仙，远高于去年同期的3.85仙；当季派息除权日落在11月18日，将在12月2日支付。

综观首半年，该公司净赚31亿7354万令吉，较去年的7亿6467万令吉猛涨315%；累积营业额则从22亿6610万令吉，按年涨161%至59亿1416万令吉。

贺佳特总执行长关民亮在文告中指出，今年下半年，随着手套制造商增加供应，导致平均售价继续走软，购买方则调整库存而减少采购量，导致市场需求进一步放缓。

繼續擴大產能

"一旦执行2022年财政预算案中提出的一次性繁荣税，可能会对本财年下半年收益产生重大影响。"

不过，长期而言，他仍看好新兴市场手套使用量将增加，加上大众卫生意识的提高，将带动手套需求持续增长。

为了满足市场的长期需求，该公司新一代手套综合制造中心（NGC）将继续根据市场供需动态扩大产能，迄今为止，第7厂房的10条生产线中已有8条投产，建成后每年将贡献27亿只手套。

■贺特佳宣布每股派息35.20仙。

Profile of Directors

KUAN KAM HON @ KWAN KAM ONN
EXECUTIVE CHAIRMAN

AGE: 75 | GENDER: MALE
MALAYSIAN

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

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

KUAN MUN LEONG
CHIEF EXECUTIVE OFFICER

AGE: 46 | GENDER: MALE
MALAYSIAN

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

Mun Leong began his career in the renewable energy sector as a project engineer overseeing EPCC (Engineering, Procurement, Construction and Commissioning) of renewable energy plants for two years before he joined Hartalega's engineering department in 2001. He moved up the ranks to be appointed as an Executive Director of the Group in 2007. He was also duly appointed as the Deputy Managing Director and subsequently as the Managing Director in 2012 and re-designated as the Chief Executive Officer on 18 May 2020.

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

KUAN MUN KENG
CHIEF BUSINESS OFFICER /
NON-INDEPENDENT EXECUTIVE DIRECTOR

AGE: 47 | GENDER: MALE
MALAYSIAN

Kuan Mun Keng was appointed as Executive Director on 4 July 2008. He was also promoted to the position of Sales and Marketing Director of Hartalega Holdings Berhad at the same time. On 31 March 2021, he was re-designated as the Chief Business Officer. He graduated with a Bachelor's Degree in Business (Accounting) and a Bachelor's Degree in Computing from Monash University, Australia, in 1997.

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

DATO' TAN GUAN CHEONG
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 78 | GENDER: MALE
MALAYSIAN

Dato' Tan Guan Cheong was appointed as an Independent Non-Executive Director on 31 December 2011. He has been re-designated as a Non-Independent Non-Executive Director with effect from 5 July 2022. Dato' Tan sits on the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management & Sustainability Committee. He holds a Bachelor of Commerce degree from Otago University, New Zealand, majoring in economics, marketing management and accountancy.

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

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

RAZMAN HAFIDZ BIN ABU ZARIM
INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 67 | GENDER: MALE
MALAYSIAN

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

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

TAN SRI DATUK DR. REBECCA FATIMA STA. MARIA
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 64 | GENDER: FEMALE
MALAYSIAN

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

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

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

DATUK SERI NURMALA BINTI ABD RAHIM
INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 67 | GENDER: FEMALE
MALAYSIAN

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

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

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

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

DATUK LOO TOOK GEE

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 66 | GENDER: FEMALE
MALAYSIAN

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

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

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

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

YAP SENG CHONG
INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE: 61 | GENDER: MALE
MALAYSIAN

Yap Seng Chong was appointed to the Board as an Independent Non-Executive Director on 5 July 2022. He is a member of the Audit Committee. He graduated with a Bachelor's Degree in Accounting from University Malaya in 1986.

Yap had his entire career with Ernst & Young (EY), which spanned 35 years, two of which were with the London office, providing various types of assurance and business advisory services across a diversified clientele portfolio. He previously held positions in EY as Head of Assurance Practice, Professional Practice Director and ASEAN Regional and Country Independence Leader prior to his retirement in 2021.

He was also a member of the Interpretation Committee of the Malaysian Accounting Standards Board. He previously served as Malaysian Institute of Accountants (MIA) Council member, Chairman of the Disciplinary Committee of MIA, Member of the Accounting and Auditing Standards Board of MIA, Chairman of the Audit and Risk Committee of MIA and Member of the Public Practice Committee of MIA.

He also currently serves as Independent Non-Executive Director on the Boards of Malaysia Smelting Corporation Berhad and United Plantations Berhad.

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

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

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

Profile of Senior Management Team

KUAN EU JIN

CHIEF OPERATING OFFICER
AGE: 51 • GENDER: MALE • MALAYSIAN
Date of Appointment: 18 May 2020

Experience:

Kuan Eu Jin is primarily responsible for Hartalega's Manufacturing Operations, Product Research & Development, Quality Assurance and Operational Excellence departments. He possesses a Bachelor's Degree in Business (Manufacturing Management) from Monash University, Australia and an MBA from the University of Strathclyde Business School, Scotland.

Upon graduating in 1993, he joined Hartalega as a Management Trainee and was transferred to the Quality Assurance ("QA") department and promoted to the position of QA Manager in the same year. In 1996, he was promoted to Deputy Operations Manager to oversee Hartalega's manufacturing operations.

Prior to his current appointment, he was the Director of Research and Development (R&D) and Technical, managing the R&D and Technical functions.

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

LOH KEAN WOOI

CHIEF FINANCIAL OFFICER
AGE: 47 • GENDER: MALE • MALAYSIAN
Date of Appointment: 10 February 2020

Experience:

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

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

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

MUHAMMAD HAKIMI TAN BIN ABDULLAH

DIRECTOR OF MANUFACTURING
AGE: 58 • GENDER: MALE • MALAYSIAN
Date of Appointment: 22 June 2012

Experience:

Muhammad Hakimi Tan bin Abdullah is responsible for providing technical advisory to Hartalega's manufacturing operations, OJT development and former development.

He possesses a Bachelor's Degree in Science majoring in Biology and Chemistry from Campbell University, USA and Certified in Production and Inventory Management (CPIM) certification from the APICS Association for Operations Management, USA.

He began his career with Hartalega after graduating in 1988 as one of the pioneer production staff and worked his way up the ranks over the years due to his dedicated service and stellar contributions.

Prior to his current role which he assumed from October 2016, he was overseeing the manufacturing operations of Hartalega.

JOSEPH CHAN HEAN CHIEK

DIRECTOR OF MANUFACTURING
AGE: 44 • GENDER: MALE • MALAYSIAN
Date of Appointment: 8 June 2021

Experience:

Joseph Chan is primarily responsible for the Manufacturing Operations and Operational Excellence departments of the Company. He possesses an MBA from Edith Cowan University, Australia and a Bachelor's Degree in Electrical Engineering from University Malaya.

He brings with him over 20 years of experience in leadership and management of large-scale, high-tech multinational manufacturing companies. A Certified Lean Manager (CLM) and Lean Six Sigma Green Belt holder, he has acquired an excellent track record in leading winning teams in driving cost, quality, new business and product ramp-up, manufacturing cycle-time and productivity improvements over the course of his career.

He comes to Hartalega from Infineon Technologies, a global chip maker, where he played various key roles in the organisation, with the last position being Senior Director of Operations Planning & Controlling of the Malacca plant.

Notes

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

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

Chairman's Review
and Management Discussion & Analysis

KUAN KAM HON
EXECUTIVE CHAIRMAN

Dear Shareholder,

On the back of a watershed year in 2021 wherein the unprecedented COVID-19 pandemic affected the global community, our 2022 financial year continued to test our mettle in the face of ongoing global disruptions and uncertainty.

Taking place in the thick of the second year of the unfortunate pandemic, the financial year under review brought about great volatility to the world and to our Group. The silver lining was the arrival of COVID-19 vaccines, which led to a gradual improvement in markets and society as a whole.

Fresh challenges undoubtedly emerged, including hurdles to the roll-out of vaccination programmes, compounded by the emergence of COVID-19 variants which resulted in new waves of cases and the subsequent return of lockdowns in several countries, including Malaysia. While Hartalega was not spared the trials of this disruptive landscape, we remained single-minded in our commitment to continue delivering our high-quality nitrile gloves as critical personal protective equipment (PPE) for frontliners across the world.

Our paramount focus was sustaining our operations. The measures we put in place to safeguard the welfare of all Hartanians, alongside the high level of automation, advanced technologies and efficiency in our manufacturing facilities enabled us to ensure the resilience of the Group within this tough environment.

On this note, I am pleased to present our annual report for the financial year ended 31 March 2022.

Industry Landscape

Amidst the backdrop of the ongoing pandemic, global consumption of gloves continued on an uptrend in 2021, as global glove imports increased to 376 billion pieces compared with 347 billion pieces in 2020. With 51% of global market share, Malaysia retained its pole position of world's leading supplier of rubber gloves. Malaysian rubber glove exports stood at 187 billion pieces of gloves in 2021, amounting to RM55 billion in value terms.

Eclipsing natural rubber gloves, exports of synthetic rubber gloves continued to take the lead with a ratio of 71:29. Malaysian exports of synthetic rubber gloves stood at 118 billion pieces in 2021, representing RM36.4 billion in value terms.

Key importers of Malaysian synthetic rubber gloves included the US and the European Union, comprising 47% and 22% of Malaysia's export value respectively. Other key regions also saw an increase in export value in 2021.

Competition continued to intensify in the glove manufacturing sector, with both domestic and global manufacturers scaling up production capacity. It was indeed telling to see heightened competition from glove companies based in China and Thailand, as they ramped up their capacity exponentially during the past two years.

From previous historic highs during the peak of the pandemic in early-2021, average selling prices (ASP) for gloves began to normalise on the back of increasing supply from major glovemakers. This was further impacted by normalising demand as buyers' inventories were adjusted in view of declining ASP. Subsequent to this and in line with shifting market supply and demand dynamics, glove manufacturers were seen scaling down on aggressive expansion plans.

Within this competitive environment, the Group continued to adopt a long-term strategic approach. Driven by our Next Generation Integrated Glove Manufacturing Complex (NGC) and latest expansion phase of the NGC 1.5, we remained focused on expanding our production capacity and efficiency for the financial year under review, keeping pace with supply and demand conditions of the market.

Financial Performance

Against the extenuating conditions impacting the sector, Hartalega delivered record-high results with double-digit growth for the financial year ended 31 March 2022. Profit after tax saw a 12% jump to RM3.24 billion, while profit before tax grew by 22% to RM4.64 billion. Earnings before interest, tax, depreciation and amortisation also rose to RM4.79 billion.

This commendable performance was driven by an improved revenue of RM7.89 billion, reflecting an 18% increase. This was largely attributable to the higher ASP in the first half of the financial year, offsetting the reduction in sales volume as well as higher raw material and other operating costs. These results were also achieved despite the one-off provision for the Prosperity Tax in the final quarter of the fiscal year.

Profit After Tax
12% INCREASE
RM3.24 billion

Profit Before Tax
22% INCREASE
RM4.64 billion

Revenue
18% INCREASE
RM7.89 billion

For the year under review, our total capital expenditure amounted to RM847 million. This primarily went towards our NGC 1.5 expansion. We are in a comfortable net cash position, with exceptionally strong cash and bank balances of RM2.38 billion.

Shareholders' funds increased to RM5.12 billion as at 31 March 2022. Earnings per share saw a 12% increase to 94.63 sen while net assets per share attributable to owners of the Company increased to RM1.50.

Dividends

Our dedication to enhancing value for our shareholders remains paramount. This is reflected by our consistent dividend payouts, as per our dividend policy to distribute a minimum of 60% of Hartalega's annual net profit.

In line with this and due to our historic performance for the financial year, we are pleased to have paid out a total dividend of 53.5 sen per share to date. A proposed final dividend of 3.5 sen per share single tier will be recommended by the Board for shareholders' approval at the upcoming 16th Annual General Meeting. This will bring total dividend for the year to a record-high of 57.0 sen per share, reflecting a total payout of RM1.95 billion and a payout ratio of 60%.

Dividend

57.0 sen per share

Total Payout

RM1.95 billion

Operations Review

Strategic Capacity Expansion

Conscious of prevailing market conditions during the financial year, we continued to expand our production capacity in line with supply and demand dynamics. This was part of our long-term strategy to ensure that Hartalega remained well-equipped to cater to growing global demand.

Towards this end, all seven plants of our NGC were fully completed, bringing the Group's total installed capacity to 44 billion pieces of gloves per annum, with a utilisation rate of 70% for the fiscal period. Across our production lines, we maintained a high level of automation and state-of-the-art technology in our manufacturing processes. This allowed us to enhance the efficiency of our production facilities, as reflected by the Group upholding our competitive edge of having the fastest glove production lines in the industry at a speed of 45,000 pieces per hour.

Our current expansion phase, the NGC 1.5, commenced construction during the year under review. Comprising four manufacturing plants with 12 production lines each, the NGC 1.5 is set to be completed taking into consideration prevailing supply and demand conditions moving forward.

Expanding Hartalega's Global Footprint

As a world-leading producer of nitrile gloves, we have earned a trusted reputation for providing top-quality products, with exports to more than 70 countries. Our strong track record is reflected through our consistent results, with a compounded annual sales growth rate of 34% over a period of five years.

Our clientele was primarily from developed countries and we continued to command a strong presence in key markets such as North America and Europe, which accounted for 54% and 24% of our total exports respectively. We also expanded our reach into emerging markets, including the Asia Pacific region, Eastern Europe and South America.

Ensuring Resilience Amid Challenges

Protecting Hartanians and Our Communities

The welfare of our Hartanians is a foremost priority, as they are the frontline that enables the Group to deliver a stable supply of gloves as essential PPE for healthcare practitioners. To safeguard our people throughout the pandemic, we maintained strict COVID-19 preventive measures throughout our operations, in compliance with the standard operating procedures set by the Ministry of Health. Further details on our COVID-19 preventive measures are available in our Sustainability Report.

To equip our people with further protection against COVID-19 and in support of the Government's objective to increase the COVID-19 vaccination rate in Malaysia, we participated in the Public-Private Partnership COVID-19 Industry Immunisation Programme, an initiative by the Ministry of International Trade and Industry, for both our local and foreign employees. Booster doses were administered through the programme as well, resulting in 99% of our foreign Hartanians being fully vaccinated with their booster doses to date.

Our commitment to protecting our people also extended to caring for our surrounding communities. In a bid to ease the burden of the pandemic on those in need, we contributed financial assistance and donations of daily necessities and medical supplies. We also provided aid during the unprecedented flooding in the Klang Valley in December 2021, with various relief efforts to assist communities and our own Hartanians who were affected by the floods. Our Sustainability Report herein expands further on our community outreach initiatives.

Enhancing Business Continuity and Adaptability

Our people are at the heart of the Group, propelling us forward in our sustainable growth path. As we strive to remain at the forefront of the glove manufacturing industry, we inspire our Hartanians to live out our core values of SHIELD, representing Synergy, Honesty, Innovation, Excellence, Learning and Dedication. Guided by our SHIELD core values, this empowers them with the capabilities to navigate through the increasingly disruptive environment. Furthermore, we also provide growth and upskilling opportunities through comprehensive talent development and training programmes in order to future-proof our Hartanians.

Alongside this, to further enhance the resilience of the Group, we have renewed our focus on prudent and disciplined cost optimisation. In tandem, to retain our competitive edge, we are continuously scaling up automation and implementing advanced technologies.

Testament to this, as part of our journey of digitalisation, we have fully digitalised the factory floor at three of our plants to date, with additional digitalisation initiatives in the pipeline. These initiatives create a solid foundation to enable us to incorporate Industrial Revolution 4.0 technologies in the future, in order to further ramp up operational efficiencies and reduce reliance on manual labour.

Commitment To Sustainability

Sustainability is intrinsic to Hartalega's continued success. Reflecting our vision of enriching lives and as a leader in the glove manufacturing sector, we are committed to leading by example by driving growth with purpose, underpinned by robust Environmental, Social and Governance (ESG) practices. This enables the Group to grow in a responsible and sustainable manner, while positively impacting our stakeholders, society and the planet.

To this end, we have set a clear blueprint for our sustainability approach, taking into account Economic, Environmental and Social considerations to drive our efforts in the key areas of the community, environment, marketplace and workplace. Our efforts are supported by our dedicated corporate social responsibility foundation, Yayasan Hartalega, which leads our community outreach activities.

Guided by our SHIELD core values which permeate across the Group, we strive to uphold best practices in social compliance in line with global benchmarks, caring for the welfare of all our employees, regardless of nationality or background. Reflecting our steadfast commitment to social compliance and ESG practices, the Group undergoes external audits based on internationally recognised standards, including the International Labor Organization's (ILO) 11 Indicators of Forced Labour, SEDEX Members Ethical Trade Audit and the amfori Business Social Compliance Initiative.

In addition, Hartalega has gained recognition by independent organisations and rating indices, and is highly ranked among ESG rating providers. This includes receiving an AA rating by MSCI ESG Ratings and scoring in the low-risk category of the Sustainalytics ESG Risk Ratings, as well as being a constituent of FTSE4Good Bursa Malaysia since the establishment of the index in 2014.

Further to this, Hartalega is a founding member of the Responsible Glove Alliance (RGA), which was established in March 2022 supported by the Responsible Business Alliance, the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. The RGA is a collaborative initiative by glove manufacturers and key clientele to spearhead the adoption of responsible recruitment and employment practices. We are also a member of the cross-industry and multi-stakeholder Responsible Labour Initiative which aims to protect the rights of vulnerable workers in the global supply chain.

Testament to our strong employment practices and employee engagement, Hartalega was honoured to be the recipient of a number of accolades during the financial year under review.

This included Special Recognition for Commitment to Agile Workforce by Kincentric Best Employers Malaysia 2021, 1st Runner Up for Manufacturing Industry in the Graduan Brand Awards for Malaysia's Most Preferred Employer 2021 and Diversity Champion in the LinkedIn Talent Awards 2021.

We are pleased to present a detailed review of the Group's sustainability efforts and achievements for the year in our Sustainability Report. We utilise international sustainability reporting frameworks, namely the Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (UN SDGs), to provide a comprehensive view of our sustainability progress.

Outlook

With the transition to the endemic phase of COVID-19 across the world and in Malaysia, the reopening of markets and lifting of travel restrictions are set to fuel economic recovery moving forward.

However, ongoing headwinds look to remain for the short to mid term. Prevailing external risks within the current environment which could have a bearing on business resilience and prospects include the Russia-Ukraine war and recent lockdowns of major cities in China arising from a spike in COVID-19 cases, which have caused further strain on global supply chains and led to higher commodity and raw material prices.

The Group is also contending with the risk of increased operating cost, as the overall operating cost environment faces rising inflation, higher electricity and natural gas tariffs, coupled with the new minimum wage policy in Malaysia which came into effect on 1 May 2022. Compounding this, the Group is seeing escalating market competition exacerbated by the continued oversupply situation in the global glove industry. The normalisation of the pandemic has also led to the current unfavourable supply and demand dynamics.

Nevertheless, Hartalega remains focused on overcoming the headwinds facing the industry. We have experienced various downcycles since our establishment more than 30 years ago and braved our fair share of storms. Moving forward, the Group will continue to strengthen our fundamentals by improving efficiencies and reducing wastage. In line with our drive to ensure business resilience, we will also scale up our automation as well as digitalisation initiatives.

We have the resilience, skill set and spirit of innovation to propel the Group forward. While ASP will continue to be a risk factor, there are bright spots such as the reopening of international borders, which is expected to relieve the current labour shortage. The uptick in global healthcare awareness in the post-pandemic era also bodes well for the Group, particularly in emerging markets where glove usage per capita is set to grow.

Building on our proven track record, we continue to take a future-focused approach. Our healthy balance sheet provides us with a sizeable war chest to drive the growth of the Group over the long term. To this end, Hartalega aims to cater to long-term demand growth via our NGC 1.5 expansion. With an investment of RM1.5 billion, once completed, the NGC 1.5 will consist of four manufacturing plants adding 19 billion pieces per annum to our total installed capacity. Construction of the NGC 1.5 is progressing in phases and the commissioning of the plants will be aligned with prevailing market supply and demand dynamics.

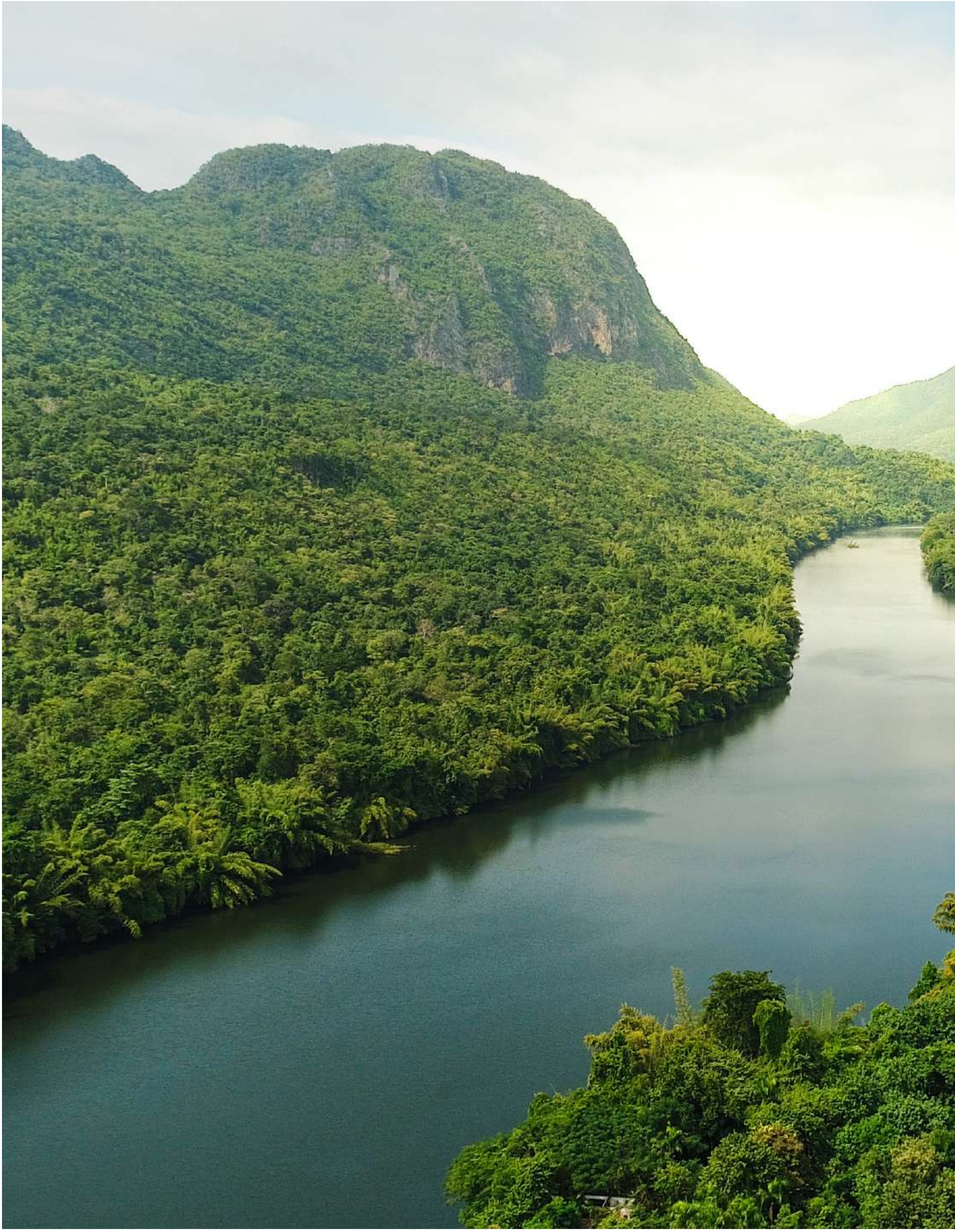
Looking ahead, while challenges may persist, the Group is confident that Hartalega will remain resilient as we stay true to our passion of protecting lives by delivering our high-quality nitrile gloves, leveraging our vast industry experience and innovative capabilities to serve the needs of global markets.

Acknowledgement

In another disruptive year, our Board members and management team successfully guided the Group forward, withstanding headwinds and volatility to deliver an exceptional performance. Our deepest gratitude as well to all Hartanians for their steadfast resolve and determination amid these tough times.

We would also like to express our sincere appreciation to our shareholders, financiers, business partners, consultants and relevant approving authorities, for placing their trust in Hartalega.

KUAN KAM HON
EXECUTIVE CHAIRMAN



Sustainability Report

In this fast-paced and ever-evolving era, sustainability is intrinsic to Hartalega's growth and resilience. As a world-leading glove manufacturer, we strive to create a caring and responsible culture premised on enhancing value for our stakeholders, alongside contributing positively to society.

Underpinning the Group's sustainability journey are our core values of SHIELD (Synergy, Honesty, Innovation, Excellence, Learning and Dedication), which we incorporate in everything that we do. Our drive to do the right thing at all times propels us towards fulfilling our vision of becoming the number one glove company that produces and delivers the best and most innovative gloves in the world, and to be recognised as a caring company to the community and environment. To realise this vision, our sustainability approach is structured into key pillars which take into consideration Economic, Environmental and Social factors.

Every aspect of our business revolves around touching lives, directly or indirectly. In line with this, we are focused on ensuring that the Group continues to embrace purposeful growth, guided by our commitment to sustainability and staying true to our mission of protecting lives.

About This Report

Our sixth dedicated Sustainability Report presents a comprehensive account of the Group's sustainability performance throughout the year, as well as targets and plans moving forward. The Report is aimed at equipping our stakeholders with clear and transparent details of our progress towards achieving our sustainability objectives with respect to relevant material matters. Our last Sustainability Report was published in July 2021.

Reporting Scope and Boundary

This Report covers Hartalega's sustainability efforts for the reporting period 1 April 2021 to 31 March 2022. Where available, quantitative data is utilised to provide a comparative analysis charting the Group's sustainability journey over the past three financial years.

To accurately showcase the Group's sustainability performance, the reporting boundaries focus on Hartalega's operations and business units in Malaysia that the Group has direct management control over, including Hartalega Sdn Bhd, Hartalega NGC Sdn Bhd (HNGC) and Hartalega Research Sdn Bhd, unless otherwise specified. Joint ventures and associated companies are excluded from this Report.

Reporting Framework

The Report continues to adopt global sustainability reporting frameworks, namely Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (UN SDGs), and is aligned with Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Bursa Malaysia Sustainability Reporting Guide (2nd Edition). We have also developed the Report in accordance with Malaysian Financial Reporting Standards, International Financing Reporting Standards and the Companies Act 2016.

Assurance

This Report complies with rigorous governance frameworks and reporting procedures to ensure that all information and data, both financial and non-financial, are reported accurately. We have not obtained external assurance for this Report and will consider doing so as our sustainability reporting matures over time.

Feedback

As we progress in our sustainability journey, we value feedback that can help us improve and enhance our efforts. Stakeholders are welcome to share their comments and suggestions with our Investor Relations team at ir@hartalega.com.my.

Sustainability at Hartalega

Building on our SHIELD core values and Sustainability Vision, we aim to grow with purpose by creating long-lasting benefits for the community, environment, marketplace and workplace. To achieve this, we introduced our Sustainability Policy and Framework, which serves as a guideline to drive sustainability practices across the Group. Our sustainability approach is based on Economic, Environmental and Social aspects, which encapsulate four key pillars:

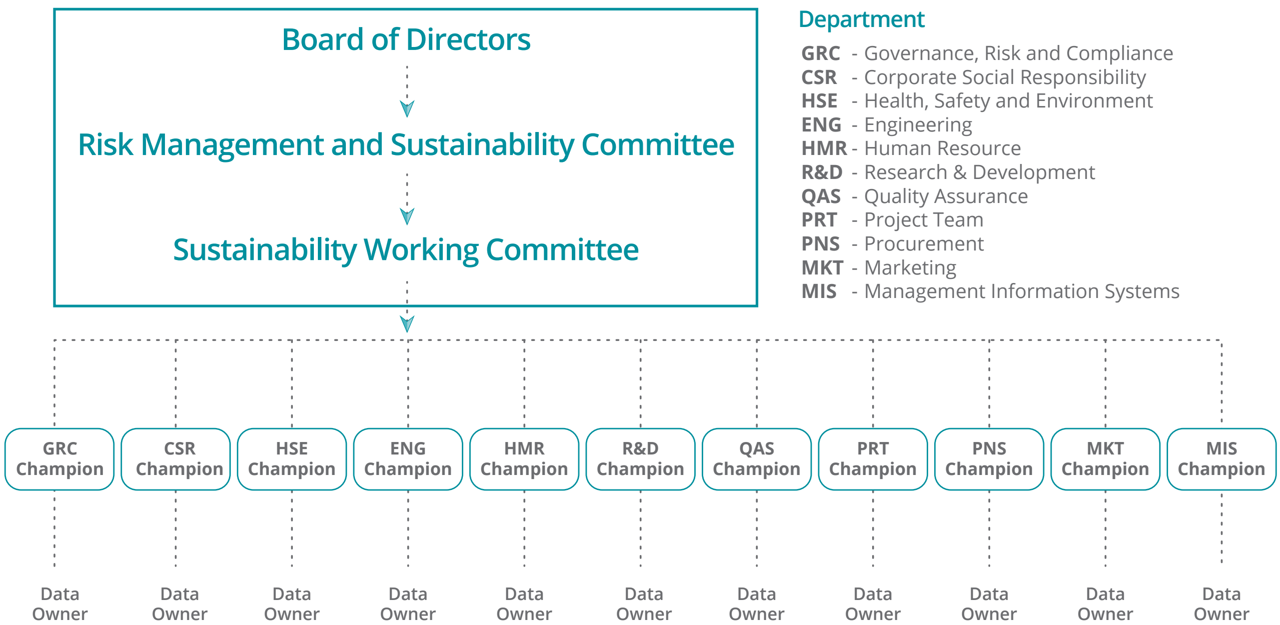
	1	2	3	4
Pillars	**Upholding the highest standards in our business practices and product quality**	**Safeguarding the environment**	**Caring for our employees**	**Contributing to the well-being of local communities**
Goals	Uphold the highest standards of governance and integrity in our business practices, while expanding our footprint to deliver high quality innovative products in line with ESG leading practice	Manage natural resources responsibly and actively seek out avenues to reduce emissions and improve water and energy efficiency	Dedicated to fair and equal treatment for all employees instilling a culture of respect and safety while building a strong talent ecology	Touching lives of the communities around us

UN SDGs

Sustainability Governance

We are dedicated to steering the Group forward in a manner that upholds transparency and accountability. To this end, we have embedded sustainability across our operations through best practices and comprehensive frameworks which encompass Environmental, Social and Governance (ESG) aspects, supporting our sustainability targets.

Sustainability Governance Structure



Department

GRC - Governance, Risk and Compliance
CSR - Corporate Social Responsibility
HSE - Health, Safety and Environment
ENG - Engineering
HMR - Human Resource
R&D - Research & Development
QAS - Quality Assurance
PRT - Project Team
PNS - Procurement
MKT - Marketing
MIS - Management Information Systems

Board of Directors

To effectively manage our sustainability journey, we have put in place a structured governance framework which clearly outlines key roles and responsibilities. Spearheaded by the Board of Directors (the Board) via the Risk Management and Sustainability Committee (RMSC), sustainability is intrinsically tied to our business strategies and decision-making, as well as our organisational culture and operations.

Risk Management and Sustainability Committee

The overall role of the RMSC is to provide assistance to the Board in fulfilling its oversight responsibilities on sustainability governance, including setting strategies, priorities and targets and implementing initiatives to address ESG matters and material sustainability risks and opportunities within the Group. The RMSC meets at least twice a year and when deemed necessary. The RMSC also reviews sustainability reporting and makes recommendations to the Board for approval.

Sustainability Working Committee

Reporting to the RMSC, the Sustainability Working Committee (SWC) is chaired by the Chief Executive Officer and comprises members of the C-Suite and the Senior Management from relevant departments, including the Health & Safety, Social Compliance and Governance, Risk & Compliance Departments. The SWC is responsible for driving business conduct and the implementation of management processes, with the aim of managing ESG aspects in a responsible manner. The SWC also monitors sustainability-related key performance indicators and oversees the execution of initiatives in order to meet set targets. In the year under review, we established the Governance, Risk and Compliance (GRC) – Sustainability Department, a dedicated team helmed by the CEO to provide further support in the integration and management of material sustainability matters within the Group.

Sustainability Champions and Data Owners

Instilling a sense of ownership amongst our employees enables us to effectively create a culture of sustainability that permeates throughout the organisation. To this end, during the year, we undertook an extensive review of our existing Sustainability Governance structure, which resulted in the appointment of Sustainability Champions and Data Owners within the departments and functions. Empowering our Hartanians, Champions are directly responsible for the implementation of initiatives, driving progress towards achieving targets as well as providing information and data for annual reporting, while Data Owners play a vital role in maintaining, managing and collecting information and data on a timely basis.

Commitment To Stakeholder Engagement

We remain single-minded in our goal to deliver long-term value for our key stakeholders, who we define as those that influence and have an interest in the Group. Particularly with our role in the healthcare value chain as a key manufacturer of nitrile gloves for glove users across the world, we strive to maintain strong relationships with our stakeholders and keep a pulse on their evolving concerns in relation to material matters.

In line with this, we actively engage with our stakeholders on a regular basis via various platforms to keep apprised of their views and perspectives of our sustainability practices. More so against the backdrop of the pandemic, which in its second year continued to cause significant disruptions and challenges, our commitment to stakeholder engagement was crucial in shaping the Group’s sustainability agenda.

The following summary showcases our engagement efforts with key stakeholders during the year under review:

Key Stakeholders	Method and Frequency of Engagement	Key Topics and Concerns	Our Response	Link to Material Matter
Customers	• Meetings • Satisfaction surveys • Social compliance audits	• Customer satisfaction or relationship management • Responsible supply chain and reliability of supply • Regulatory compliance • Human rights and fair labour practices • Anti-corruption and anti-bribery • Pricing • Product quality and product range • Sustainability efforts	• Timely response towards customers' concerns and interests • Supplier Code of Conduct • Social Compliance Policy and audits • Anti-Bribery and Anti-Corruption Policy • Whistleblowing Policy • Provide competitive pricing • Delivery of high-quality products	• Customer satisfaction and relationship management • Supply chain management • Socioeconomic compliance • Human rights • Business ethics and governance
Employees	• Performance appraisals • Induction programme • Engagement surveys • Townhall • Engagement sessions • Volunteer programmes • Recreational events	• Career development • Health and safety • Human rights and fair labour practices • Engagement • Employee welfare and benefits • Hartalega's financial performance	• Provide job-related training and workshops • COVID-19 prevention measures, and health and safety measures • Strict adherence to labour rights laws • Increase communication platforms and engagement frequency • Provision of remuneration and various employee benefits • Provision of quality accommodation for workers • Townhall sessions to share on the Company's direction and performance	• Employee management • Health and safety • Human rights • Market presence
Government and Regulators	• Meetings • On-site inspections • Correspondence • Social activities • Industry group and local council meetings	• Regulatory compliance • Job creation • Safety compliance for COVID-19 • Labour rights	• Strict adherence to laws and regulations as well as applicable standards through reliable reporting and monitoring checklist	• Socioeconomic compliance • Environmental compliance • Business ethics and governance

Key Stakeholders	Method and Frequency of Engagement	Key Topics and Concerns	Our Response	Link to Material Matter
Shareholders and Investors	• Annual general meeting • Reporting • Investment conferences and analyst briefings • Corporate website	• Business ethics and governance • Regulatory compliance • Human rights and fair labour practices including workers' rights and well-being • Hartalega's financial performance	• Governance policies and systems in place • Provide quality accommodation in accordance with Act 446 Workers' Minimum Standards of Housing and Amenities • Remediation of workers' recruitment fees • Provide timely updates of business performance through briefing sessions	• Business ethics and governance • Human rights • Market presence
Suppliers	• Meetings	• Business continuity • Fair and transparent selection of suppliers • Timely payment • Business ethics • Product specification and quality expectations	• Professional approach in reviewing suppliers' proposals • Support local employment throughout supply chain • Strict payment cycles and procedures • Communication of Social Compliance Policy and Anti-Bribery and Anti-Corruption Policy • Communication of product and quality expectations	• Supply chain management • Business ethics and governance • Product quality and innovation
Media	• Media releases and interviews • Responses to media enquiries • Corporate website • Social media platforms	• Business performance • Sustainability efforts focusing on human rights and fair labour practices	• Quarterly results release • Press releases on ongoing initiatives • Direct engagement	• Business ethics and governance • Human rights

Key Stakeholders	Method and Frequency of Engagement	Key Topics and Concerns	Our Response	Link to Material Matter
NGOs	● Correspondence (Ongoing)	• Human rights and fair labour practices • Business ethics • Environmental impact	• Social Compliance Policy • Zero Cost Recruitment Policy • Whistleblowing Policy and channels • Sustainability Report • Direct engagement	• Human rights • Business ethics and governance • Environmental compliance
Local Communities	● Corporate social responsibility programmes (Ongoing) ● Community engagement activities (Ongoing) ● Industry association and local council meetings (As Needed)	• Job creation • Environmental impact and compliance • Community engagement and investment	• Support local employment • Strict adherence to environmental-related laws and standards • Yayasan Hartalega – charitable donations, volunteer hours and partnerships, focusing on improving livelihoods and providing educational opportunities	• Local communities • Market presence • Environmental compliance

● As Needed ● Ongoing ● Quarterly ● Semi-annually ● Annually

Materiality Assessment

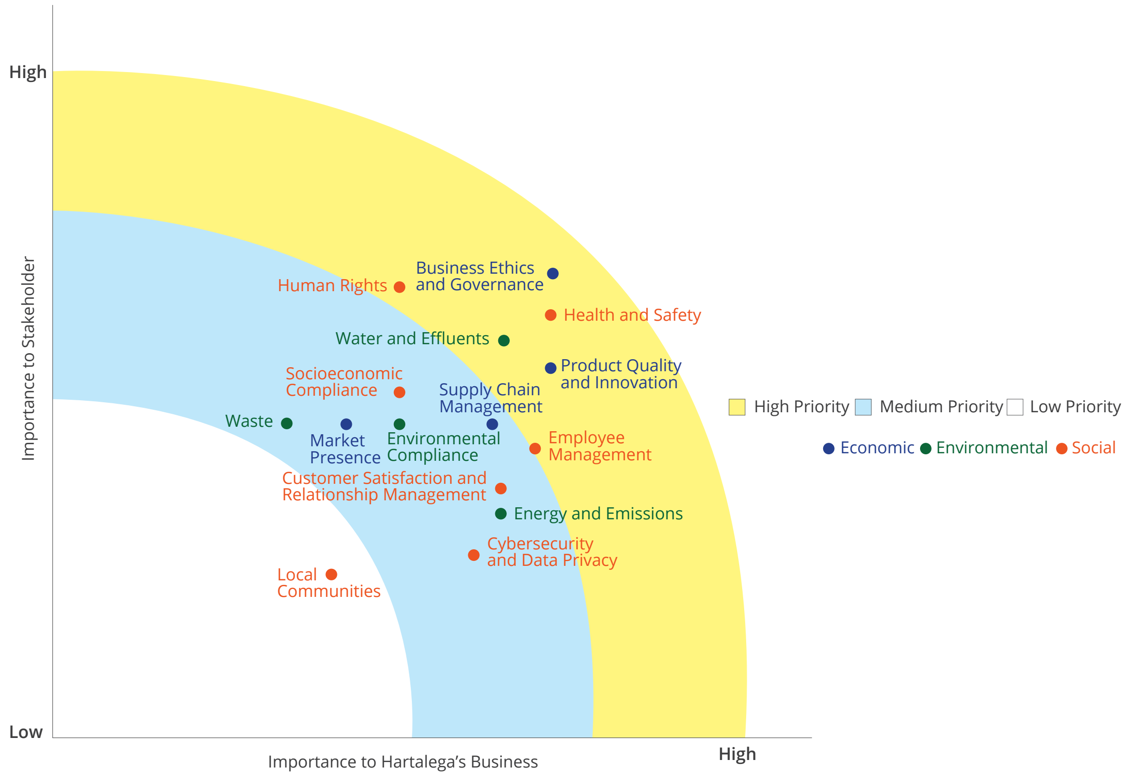
Guided by the Bursa Malaysia Sustainability Reporting Guide (2nd Edition) and GRI Standards, our materiality assessment allows us to identify and address relevant sustainability matters that are of greatest priority to the Group and our stakeholders. Serving as a basis to chart out our sustainability journey, we review our materiality assessment annually, enabling us to ensure that material matters remain consistent with stakeholders' expectations, as well as aligned with the current business environment and the Group's strategic direction.

As part of our drive to continuously enhance our sustainability practices, we carried out a materiality assessment and workshop in FY2021 to gather insights from our key internal and external stakeholders regarding relevant materiality matters. Further to that, premised on the Group's Sustainability Policy and best practices, a high-level review was conducted in FY2022 to ascertain that these materiality matters continued to resonate with our stakeholders by:

- Reviewing and identifying sustainability material matters based on internal factors, including strategic direction, stakeholder interests and concerns, as well as external factors such as business operating environment, emerging trends, risks, regulatory requirements, peer benchmarking and media reviews
- Reviewing the priority of each sustainability material matter based on importance to stakeholders and Hartalega
- Materiality matrix was validated and approved by SWC, RMSC and the Board of Directors

This was crucial to reassess our priorities and identify potential threats and opportunities in order to propel the Group forward in our sustainability journey.

As a result, our top 15 material matters remained unchanged for FY2022. Hartalega will continue to monitor existing material matters as reflected in our materiality matrix.



Contributing To The United Nations Sustainable Development Goals

Enriching lives across the world is a guiding principle for Hartalega. With this purpose driving us forward, we are committed to supporting the United Nations 2030 Agenda for Sustainable Development, joining global efforts to address prevalent challenges and shape a brighter future for generations to come.

In line with the UN SDGs, we have identified 11 out of 17 SDGs as a frame of reference for our materiality matrix. In line with this, the following table details our material matters and key achievements with respect to the identified SDGs.

Priority	No.	Material Matters	Definition	Key Achievements	Related UN SDGs
High Priority	1	Business Ethics and Governance	Conduct our business in an ethical and transparent manner by inculcating our values and culture across our workforce and supply chain.	1. Promoted awareness on whistleblowing platform managed by a third-party global professional service provider. 2. Key policies in place such as the Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy and Procedure, Supplier Code of Conduct and Code of Conduct for Employees and Directors. 3. Annual refresher training for all employees on the Group's key policies, including the Anti-Bribery and Anti-Corruption Policy. 4. Acknowledgement by all new suppliers on Supplier Code of Conduct. 5. Recorded zero incidents of non-compliance with the Supplier Code of Conduct. 6. Conducted risk assessment to identify and assess potential bribery and corruption risks in all departments across the Group's operations.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	2	Health and Safety	Maintain a safe work environment and culture through focused and continued investments to anticipate, evaluate and control hazards arising in or from the workplace that could potentially impact the welfare of employees, workers and customers.	1. Launched the Hartalega Life-Saving Rules to reinforce safety procedures and promote a culture of care. 2. Promoted health and safety among employees during COVID-19 with a series of initiatives. 3. Carried out Health, Safety and Environment Accident Prevention Initiatives, which resulted in a 40% reduction in work-related medical certification cases. 4. Recorded lowest Lost Time Injury Frequency Rate in five years at 0.53. 5. Initiated a voluntary health screening programme to promote the well-being of workers by detecting symptoms for early treatment. 6. Continued to maintain our track record of Grade A for both our Bestari Jaya and NGC facilities for Occupational Safety and Health workplace assessment (OSHWA) under the Department of Occupational Safety and Health (DOSH). 7. Retained ISO 45001:2018 certification for our OSH management system in Bestari Jaya.	3 GOOD HEALTH AND WELL-BEING
	3	Water and Effluents	Management and efficient usage of water for manufacturing processes and general purposes, and to configure effluent discharge points to mitigate impact to local communities, ensuring availability and sustainable management of water and sanitation.	1. Real-time monitoring in our facilities to maintain optimal water usage within our operations. 2. Invested RM90 million into our state-of-the-art wastewater treatment plants to date. 3. Retained the highest Standard A for effluent discharge, surpassing the Standard B benchmark set by the Department of Environment. 4. Ultrafiltration system for freshwater filtration to reduce consumption of municipal water. 5. Established a 5% reduction target for water consumption intensity by FY2024, with FY2021 as a baseline.	6 CLEAN WATER AND SANITATION

Priority	No.	Material Matters	Definition	Key Achievements	Related UN SDGs
	4	Human Rights	Respect and protect human rights for all those in our operations and supply chain. This includes non-discrimination, child labour, labour rights, freedom from slavery and torture, the right to life and liberty, freedom of opinion and expression and the right to work and education.	1. Became one of the founding members of the Responsible Glove Alliance and a member of the Responsible Labor Initiative. 2. Both the NGC and Bestari Jaya recorded no critical or major findings in 11 Forced Labour Indicator Assessment audits. 3. Our NGC and Bestari Jaya facilities received an overall rating of A in the amfori Business Social Compliance Initiative (BSCI) audit. 4. Establishment of Zero Cost Recruitment Policy. 5. Remediated a total of RM45.5 million in recruitment fees to foreign Hartanians. 6. Established multiple grievance handling channels to prevent violence, intimidation and threats. 7. Employee training on human rights policies and procedures. 8. Invested RM98 million to date in providing first-rate workers' accommodation.	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
	5	Product Quality and Innovation	Promote technological advancement and instil an innovative mindset to develop relevant products and solutions that meet the evolving needs of the market and customers.	1. Launched new Polychloroprene Examination Glove, offering an alternative solution for glove users with latex allergies. 2. Streamlined packaging process and shifting to sustainable packaging. 3. More than 90% of product packaging made from recyclable materials. 4. First to develop GoodPac™ - a smart packing system designed to ensure single glove dispensing, which prevents glove wastage and contamination. 5. Expanded R&D team by approximately 86%. 6. Invested more than RM30 million in R&D initiatives since FY2020. 7. Recorded zero incidents of non-compliance with product and service information and labelling, and marketing communications.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	6	Employee Management	Attract and retain a strong talent pool through fair treatment and empowering our people to develop capabilities for the future.	1. Launched Hartalega Academy at NGC. 2. Invested a total of RM1.85 million in training and talent development. 3. Achieved a total of 390,520 employee training hours. 4. Foreign Hartanians received an average bonus payout of 2.25 months in FY2022. 5. Maintained a 1:1 male and female wage ratio for all job levels. 6. Promoted 151 migrant workers through ADP in FY2022. 7. Received notable accolades for employee engagement practices, including Special Recognition for Commitment to Agile Workforce by Kincentric and Diversity Champion by LinkedIn Talent Award.	8 DECENT WORK AND ECONOMIC GROWTH

Priority	No.	Material Matters	Definition	Key Achievements	Related UN SDGs
Medium Priority	7	Socioeconomic Compliance	Compliance to relevant socioeconomic laws and regulations that pertain to doing business in a responsible manner.	1. Recorded zero incidents of non-compliance with socioeconomic laws and regulations. 2. Retained membership with the Supplier Ethical Data Exchange (SEDEX). 3. Conducted 24 Social Compliance audits by external auditors in accordance with internationally recognised standards, which include the Foreign Trade Association's Business Social Compliance Initiative (BSCI), SEDEX Member Ethical Trade Audit (SMETA), Worldwide Responsible Accredited Production (WRAP), Ethical Trading Initiative (ETI) Base Code, and 11 ILO Indicators of Forced Labour.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	8	Supply Chain Management	Management of supply chain activities including support to local suppliers, adherence to significant environmental and social standards.	1. Embarked on Project UNISON in pursuit of supply chain excellence. 2. Supported local procurement with local and international spending at a ratio of 73:27. 3. Spending in local procurement increased from 70% to 73%. 4. Initiated Supply Chain Assessment process which includes pre-assessment, due diligence, evaluation, award and monitoring to ensure strict social compliance by suppliers.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	9	Environmental Compliance	Compliance to relevant environmental laws and regulations that pertain to doing business in a responsible manner.	1. Recorded zero incidents of non-compliance with environmental laws and regulations. 2. Retained ISO 14001:2015 certification for our Bestari Jaya facility.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	10	Market Presence	Create impact in the market through strategic investments by contributing to economic development in local areas or communities where the business operates.	1. As of 31 March 2022, our total workforce stood at 9,040 Hartanians, supporting our goal of delivering high-quality and innovative products to protect lives across the globe. 2. Fastest production line speed in the industry of more than 45,000 pieces of gloves per hour. 3. 100% of our senior management team members are Malaysians. 4. Continued to reinforce market presence via MUN, the global distribution arm for Hartalega.	8 DECENT WORK AND ECONOMIC GROWTH
	11	Waste	Management of hazardous and non-hazardous waste disposed from our operations.	1. Total waste recycled increased by 7%. 2. Reduced total landfill disposal by 18%. 3. Recorded zero incidents of non-compliance in relation to waste management. 4. 3R approach (Reduce, Reuse, Recycle) in production plants and offices.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Priority	No.	Material Matters	Definition	Key Achievements	Related UN SDGs
	12	Customer Satisfaction and Relationship Management	Foster meaningful customer relationships and offer quality products and solutions to meet customers' expectations to build customer trust and loyalty in the highly competitive market.	1. Adopted a customer relationship management system where feedback and input from customers is gathered, analysed and resolved in a timely manner. 2. Achieved a high customer satisfaction score of 85%. 3. Steadily supported the global healthcare sector by continuously delivering exceptional services to meet the global demand for nitrile gloves. 4. Conducted customer satisfaction surveys to understand customer perspectives on key areas such as timely delivery, product quality, cost and service levels.	8 DECENT WORK AND ECONOMIC GROWTH
	13	Energy and Emissions	Management and reduction of environmentally hazardous substances and greenhouse gas (GHG) into the atmosphere.	1. Expansion of solar power project to other facilities. 2. Harvested 376 MWh from renewable energy sources since FY2021. 3. Commissioned a second cogeneration power plant at the NGC. 4. Continued to utilise alternative energy sources that generate lower carbon emissions, such as the cogeneration power plant and biomass energy plant. 5. Installed energy-efficiency boosting technology such as advanced burners, energy-efficient glove formers, chiller optimisation and energy recovery system. 6. Progressing towards achieving target of 22% reduction of carbon emissions intensity by 2024, with FY2021 as a baseline.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
	14	Cybersecurity and Data Privacy	Management and protection of our business and stakeholders' data, information, and intellectual property against cybersecurity breaches.	1. Adoption of IR 4.0 and IoT technologies to enhance connectivity between key production equipment and our network. 2. Recorded zero incidents of identified leaks, theft or loss of customer data. 3. Implemented an Intrusion Prevention System to enhance protection of the Operational Technology environment from cyber threats. 4. Invested RM600,000 into strengthening our cybersecurity system. 5. Enhanced IT security awareness among our employees as part of efforts to mitigate risk of cybersecurity breaches.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Low Priority	15	Local Communities	Voluntary community engagement and outreach activities to create positive social and environmental impact.	1. Positively impacted more than 110,000 lives in local communities. 2. Contributed approximately RM2,650,000 to empower young Malaysians through educational opportunities 3. Donated approximately RM837,000 to uplift local communities through volunteering initiatives as well as providing financial assistance and contributions in-kind. 4. Contributed approximately RM890,000 to support local communities through the challenges of COVID-19 and unprecedented floods.	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 17 PARTNERSHIPS FOR THE GOALS

Upholding The Highest Standards In Our Business Practices And Product Quality

We are resolute in our commitment to our role within the global glove sector to deliver high-quality nitrile gloves to protect lives across the world. Our passion for innovation enables us to consistently provide products and services that adapt to the needs of the market and our clientele. In tandem, we constantly strive to uphold best practices in governance, transparency and integrity throughout our operations and within our value chain, unlocking value for the Group and our stakeholders.

1. Business Ethics and Governance
2. Product Innovation and Quality
3. Supply Chain Management
4. Market Presence
5. Customer Satisfaction and Relationship Management
6. Cybersecurity and Data Privacy

Business Ethics and Governance

Key Highlights in FY2022

- Promoted awareness on whistleblowing platform managed by a third-party global professional service provider.
- Acknowledgement by all new suppliers on Supplier Code of Conduct.
- Recorded zero incidents of non-compliance with the Supplier Code of Conduct.

Why This Matters

Corporate governance is essential to nurture a culture that is rooted in integrity, subsequently driving our sustainable performance and creating long-term value. Guided by our core values of SHIELD, we subscribe to the highest ethical principles and have established a robust governance structure spearheaded by the Board of Directors, ensuring that the Group remains unwavering in our corporate governance practices, transparency and accountability.

Driving Good Corporate Governance

Our corporate governance framework is in accordance with the Malaysian Code on Corporate Governance. Helmed by the Executive Chairman, the Board of Directors is responsible for the overall implementation and oversight of our governance framework and policies. The Board is supported by Board committees, namely the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management and Sustainability Committee. Empowered by their respective Terms of Reference, each committee is delegated specific responsibilities and roles to support the Board's objectives.

The members of the Board possess vast experience in the glove industry and other sectors, bringing diverse skills and expertise to the Group. Independent Directors also sit on the Board to provide the necessary checks and balances in the decision-making process.

Risk management is an essential part of corporate governance as it helps an organisation prioritise issues that are relevant to optimise finite resources.

Premised on the Enterprise Risk Management framework, we have developed a robust risk management process which identifies, evaluates, manages and reports on key risks on a regular basis.

Further details on our corporate governance framework, practices and disclosure are available on our corporate website at https://hartalega.com.my/about-us/sustainability/corporate-governance/, as well as in the Corporate Governance Overview Statement on page 91 of this Annual Report.

Our Core Values and Commitment to Ethical Practices

Staying true to our core values, we are a strong proponent of ethical conduct and good corporate governance across all levels of the Group. Towards this end, best practices are instilled within all Hartanians through our Code of Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy as well as our Whistleblowing Policy, which provide a robust ethical framework for our organisational culture.

Code of Conduct and Ethics for Directors

The Group recognises the importance of establishing a code of conduct and standard of ethics for Directors to uphold standards of professionalism and to inculcate corporate accountability at the individual level. The Code of Conduct and Ethics for Directors outlines the Group's core values and principles and serves as a guideline for the Board to instil an ethical corporate environment which strives to achieve high governance standards and practices. The Code applies to all Board Members and non-Board members of Board committees who are required to adhere to the regulations and guidelines governing corporate governance.

The Code was developed in line with the Companies Act 1965 and the Malaysian Code on Corporate Governance.

Code of Conduct and Ethics for Employees

The Code of Conduct and Ethics for Employees outlines the regulations, requirements and compliance processes that must be adhered to by every employee. In line with the Group's SHIELD core values, the purpose of this Code is to ensure that the highest standards of integrity and accountability are practised at all levels and in all roles and responsibilities.

All employees undergo regular awareness and training programmes to renew their understanding on ethical business practices. As part of employees' Terms and Conditions of Service, they are required to conduct annual declarations and validation exercises to ensure that they fully understand and will continue to abide by the requirements stated in the Code.

Anti-Bribery and Anti-Corruption Policy (ABC)

The Group does not tolerate bribery, or any other form of corruption, extortion, embezzlement, bribery, fraud or falsification of information initiated or knowingly participated in by any individual within the Group.

As per the Malaysian Anti-Corruption Commission Act 2009 and the Guidelines on Adequate Procedures issued by the Prime Minister's Department, the ABC Policy was introduced as part of the Group's commitment to good corporate governance and to eradicate any form of bribery and corruption.

Compliance to the Policy is a pre-requisite at every level of the organisation, from Directors to employees, as well as those in our value chain including suppliers, contractors and service providers, with relevant ABC requirements stipulated in our Supplier Code of Conduct. We consistently communicate with our employees and suppliers through multiple channels such as emails, correspondence and engagement sessions to keep ethical behaviour top-of-mind.

Furthermore, employees are required to participate in a refresher training programme on an annual basis, in addition to completing a declaration and assessment form to confirm that they have read, understood and abide by the guidelines and directives set out in the Policy. New employees also need to undergo a training programme on the ABC Policy.

As part of the Group's risk management framework, due diligence and risk assessment is consistently performed to identify and assess potential bribery or corruption risks relevant to the Group. In FY2022, we conducted a Group-wide review which found no significant risks related to bribery and corruption, while all bribery and corruption risks were rated as low risk. There were zero recorded incidents of corruption and no actions required for the year under review.

We continue to instil best practices in governance and ethics, including annual refresher training, communications and visual displays to serve as a constant reminder on the importance of ethical conduct.

Whistleblowing Policy and Procedure

Hartalega is committed to upholding good corporate governance practices and promoting integrity and accountability. With this in mind, we have implemented a Whistleblowing Policy and Procedure across all our operations to provide employees and those in our value chain with a safe avenue to report any perceived wrongdoing, without fear of adverse consequences.

The identities of whistleblowers are held in strict confidence, as per the Companies Act 2016 and Whistleblower Protection Act 2010. Several channels are available for anonymous reporting, such as via a QR code, the Hartalega Speak Up website at https://secure.deloitte-halo.com/hartalegaspeakup and dedicated email hartalega@tipoffs.com.my, allowing for multiple languages including Nepali, Bengali, Myanmar, English and Bahasa Malaysia. Hartalega Speak Up is managed by a third-party independent global professional service provider to safeguard the anonymity of whistleblowers.

Whistleblowing posters, which are designed in five languages including Nepali, Bengali, Myanmar, English and Bahasa Malaysia, are displayed in various areas across our plant facilities to increase awareness among our people.

All cases are treated fairly, with investigations conducted without bias by the Company's Authorised Whistleblowing Representative. The results of the investigation are reported to the Senior Independent Director, Audit Committee Chairman and Chief Executive Officer, with potential outcomes as follows:

1. Case closed with no further action required, such as non-factual based complaints or allegations unsupported by evidence.
2. Case confirmed to involve internal misconduct, requiring internal disciplinary action, such as immediate dismissal or other corrective action deemed appropriate.
3. Case confirmed to be in breach of laws and/or regulations, requiring reports to be lodged with the relevant authorities.

In FY2022, we recorded a total of 25 whistleblowing cases, all of which have been closed accordingly.

Extending the Policy to our supply chain, our suppliers, contractors and service providers are required to provide their workers with a confidential platform to report any non-compliance with the Supplier Code of Conduct. All cases must be investigated by the respective supplier, contractor or service provider, with appropriate corrective action to be taken.

For the year under review, we recorded zero cases of non-compliance with the Supplier Code of Conduct and the Company's rules and regulations.

Looking Ahead

We will continue to uphold good ethical practices and governance within the Group. Further details on our policies, internal practices and corporate governance measures are available on our corporate website at https://hartalega.com.my/about-us/sustainability/corporate-governance/, as well as in the Corporate Governance Overview Statement on page 91 of this Annual Report.

Product Innovation and Quality

Key Highlights in FY2022

- Launched new Polychloroprene Examination Glove, offering an alternative solution for glove users with latex allergies.
- First to develop GoodPac™ - a smart packing system designed to ensure single glove dispensing, which prevents glove wastage and contamination.
- More than 90% of product packaging made from recyclable materials.
- Expanded R&D team by approximately 86%.

Why This Matters

The ability to adapt and respond to changes within this fast-paced environment is crucial to maintain business resilience and retain our competitive edge at the forefront of the industry. Particularly as the pandemic remains a disruptive force in the world, innovation is critical to unlock opportunities for growth. Against this backdrop, we continue to leverage on our innovative spirit and commitment to excellence to propel us forward. Tapping into the needs of the market in tandem with the constantly evolving expectations of our clientele and glove users across the globe, we are driven to deliver relevant high-quality products and solutions that resonate strongly with market demand.

Our Commitment to Quality

Building on our proven track record in delivering products of superior quality, the Group has earned a trusted reputation amongst our global clientele. Upholding this trust, we are dedicated to fulfilling our role in the healthcare value chain by maintaining our exacting quality standards for our products, services and overall operations. This is guided by our robust Quality Management System (QMS), which ensures that our quality standards meet international regulatory requirements.

To assess the effective implementation of the QMS, we undertake annual Internal Quality Audits and Management Quality Review Meetings. Any gaps identified are recorded and addressed accordingly. Follow-ups are also conducted to verify that closure has been achieved.

Demonstrating the efficacy of our QMS, we continued to retain the following certifications:

Certifications Related to QMS
• ISO 13485:2016 (MDSAP)
• EN ISO 13485:2016
• ISO 9001:2015
• BCRGS CP Issue 4
• Food GMP MS 1514:2009
• HACCP MS 1480:2019
• MS 1500:2009 & MS 2200:2013 Part 2
• MDD Directive 93/42/EEC
• MDR 2017/745

Effective Quality Control

As part of our aim to provide products and services of consistent quality standards, we have put in place a rigorous quality control system. Comprising detailed sampling plans, testing procedures and acceptance and rejection criteria, this encompasses all stages of the product lifecycle, from raw materials to in-process and finished products, as well as products under research and development. Our system is also equipped with detection, segregation and verification tools to ensure that our products are manufactured responsibly and safely. Alongside this, stringent inspection and testing procedures are implemented to identify any non-conforming products throughout our manufacturing processes, to prevent unintended use and distribution.

Materials/Products Testing Procedures
Purchased Materials All products and services from external sources are assessed and verified to ensure compliance with our specified requirements prior to entering the manufacturing process. All chemicals that have been purchased or are to be purchased are verified for compliance with applicable requirements, such as the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations and the Substances of Very High Concern (SVHC) List.
In-Process Products All in-process products undergo inspection according to testing plans, as outlined in our In-Process Inspection and Testing Procedure.
Finished Products Finished products undergo final inspection and testing in accordance with our Final Inspection and Testing Procedure. An extensive range of tests, including validation tests, watertight tests, dimension tests, physical properties tests, particulate residue tests, and bio-compatibility tests are conducted to verify that every aspect of finished products meets strict quality and regulatory requirements.

To monitor product performance, key indicators such as Lot Acceptance Rate and Complaints Per Billion are reviewed regularly. In order to minimise and eliminate recurrence of quality defects, appropriate preventive and corrective actions are carried out. This is in tandem with continuous improvement efforts, such as our Gemba Walk initiative which is performed on a regular basis by our Task Force. Our preventive and corrective actions are subsequently evaluated to gauge their effectiveness.

In addition to our internal inspection and testing procedures, our products also undergo rigorous tests by third-party laboratories and global certification bodies to further ascertain our quality assurance.

Due to our comprehensive measures, we continued to uphold the following certifications, showcasing our consistent product quality standards:

Certifications Related to Product Quality Standards
• ISO 2859 Acceptable Quality Level Standards
• American Society of Testing and Materials
• European Committee for Standardisation
• Japanese Institute of Standards
• Australia and New Zealand AS/NZS standard

In FY2022, we maintained our quality and regulatory standards, with no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services (FY2021 & FY2020: Zero recorded incidents).

Responsible Marketing and Labelling

As a leading glove manufacturer with a key role in the global healthcare value chain, we are cognisant of our responsibility to market our products in a transparent manner, particularly in line with the regulations of the healthcare sector. To assist our clientele in making informed purchasing choices, detailed specifications of our products can be found on our website and key information is stated on our product labelling for ease of reference. Our clientele can also access information on the safe use of our products and the sourcing of their components through our product labelling.

As part of our quality assurance (QA) process, our regulatory team verifies the information displayed on primary package labels and outer cartons. This allows us to ensure that all our labelling and claims adhere to the regulatory and safety requirements of the country or region of intended sale. Any claims stated on our products are fully verified by our regulatory team.

In FY2022, we recorded zero incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling, and marketing communications, including advertising, promotion and sponsorship (FY2021 & FY2020: Zero recorded incidents).

Building Employee Competency

Empowering our QA personnel with the necessary knowledge and skills to fulfil their responsibilities, we instil best QA practices through our Structured On-the-Job Training (SOJT) programme, designed by our in-house training department. Apart from SOJT, our QA personnel also receive training on Work Instruction (WI) and One Point Lesson (OPL) methodologies and are evaluated as per the stated frequency in our employee learning guidelines, where on-the-job evaluation is mandatory. These job-specific training programmes allow us to create a highly capable QA team that is well-equipped to perform relevant manufacturing, inspection and testing procedures, in line with stringent international regulatory and customer requirements.

In relation to marketing and labelling, all regulatory personnel participate in annual training modules. Training is also conducted as needed in the event of regulatory changes concerning product labelling or claims, which include courses with topics on Unique Device Identification for Medical Device (UDI) and UK Conformity Assessed (UKCA) Marking.

Driving Innovation

As a forward-looking company, we have always looked beyond the needs of the present to build capabilities for the future. Our research and development (R&D) efforts remain instrumental, underpinned by our spirit of innovation to develop products that are attuned to the needs of the market, while raising the bar in manufacturing through our advanced proprietary technologies.

Continuous investment in R&D allows us to maintain our innovative drive to remain relevant, which is all the more important as competition in the glove sector continues to intensify. Since FY2020, we have invested RM30 million in R&D initiatives to further strengthen our business performance and reinforce our foothold in the industry.

Accelerating our innovation drive in FY2022, we expanded our R&D team during the year by approximately 86%, comprising specialist researchers, chemists, microbiologists and employees working in other R&D areas. We firmly believe that recruiting the right talent will help generate greater opportunities for innovation and new technological capabilities within our organisation.

In line with our commitment to serve evolving customer expectations, our R&D team is focused on creating meaningful solutions to unlock further value. With this in view, we expanded our existing product portfolio in FY2022 with the launch of our Polychloroprene Examination Gloves.

Products/Descriptions

Colloidal Oatmeal Coated Gloves with COATS ® (Colloidal Oatmeal Active Therapeutic System) coating

Our patented Colloidal Oatmeal Active Therapeutic System (COATS) provides a solution for common skin problems experienced by healthcare practitioners by utilising colloidal oatmeal, a skin protectant recognised by the US Food and Drug Administration. By integrating COATS in our gloves, this helps to protect the skin and keep hands hydrated.

AMG™ Antimicrobial Glove

Our AMG™ Antimicrobial Glove is the world's first non-leaching antimicrobial examination gloves, designed to kill microbes on the external side of the gloves quickly upon contact, helping to prevent Healthcare-Associated Infections. With independent testing data indicating that it can kill up to 99.999% of selected microbes, the AMG™ Antimicrobial Glove can reduce the risk of transmission from an infection source to a susceptible patient.

FindMe™ Metal Detectable Glove (MDG)

Our patented FindMe™ MDG is the world's first metal-detectable nitrile glove, specially designed with embedded magnetite that can be detected with industrial metal detection equipment. This allows for products contaminated with glove fragments to be identified and discarded by food manufacturers, preventing food product contamination that may incur wastage and costly food product recalls.

Biodegradable Glove (BDG)

Our state-of-the-art BDG protects glove users while reducing environmental impact. As an end-of-life solution, the BDG is uniquely formulated with an organic additive. This allows for acceleration of the biodegradation rate upon disposal in biologically active landfills and anaerobic digesters, thereby helping to preserve the planet while ensuring shelf life is not compromised.

Polychloroprene (CR) Examination Glove

Our CR examination glove offers a comfortable experience due to its high elasticity and good durability. It is also a viable alternative solution for glove users with latex allergies.

As we continue to grow our portfolio with industry-first innovations, we filed a patent application in FY2022 as part of our efforts to protect our intellectual property.

Sustainable Packaging Process and Solution

As a manufacturing company, we are conscious that our operations and products have an impact on the planet. Managing our environmental footprint is a core pillar in our sustainability agenda. To mitigate our impact, we are working to reduce our packaging waste through sustainable packaging solutions. To date, more than 90% of our packaging is made of materials that are recyclable and sustainable. We continuously explore packaging innovations made from recyclable materials as we strive to further reduce the environmental impact of our products.

Our fully automated glove stripping process ensures elimination of contamination at source, whereby our gloves are removed from glove formers using an automated stripping system without human intervention and equipped with strict hygiene processes. Each glove is scanned by our digital quality system that detects even the most miniscule of defects. Gloves with defects are removed automatically, eliminating human errors commonly encountered in conventional inspection and sorting methods. This enhances the reliability of our gloves, hence promoting safety and quality for our glove users.

To further prevent glove contamination for end-users, we developed our patented GoodPac™, a cost-saving single glove dispensing process. Unlike the conventional packing method that may result in multiple gloves being dispensed at one time, causing wastage, GoodPac™ ensures that gloves are neatly packed in alternate directions without overlapping one another, enabling end-users to dispense only one glove at a time, therefore preventing glove wastage due to contamination.

Looking Ahead

As a trusted leader in the industry, we will remain focused on delivering high-quality products and fostering an innovative mindset and culture within the organisation. To ramp up our R&D capabilities, an innovation centre is in the pipeline, featuring advanced machinery, technology and software. Following this, plans are also underway for an innovation workshop which will comprise a robotic room, software lab and 3D printer room.

By FY2023, we target to expand our R&D team by an additional 35% to support the Group's innovation aspirations. Prioritising sustainability, we are working towards building a green product portfolio, unlocking value for our clientele. This is part of our drive to contribute to a greener, more sustainable future through R&D and innovation.

Supply Chain Management

Key Highlights in FY2022

- **Embarked on Project UNISON in pursuit of supply chain excellence.**
- **Spending in local procurement increased from 70% to 73%.**
- **Initiated Supply Chain Assessment process which includes pre-assessment, due diligence, evaluation, award and monitoring to ensure strict social compliance by suppliers.**

Why This Matters

As a leader in the glove manufacturing sector that delivers our high-quality products to global markets, we recognise our responsibility to promote sustainability within our supply chain. Not only does this create value and enhance efficiencies for Hartalega and our partners across the value chain, this also subsequently supports the Group's sustainable long-term growth. Particularly amid the current volatile economic landscape, good supply chain management allows the Group to remain agile and resilient. Our efforts have enabled us to maintain our membership as a Supplier Ethical Data Exchange (SEDEX) member, as we strive to instil best practices amongst our suppliers and uphold the highest standards of ethical procurement practices across our supply chain.

Cultivating a Responsible Supply Chain

Underpinned by our SHIELD core values, we strongly believe in the importance of driving ethical conduct across our supply chain. To this end, we are committed to ethical and transparent procurement practices and sustainable sourcing in order to build a responsible supply chain, supported by rigorous evaluation of our supply chain performance.

Our Supplier Code of Conduct, which applies to all our suppliers, contractors and service providers, outlines our firm stance and strict standards in terms of social and environmental responsibility. All our partners in our supply chain are required to agree and adhere to our stringent social compliance and ethical policies covering health, safety and environmental standards as indicated in the Supplier Code of Conduct. The Code also serves to create an understanding of the importance of instilling sustainability into daily business conduct and operations. Our Supplier Code of Conduct can be found on our corporate website at https://hartalega.com.my/about-us/sustainability/corporate-governance/.

In line with our supply chain management approach, we conduct Supply Chain Assessment to evaluate the performance of our suppliers in terms of environmental, social and governance aspects. Furthermore, as part of our selection and appointment process, all suppliers must undergo pre-assessment, due diligence, evaluation, award and monitoring, whereby relevant criteria is reviewed, including cost, delivery, quality, product and service level. Additionally, we conduct regular quality inspections on specified materials from suppliers to ensure compliance with the necessary requirements. Alongside this, we periodically review the performance of our key suppliers, covering relevant quantitative and qualitative indicators such as on-time delivery.

In FY2022, we improved our screening process by performing environmental and social impact assessments on all new and existing suppliers categorised as high-risk. The objective of this assessment is to detect any negative environmental and social impact taking place in our supply chain. Our assessment on environmental impact involved indicators such as environmental management and waste management. For social impact assessment, the indicators that were considered included prohibition of harassment or abuse, discrimination, forced labour, child labour, working hours, freedom of association and collective bargaining, remuneration and health and safety of the working environment. Our assessments indicated that there was no actual or potential negative environmental and social impact taking place. We will continue to carry out regular impact assessment on our key suppliers to identify potential environmental and social risks.

Project UNISON

To cultivate a robust, high-functioning supply chain, Hartalega has embarked on Project UNISON, a supply chain excellence transformation programme which will better enable us to navigate through headwinds while enhancing operational efficiencies. The aim of Project UNISON is to build an optimised end-to-end supply chain operation with standardised processes, greater alignment between sales and operations, more effective collaboration across the value chain, as well as to improve relationships with our suppliers and clientele.

In tandem, we have channelled more than RM7 million into our partnership with a consultant to deploy new sales and operations planning (S&OP) solutions, adopting an 'I Do - We Do - You Do' approach to facilitate a smooth transition. The new S&OP cycle will be implemented across our supply chain management processes to improve supply chain excellence.

Supporting Local Procurement

Localising our supply chain not only contributes to cost optimisation and efficiency, it also creates an avenue for the Group to support local talent through job opportunities and collaborations with local suppliers.

Testament to this, for the financial year under review, our procurement spending on local suppliers increased to 73% while our international procurement spending stood at 27%, compared with FY2021 which saw a ratio of 70:30.

Looking Ahead

The Group aims to maintain active engagement with our supply chain to ensure our suppliers adhere to sound environmental and social compliance practices. We hope that by implementing stringent measures, we are able to better manage and prevent any potential environmental and social impact across our supply chain.

Market Presence

Key Highlights in FY2022

- **As of 31 March 2022, our total workforce stood at 9,040 Hartanians.**
- **100% of our senior management team members are Malaysians.**
- **Continued to reinforce market presence via MUN, the global distribution arm for Hartalega.**

Why This Matters

Malaysia remains a dominant force in the global glove sector. As a leading industry participant and nitrile glove manufacturer, Hartalega continues to scale up our capacity and capabilities to meet the ever-growing global demand through state-of-the-art facilities and technologies. Our significant market presence plays a pivotal role in elevating the economic development of local communities, while contributing to the nation's gross domestic product.

Further details of our operations and market presence can be found on page 7 of this Annual Report.

Strengthening Our Local Presence

Despite the disruptions of the pandemic in FY2022, Hartalega accelerated automation and digitalisation to ensure the continued operations of our facility in Bestari Jaya and our state-of-the-art Next Generation Integrated Glove Manufacturing Complex (NGC) in Sepang, Selangor, Malaysia. This in turn enabled us to maintain the fastest and most efficient production lines in the sector, capable of producing more than 45,000 pieces of gloves per hour. The Group is also focused on stepping up our manufacturing capabilities, capitalising on research and development to increase output, which is already benefitting from automated processes.

In our bid to expand our market presence in a vibrant and sustainable manner, Hartalega integrates key ESG measures in how we conduct our business to generate more value for local communities and enhance protection of the environment. Alongside this, we continue to explore more energy-efficient methods in manufacturing.

As we invest in Malaysia through our expansion plans and tap into the local supply chain, we consistently contribute to the domestic economy's recovery. In FY2022, 73% of our products and services were procured from local suppliers. In addition, 100% of our senior management team members comprised Malaysians. The ratio of standard entry wage by gender compared to local minimum wage was 1:1.

Reaching Out to The Global Community

Our distribution arm, MUN, continued to be a key enabler to reinforce our global presence, both in key markets and emerging markets with sizeable growing populations and low glove consumption per capita in the year under review. By leveraging on MUN, this allowed for continuous growth for our own brand of gloves, GloveOn.

Our strong commitment to social responsibility was amplified through various initiatives in these regions, including being a firm supporter of the Birthing Kit Foundation (Australia), a non-profit organisation that aims to provide a clean and safe birthing environment for mothers in rural communities and low-resource settings. We also firmly advocate for action to prevent modern slavery from occurring within the operations and supply chain by including a Modern Slavery Statement into our business practice.

Looking Ahead

While uncertainties may still challenge the market, Hartalega is moving forward with our sustainable long-term expansion plans. We will continue to focus on emerging markets, while sustaining our strong foothold in the traditional developed markets. Through all this, we will make every effort to generate more employment opportunities for local communities and provide upskilling avenues for local talent among our vendors.

Customer Satisfaction and Relationship Management

Key Highlights in FY2022

- **Achieved a high customer satisfaction score of 85%.**
- **Steadily supported the global healthcare sector by continuously delivering exceptional services to meet the global demand for nitrile gloves.**

Why This Matters

The essence of our business lies in maintaining a high level of customer satisfaction, which faced its own set of challenges during the pandemic. At Hartalega, while we are steadfastly committed to delivering superior quality products driven by our pursuit of excellence, we also go the extra mile to cultivate long-term customer relationships based on value, mutual respect and trust. By setting high customer service standards, we strive to build loyalty as we firmly believe this in turn will positively impact revenue generation.

Meeting Global Demand Amid COVID-19

With the pandemic continuing on its disruptive path during the year under review, the healthcare sector's demand for nitrile gloves remained strong among both developed and developing countries. Given our expertise, we were able to meet and surpass global demand with systematic planning to effectively mobilise resources and optimise operational capacity.

We invested in and successfully scaled up production capacity without compromising product quality as a result of our cutting-edge manufacturing facilities, high-level automation and advanced proprietary technologies. Through strategic sourcing, we secured a consistent supply of raw materials which significantly reduced the risk of disruption in our integrated supply chain and allowed for timely delivery.

During this critical period, we streamlined our product variations to increase our output, while we simultaneously developed innovative products to cater to the evolving needs and concerns of our customers, including the polychloroprene examination glove. Further details are available under Product Innovation and Quality on page 46 of this report.

Enhancing Customer Engagement

Our continuous engagement with customers through various channels enabled us to manage their needs in a challenging year. Our aim to ensure customer satisfaction drives us to continuously garner feedback to identify short falls and develop targeted solutions, thereby creating stronger value. With consistent communication despite movement and travel restrictions, we were able to continue building proactive, long-term relationships with our customers. This was also based on us providing timely responses to customer queries and concerns, including social compliance and environmental best practices.

At Hartalega, we pay attention to every customer complaint. Each complaint is shared with the respective process owner and a thorough investigation is conducted. Corrective and preventive actions (CAPA) are used to determine the root cause and develop a suitable action plan to resolve complaints.

In addition, we adopted Salesforce, the world's leading cloud-based customer relationship management software, to further enhance our capabilities with the objective of securing more leads and closing more deals. This also allowed us to explore new market segment opportunities.

Achieving High Customer Satisfaction

To monitor and improve the quality of our relationship with customers, we continued to utilise the Customer Satisfaction Index (CSI) as part of our Key Performance Indicators (KPIs). The CSI takes into account the result of the customer satisfaction surveys which are conducted twice yearly. Key assessment areas for surveys include timely delivery, product quality, cost and service levels, customer complaints as well as other internally measured quality parameters such as Lot Acceptance Rate and Complaints per Billion.

In FY2022, we achieved a high customer satisfaction score of 85%. To ensure that we continue to meet the expectations of our clientele, we also identified three areas of improvement, namely customer complaints, orders and shipping processes, and product quality. We will focus on further improving in these areas in FY2023.

	FY2020	FY2021	FY2022
Customer Satisfaction Score	81%	86%	85%

Looking Ahead

Moving forward, we will remain committed to being a highly customer-centric organisation as we strive to constantly elevate the customer experience through exemplary service and products. Besides dedicated engagement efforts to build thriving relationships founded in trust, we are exploring other initiatives to enhance efficiencies, including shortening the lead time for shipping order issuance and more overall timeliness in delivery to meet every expectation and reinforce customer satisfaction.

Cybersecurity and Data Privacy

Key Highlights in FY2022

- **Recorded zero incidents of identified leaks, theft or loss of customer data.**
- **Implemented an Intrusion Prevention System to enhance protection of the Operational Technology environment from cyber threats.**
- **Invested RM600,000 into strengthening our cybersecurity system.**

Why This Matters

In an increasingly digitalised world, data leaks and other violations of customer privacy stemming from cybersecurity breaches constitute a clear and ever-present danger.

The need to boost cybersecurity measures has become more pressing as the Group ramps up our digitalisation efforts in tandem with IR 4.0 and the demands of pandemic-related operating procedures. A robust and effective cybersecurity system is a key line of defence for the Group and our stakeholders, safeguarding data, systems, networks and intellectual property against continuously evolving cyber threats.

Enhancing Cybersecurity

In view of the heightened risk of data breaches, we have taken steps to strengthen our cybersecurity. This includes a holistic and comprehensive security suite that provides extensive endpoint protection for users' devices and emails, in addition to our networks and servers. As part of our ongoing efforts to enhance our cybersecurity, in FY2022, we invested a total of RM600,000 to further boost our cybersecurity systems. Operational Technology (OT) Security is now in place to insulate our OT environment, including machinery and production lines, from exposure to cyber threats. Our efforts did not stop there, as we have also upgraded our existing security system for our endpoints, servers and networks.

Adopting an integrated approach to data security, we ensure that all Hartanians are well-acquainted with our Information Security Policy, which sets out the roles and responsibilities of every employee in ensuring appropriate and ethical usage of our email system as well as maintaining customer and company data privacy at all times. We have also implemented a Data Backup Policy to prevent data loss, which is vital to ensure continuity of our operations in case of any unforeseen disruption within our system servers.

Personal and confidential information is of utmost importance to us. The Group is governed and guided by the Personal Data Protection Act 2010 (PDPA) which requires all employees to regard the personal and confidential information of clients as sacrosanct, and accordingly, to treat such information with the appropriate level of confidentiality. This confidential relationship also extends to third parties that we work with, who are required to read, understand and acknowledge a Non-Disclosure Agreement (NDA) where sensitive information is involved. As an additional measure, all service agreements with third parties contain a standard personal data clause.

In line with our risk management approach, we remain ever-vigilant in monitoring cybersecurity risks across all of our operations, taking proactive measures to prevent security breaches. To enhance awareness amongst our people, we circulate periodic newsletters which include relevant topics on cybersecurity and how cyber threats can possibly occur in employees' day-to-day tasks. The periodic newsletter also serves as a reminder to all employees to always be alert towards potential phishing activities or scam alerts. Employees are encouraged to report any suspicious activity via dedicated channels. In FY2022, our IT Department performed simulations to improve employees' understanding of phishing threats.

Our efforts are driven by our highly-capable dedicated IT team, which is responsible for the development and implementation of our robust cybersecurity and IT infrastructure. Risk management is governed at the highest level by the Board of Directors, with the Risk Management and Sustainability Committee conducting regular reviews of the Group's risk profile and performance, including cybersecurity risks, to ensure adequate and appropriate measures are in place to mitigate such risks.

In FY2022, there were zero recorded incidents of identified leaks, theft or loss of customer data (FY2021: Zero recorded incidents). However, during the year, three substantiated complaints were received concerning breaches of customer privacy (FY2021: Zero recorded incidents). All three complaints were related to unauthorised impersonation of our email domain. The management took immediate action by investigating the matter and communicating with affected customers. All complaints were resolved in a timely manner. We will continue to monitor our domain to prevent any recurrence of such incidents.

Looking Ahead

As the cybersecurity threat landscape continues to evolve, we constantly strive to enhance our cybersecurity infrastructure and put in place best practices to prevent breaches and address the rapidly changing nature of cyber threats. We remain focused on stepping up awareness across our operations and will continue to engage with our employees on a regular basis.

Safeguarding The Environment

Following two years of the COVID-19 pandemic as a disruptive force in the world, embracing good environmental, social, and governance (ESG) practices is increasingly critical to future-proof companies. Honing in on this, environmental sustainability is vital to support the health of the planet and livelihoods of communities, while subsequently ensuring that the world's precious natural resources are preserved for future generations. As such, we remain steadfast in our commitment to minimising our environmental footprint and contributing to a greener future ahead.

Key Material Matters

Water and Effluent Management

Key Highlights in FY2022

- **Established a 5% reduction target for water consumption intensity by FY2024, with FY2021 as a baseline.**
- **Invested RM90 million into our state-of-the-art wastewater treatment plants to date.**
- **Retained the highest Standard A for effluent discharge, surpassing the Standard B benchmark set by the DOE.**

Why This Matters

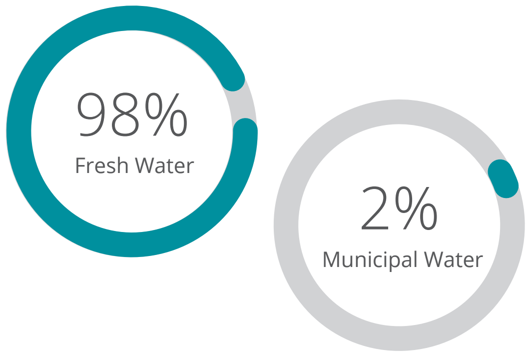
As a leading glove manufacturer, water quality is an important priority for Hartalega. Water is essential to our manufacturing processes and has a direct bearing on the high quality of the gloves that we produce, such as surgical and examination gloves, subsequently enabling us to fulfil our role in the global healthcare value chain. Reflecting our commitment to water stewardship, we have systems and measures in place to minimise water consumption, monitor water quality and better manage the disposal of wastewater and effluents.

Sustainable Water Usage

Sustainable water management serves to maintain water quality and contributes to increased biological and ecological diversity within our surrounding environment. Hartalega's water withdrawal is primarily sourced from local rivers, with minimal withdrawals from municipal supply. In order to minimise dependency on municipal water sources, we have put in place a water ultrafiltration system which allows us to utilise treated water at all our production sites. In FY2022, we recorded a total water withdrawal of 22 million m^3, comprising approximately 98% water withdrawn from local river sources, while only 2% was withdrawn from the municipal water supply.

Water conservation is also a core aspect in our operations, and we are constantly optimising our production processes to increase water efficiency and reduce water consumption. Regular monitoring is carried out to track water withdrawal and water consumption intensity. Further to that, in FY2022, we implemented a real-time monitoring system. This entailed the installation of instruments to monitor water distribution continuously throughout our production facilities.

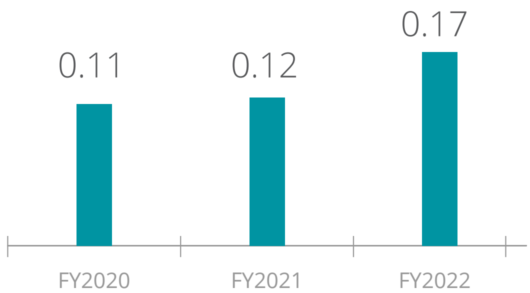
Water Withdrawal Supply Sources (%)



Apart from that, the Group evaluates water management plans across all our manufacturing plants on a regular basis. This enables us to make proactive improvements, helps us reduce the risk of business disruption during water shortages and enhances cost optimisation. We also apply an e-water management plan to strengthen water efficiency in our production activities. As part of the decision-making process for investments into new plants and expansions, the Group takes water demand, supply and infrastructure into careful consideration.

In FY2022, the Group recorded total water consumption intensity of 0.17 m^3 per 1,000 pieces of gloves. This was largely attributable to the commissioning of a new plant and the lower operational capacity of production lines during the year under review.

Water Consumption Intensity
m^3/1,000pcs gloves



Responsible Wastewater Treatment

The proper treatment of wastewater is critical to mitigate impact to the environment. Towards this end, we ensure that our water discharge management is in full compliance with ISO 14001:2015 requirements. This is driven by our dedicated team of experts alongside regulatory bodies who monitor the effluent discharge of all our facilities, assuring that wastewater is sufficiently treated through our treatment plant before discharge to stormwater drainage.

The total water discharged for FY2022 stood at 17.12 million m^3 to the stormwater drainage. The water discharge volume saw a reduction of approximately 5% compared with the previous fiscal period, mainly due to production lines operating at a lower capacity.

Year	Total Water Withdrawal, million m^3	Total Water Discharged, million m^3
FY2021	22.30	18.00
FY2022	22.00	17.12

To date, we have invested approximately RM90 million into our cutting-edge wastewater treatment plant. Demonstrating the efficacy of the environmental controls we have put in place, in FY2022, we recorded zero reported incidents of non-compliance with discharge limits and continued to maintain our Standard A for water quality related parameters such as biological oxygen demand (BOD), chemical oxygen demand (COD) and total suspended solids (TSS). This surpasses the stringent Standard B benchmark set by the Malaysian Department of Environment (DOE) for effluent water discharge.

Looking Ahead

The Group is working towards our target of reducing water consumption intensity by 5% by FY2024, with FY2021 as a baseline. To achieve this, we strive to further reduce our dependence on direct and indirect water withdrawal in our facilities. Aside from this, we aim to instil a stronger mindset amongst our people on water consumption through awareness and educational programmes, as well as initiating email sharing and briefings. We have also appointed a third-party testing organisation to evaluate our effluent quality and assess the possibility of reusing treated effluent in our production operations. This will help to reduce our reliance on freshwater withdrawal from the environment and ease the burden on the municipal water supply system.

Environmental Compliance

Key Highlights in FY2022

- **Recorded zero incidents of non-compliance with environmental laws and regulations.**
- **Retained ISO 14001:2015 certification for our Bestari Jaya facility.**

Why This Matters

Sustainability is key to preserving our planet for future generations, thereby supporting the resilience of the business. By protecting the environment in which we operate, this enables us to create long-term value for the Group, in tandem with contributing positively to the communities around us. Our commitment is driven by the comprehensive policies and controls we have put in place that are aligned with environmental laws and regulations, aimed at reducing the environmental footprint of our operations.

Commitment to Environmental Best Practices

We strive to uphold best environmental practices across our operations and ensure strict compliance with the requirements set out by the DOE and international standards. In addition, our Health, Safety and Environment (HSE) policy serves as a guideline to manage, maintain and enhance the Group's environmental performance. Concurrently, our robust management programme allows us to keep close track of pollution control, energy consumption, emission quality, waste disposal and water consumption data. Guided by our HSE policy and environmental management system, we have successfully retained ISO 14001:2015 certification for our Bestari Jaya facility since 2017.

Safeguarding Our Environment

Building on our proven track record in operational excellence, we constantly seek out opportunities to enhance our environmental performance. In line with this, in FY2022, we implemented new technologies to reinforce our control measures for accidental spillage. Alongside this, we carry out regular inspections to detect potential leakage points. Through these efforts, we were able to maintain our effluent discharge in compliance with Standard A, which is above the required Standard B prescribed by the DOE.

Our dedicated internal HSE team also regularly conducts Environmental Aspect and Impact

Assessment to help us identify any environmental issues caused by our operations and develop better mechanisms to minimise impact.

Complementing these efforts, environmental monitoring audits are conducted on a regular basis by both internal and external parties to provide assurance that applicable laws and regulations are adhered to. In FY2022, 11 external audits for environmental monitoring were carried out. The Group registered zero incidents of non-compliance with environmental laws and regulations in the year under review.

Looking Ahead

The Group is focused on strengthening our environmental performance and protecting our natural resources and we will continue to monitor our operations to ensure that best practices are implemented in accordance with the stipulated environmental laws and regulations.

Waste Management

Key Highlights in FY2022

- **Total waste recycled increased by 7%.**
- **Reduced total landfill disposal by 18%.**
- **Recorded zero incidents of non-compliance in relation to waste management.**

Why This Matters

Sustainable waste management is vital to preserving the environment, helping to address prevalent issues caused by landfills such as land contamination and heightened carbon emissions. As we continue to expand our manufacturing capacity, we are conscious that this can lead to an increase in the waste produced by our operations. To minimise our environmental impact, we remain committed to reducing overall waste, particularly waste disposed to landfills, and continuously enhancing our waste management strategies.

Minimising Our Waste

To drive our sustainable waste management approach, we have implemented a comprehensive waste management programme for hazardous and non-hazardous waste aligned with ISO 14001:2015 standards, spearheaded by our HSE Department. Focusing on systematic monitoring, operational and resource efficiency as well as recycling initiatives, our waste management programme enables us to minimise the disposal of waste to landfills by exploring innovative solutions to reduce, reuse and recycle waste.

Our waste management processes comprise both non-hazardous and hazardous waste.

The waste generated by our operations is primarily non-hazardous, consisting of general waste, paper packaging, plastics, broken formers, rejected gloves, foam boards, hallowed bars and other types of waste generated by the compounding process.

All waste generated is monitored internally through a computer-generated weighing chit.

Non-hazardous waste which is segregated will be directed for recycling, which is managed by appointed licensed contractors.

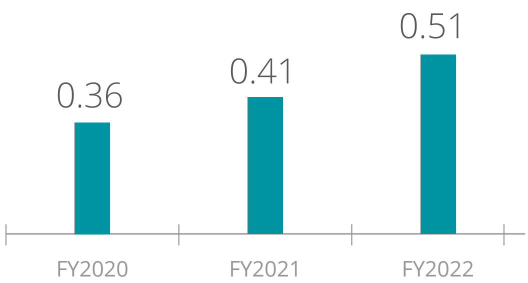
Meanwhile, hazardous waste generated within our operations consists mainly of sludge, which is a by-product of wastewater treatment.

We manage hazardous or scheduled waste in accordance with the DOE's Scheduled Wastes Regulations 2005 (Environmental Quality Act 1974).

We also engage licensed contractors approved by the DOE to manage all our hazardous waste or scheduled waste disposal.

	FY2020	FY2021	FY2022
Hazardous Waste (MT)	1,665	2,113	2,143
Non-Hazardous Waste (MT)	9,676	12,842	12,606
Total Waste Recycled (MT)	6,340	8,310	8,894
Total Landfill Disposal (MT)	3,336	4,531	3,712

Total Waste Generated Intensity
kg/1,000pcs gloves



Our waste management monitoring system continued to prove effective in FY2022 as we recorded a 7% increase in total waste recycled and an 18% decrease in total landfill disposal. Total waste generated intensity increased from 0.41 to 0.51, mainly due to lower production output for the year.

To ensure that our waste management processes remain robust, we engage third-party auditors to conduct annual reviews of our environmental compliance. This enables us to enhance our waste management approach and identify opportunities to promote circularity. Additionally, our HSE Department carries out internal audits on a regular basis to ensure that all operations comply with our internal procedures and legal requirements. During the year, there were no recorded incidents of non-compliance in relation to waste management.

Instilling A Strong Recycling Culture

We strive to cultivate a strong recycling culture amongst our employees, encouraging them to embrace good recycling practices at work and as part of their daily behaviour. To this end, we proactively implement 3R (Reduce, Reuse and Recycle) programmes throughout our operations.

Raising awareness is essential to drive positive change. With this in mind, we organised various training sessions for our Hartanians to educate them on key topics such as the identification of waste generation at source and standard operating procedures for waste management. This also helps our employees to handle waste more safely and effectively.

Looking Ahead

Alongside strengthening 3R implementation within the Group, we are looking to improve our resource utilisation efficiency which will contribute greatly to the reduction of waste generated per unit production.

Energy and Emissions Management

Key Highlights in FY2022

- **Expanded solar power project to other facilities.**
- **Harvested 376 MWh from renewable energy sources since FY2021.**
- **Commissioned a second cogeneration power plant at the NGC.**

Why This Matters

Climate change is a global issue that must be urgently addressed. Now more than ever as the impact of climate change continues to intensify, it is vital to take action to secure a brighter future for the planet. Supporting Malaysia's objective of reducing carbon emission intensity by 45% by 2030, we strive to contribute to environmental preservation by managing our energy consumption and energy emissions. In tandem, this enables us to enhance cost efficiencies, given that natural gas and electricity usage are vital to our operations.

Promoting Energy Efficiency

Aligned with ISO 14001:2015 standards, we have adopted the Plan-Do-Check-Act Model to guide our energy management approach. This helps us to improve our workflow and determine gaps to further enhance energy utilisation, as well as allowing us to execute energy efficiency projects within our manufacturing facilities.

In FY2022, we successfully commissioned a second cogeneration power plant at our NGC facility. This is designed to improve energy efficiency through combined heat and power production. In addition, plans are in the pipeline to build an additional cogeneration plant for the NGC 1.5 facility, taking into consideration the feasibility of such energy systems from cost and energy efficiency perspectives, as well as how this will contribute to our emissions reduction target in the long run.

We have also installed various production-related equipment and advanced technologies to optimise equipment efficiency and further reduce our energy consumption and carbon emissions. At our Bestari Jaya facility, chiller performance improvement technology is in place to boost chiller efficiency and increase our energy savings.

For FY2022, we recorded a total reduction of 16.8% and 25.3% for natural gas consumption and total electricity consumption respectively. Key contributing factors were lower fuel and electricity consumption as well as lower production volume.

Natural Gas Consumption (MMBTU)	
FY2020	9,677,658
FY2021	11,816,296
FY2022	9,831,902

Electricity Consumption (kWh)	
FY2020	225,576,708
FY2021	313,608,052
FY2022	234,158,123

As a result of lower production demand coupled with the commissioning of additional production lines, natural gas consumption intensity stood at 0.34 MMBTU per 1,000 pieces of gloves in FY2022.

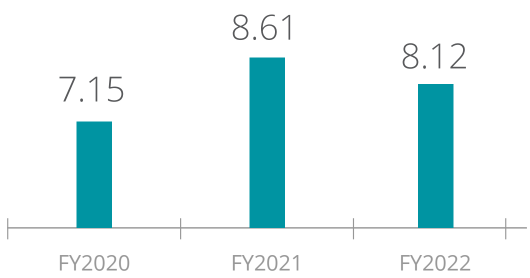
Natural Gas Consumption Intensity
MMBTU/1,000pcs gloves

Meanwhile, the commissioning of a cogeneration plant at the NGC enabled us to record a decrease in electricity consumption intensity to 8.12 kWh per 1,000 pieces of gloves in FY2022. Building on this, we are actively expanding our internal capacity through our data monitoring and tracking system to establish a dedicated monitoring system for our natural gas and purchased electricity consumption.

By scaling up our monitoring capabilities, this will allow us to better control and reduce our energy consumption and carbon emissions through a structured timeline.

Working towards our 22% carbon emissions intensity reduction target by 2024, we continuously roll out energy efficiency improvement projects across our manufacturing facilities to better manage our energy consumption. From formers to scrubbers, we strive to integrate advanced technologies to save energy for every process within our production lines and operations to optimise energy usage.

Electricity Consumption Intensity
kWh/1,000pcs gloves



To further minimise carbon emissions, we are also determining the feasibility of upgrading our conventional burning system to a higher efficiency system that will enable us to harvest larger energy savings. On top of that, we take proactive steps to educate our people on the importance of energy conservation and combating climate change. The Group provides employees with training to increase awareness and promote good behaviour on sustainable energy usage. We also engaged all our offices to participate in Earth Hour, a symbolic lights-out event by the World Wildlife Fund and partners.

Increasing Renewable Energy Usage

As part of our efforts to reduce our carbon emissions intensity, we have invested RM6.6 million in renewable energy sources to produce cleaner, greener energy for the Group. In line with this, we have installed a solar power system at our NGC facility with an installed capacity of 2,284 kWp. During the financial year under review, the solar power system generated approximately 474 MWh of solar power for our production plants. We are planning to extend this system to our Bestari Jaya facility, which would contribute significantly to the reduction of our non-renewable energy consumption.

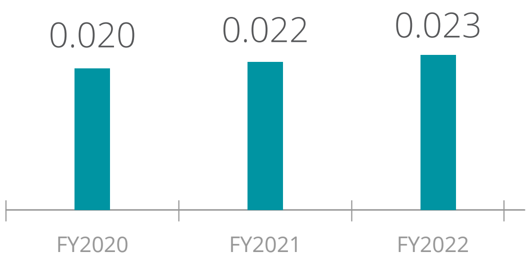
Testament to our commitment to sustainable practices, Hartalega stands as the first in the industry to have installed a biomass energy plant, using empty oil palm fruit bunches as biomass fuel to generate heat for production processes. Our biomass energy plant was also the first in Malaysia to be registered with the United Nations Framework Convention on Climate Change (UNFCCC) or Kyoto Protocol. Through our various efforts, we have generated a total of 376,619 MWh of renewable energy since FY2021, which is sufficient to power more than 90,000 households.

Renewable Energy Generation (MWh)	FY2021	FY2022
Solar Power System	N/A	474
Biomass Power Plant	204,550	171,595
Total	**204,550**	**172,069**

Tracking Our Carbon Footprint

Monitoring our carbon footprint allows us to effectively gauge our progress towards our goals and ensures that we continue to expand our operations in a sustainable manner. For the financial year under review, carbon emission intensity stood at 0.023. The increase in carbon emission intensity was due to lower production capacity and higher natural gas consumption intensity. We continue to work towards improving efficiencies and lowering our carbon emissions.

Carbon Emission Intensity
tonnes CO_2/1,000pcs gloves



The calculation of our GHG Scope 1 and Scope 2 emissions is in accordance with the Greenhouse Gas (GHG) Protocol guideline. In FY2022, our Scope 1 and Scope 2 emissions saw an 18.8% reduction due to lower natural gas and purchased electricity consumption. The reduction in total carbon emissions is a testament to our successful GHG mitigation plans and initiatives.

	Scope 1 Emissions (tonnes CO_2)	Scope 2 Emissions (tonnes CO_2)	Total Emissions (tonnes CO_2)
FY2020	513,496	131,962	645,458
FY2021	626,972	183,460	810,432
FY2022	521,681	136,705	658,386

Notes:

- Scope 1 emissions cover the emissions from natural gas consumption from our production facilities.
- Scope 2 emissions cover purchased electricity from our production facilities and corporate offices and location-based calculation method is used.
- Carbon emissions from fuel consumption (natural gas) is calculated based on the emission factors from the Federal Register EPA; 40 CFR Part 98; e-CFR, June 13, 2017.
- Carbon emissions from purchased electricity (Scope 2) is calculated based on the emission factors from 2017 CDM Electricity Baseline For Malaysia [https://www.mgtc.gov/wp-content/uploads/2019/12/2017-CDM-ElectricityBaseline-Final-Report-Publication-Version.pdf] reported by the Malaysian Green Technology Corporation.

Looking Ahead

Businesses must act now to respond to the emerging risks and opportunities arising from climate change. As a leader in the industry, we strive to further enhance our climate-related disclosure through strengthening our climate-related disclosure and alignment with relevant climate-related policies and recommended frameworks.

The Group continues to work towards achieving the target that we have set, to reduce our carbon emissions intensity by 22% by 2024. Alongside this, we aim to further minimise our environmental footprint by investing in energy-efficient technologies and renewable energy sources in an effort to reduce our carbon emissions. To reinforce a strong sustainability mindset among our employees, we will continue to provide training sessions on GHG, energy reduction methods and engagement activities on climate change, working towards setting targets for net-zero commitments.

Caring For Our Employees

Creating long-term value for our stakeholders, both internal and external, is integral to the Group's sustainability approach. Allowing us to fulfil our role within the global healthcare value chain, we cultivate a culture of trust by maintaining the meaningful relationships we have built with our people, business partners, suppliers and customers.

Key Material Matters

Health and Safety

Key Highlights in FY2022

- **Launched the Hartalega Life-Saving Rules to reinforce safety procedures and promote a culture of care.**
- **Achieved a 40% reduction in work-related medical certification cases.**
- **Recorded lowest Lost Time Injury Frequency Rate in five years at 0.53.**

Why This Matters

Our Hartanians are the cornerstone of the Group, propelling us forward to realise our vision of protecting lives across the world. This passion for care also applies to our people and we consider their health and well-being a foremost priority.

Particularly amid the COVID-19 pandemic, we went the extra mile to ensure the welfare of all Hartanians, which subsequently allowed us to continue delivering our products to customers as critical personal protective equipment (PPE) for global markets.

Good HSE Governance and Best Practices

The safety and health of our employees is of utmost importance at Hartalega. Guiding our efforts to implement best practices across the organisation is our Health, Safety and Environment (HSE) Policy, which clearly articulates HSE measures that must be adhered to by all and delineates the roles and responsibilities of management and employees. The Policy also outlines remediation actions and preventive measures taken by Hartalega in light of hazards identified. Reflecting our commitment to the well-being of our people, 100% of our employees are covered under the ISO 45001 Occupational Health and Safety Management System. We also abide by the Occupational Safety and Health Act (1994) and Factories and Machinery Act 1967 to ensure compliance with all applicable laws and regulations.

Spearheading our HSE management system is our Health, Safety & Environment Committee, comprising management and employee representatives. To ensure effective implementation, meetings are held at least every three months to review HSE-related issues. This includes near-miss incidents, unsafe behaviour and conditions, COVID-19 preventive measures and HSE training activities.

Within the HSE Committee, our HSE Department takes the lead in overseeing overall HSE management for the Group. This covers areas such as monitoring compliance with HSE regulations and legal requirements, promoting awareness, monitoring HSE key performance indicators, carrying out audit recommendations and relevant internal communications. To demonstrate our commitment to high safety performance, number of accidents is identified as a KPI for management.

Our foreign Hartanians are also empowered to lead and advocate our safety and health matters. Migrant workers are nominated as safety ambassadors and safety walks are performed in production areas on a daily basis to identify any potential risks. With the involvement of migrant worker representatives in our HSE management system, we aim to equip all our migrant workers with a good understanding and encourage safe practices in the working environment. To overcome the language barrier among our migrant workers, different languages such as Burmese, Nepali and Bengali are utilised in our communication channels, a crucial step to ensure that safety-related information is understood by all Hartanians. The Safety Ambassador Programme contributed to a 60% reduction in the number of accidents involving foreign workers in FY2022.

Our HSE approach extends beyond our employees, as we strive to drive best practices in safety across our supply chain. All vendors are required to sign our Hartalega Vendors HSE Requirements, which provide comprehensive guiding principles for our vendors and suppliers to comply with our expectations of ethical standards, including HSE. Core areas comprise establishing a HSE management approach which includes regular workplace risk assessments, adequate hazard controls, safe storage and disposal of chemicals, as well as ensuring a healthy and safe working environment for workers.

We perform assessments on a regular basis to review our HSE performance and evaluate the effectiveness of our HSE approach. To provide assurance of compliance with safety regulations, our HSE committee carries out monthly internal audits, alongside an external audit conducted by DOSH on a yearly basis. In FY2022, we continued to maintain our track record of Grade A for both our Bestari Jaya and NGC facilities for Occupational Safety and Health workplace assessment (OSHWA) under DOSH. In addition, when the need arises, customer and social compliance audits are carried out as well. All audits are benchmarked against local and international standards, such as the amfori Business Social Compliance Initiative (BSCI) and SEDEX Members Ethical Trade Audits (SMETA).

Testament to our unwavering dedication to HSE best practices, our Bestari Jaya plant continued to maintain ISO 45001:2018 certification for our occupational health and safety management system and ISO 14001:2015 certification for our environmental management system. We are working towards extending both certifications beyond Bestari Jaya to our NGC facility to attain ISO 45001 and ISO 14001 certification in the near future.

Hazard Identification and Management

As part of our internal processes, we implement standard Hazard Identification, Risk Assessment and Risk Control (HIRARC) measures which are performed by respective process owners and reviewed by our HSE team. In line with our hazard management approach, our site contractors are required to apply for Safe Work Permit with Job Hazard Analysis to proactively evaluate potential hazards prior to commencing work. We also identify potential hazards in each process throughout our operations, including the usage of a wide range of chemicals and generation of hazardous waste. To further strengthen our hazard management and preventive measures, we have created a HSE competency list which appoints relevant personnel to carry out specific tasks, including safety & health officers, authorised entrants and standby personnel for confined spaces, first aiders and emergency responders.

Effective Management of Chemicals

The use of chemicals and hazardous materials such as nitric acid, caustic soda and chlorine are a necessity in our production process. As such, we have stringent measures in place to ensure safe handling of these materials. This is driven by our Plan-Do-Check-Act approach, which is premised on ensuring that our people, the surrounding communities and the environment are not adversely affected. Furthermore, employees required to handle chemicals must undergo the relevant training and are equipped with PPE, which is compulsory to wear when present within the work area.

Our dedicated Chemical and Waste Handling Team ensures that all hazardous chemicals and waste are properly stored at designated areas, which are clearly indicated by appropriate cautionary signs.

All chemicals are also clearly labelled as per Occupational Safety and Health Regulations. In the event of any spillage or leakage incidents, we have a chemical spillage and leakage response procedure in place and Emergency Response Team (ERT) members who have undergone the necessary training are on standby.

Should any incidents take place, our incident investigation procedure allows us to determine root causes. Upon analysis, the HSE team together with Process Owners will identify corrective and improvement actions, which will be cascaded to all levels of employees. All necessary countermeasures and corrective actions will be recorded in our CAPA system. To further minimise work-related hazards and risks, we have established engineering and administrative controls such as conducting training sessions, ensuring adequate signage and applying the One Point Lesson (OPL) methodology to raise further awareness.

Instilling a Safety-First Culture

As a safety-centric organisation, we strive to empower our people with a strong knowledge base of HSE best practices. Through regular communication and training, we aim to cultivate a safety-first culture and prevent occupational health and safety risks.

Key initiatives that we have in place include our annual HSE campaign and HSE training workshops for all employees, encompassing both on-site training and job-specific training when required. Training programmes cover areas relevant to on-site safety, such as emergency response, first aid, external forklift license, noise conservation, chemical management and chlorine handling safety, ergonomic working environments and working at heights, amongst others. In FY2022, we conducted 36 HSE-related trainings.

Employees are also able to raise safety and health-related concerns through our grievance handling mechanism. Adopting a bottom-up approach in accordance with ISO 45001 guidelines, employees can lodge reports via multiple channels, including email, telephone, through worker representatives, department managers, human resources and security supervisors.

Apart from this, all departments are encouraged to incorporate HSE-related matters into departmental meetings or daily meeting agendas. This provides a platform for employees at all levels to highlight any safety concerns. This is aimed at increasing participation from all Hartanians. Employees are also invited to provide their feedback on the Group's safety culture in suggestion boxes made available across our premises, with a view towards further strengthening our HSE management system.

In line with our commitment to promote a culture of care, in FY2022, we launched the Hartalega Life-Saving Rules (LSR) with the objective to reinforce safety procedures through 10 Life-Saving Rules that all employees, contractors and visitors must comply with at all times.

To create awareness of the LSR among all relevant stakeholders, a series of activities were conducted:

- Signing the Hartalega LSR banner
- Virtual leader briefing
- Contractor engagement day
- Contractor induction
- Group-wide competitions
- Departmental pledge
- LSR demonstration
- Inclusion of the LSR in induction programme for new employees
- LSR appreciation ceremony
- Consequence Management Framework

Protecting Our People Amid COVID-19

As COVID-19 persisted in FY2022, the health and safety of all Hartanians remained a priority. By operating with strict adherence to Government-mandated standard operating procedures (SOPs) for the manufacturing sector, this allowed us to sustain business resilience and continuity. Driven by our COVID-19 Management Committee, we continued to implement our COVID-19 Emergency Response Plan. This included stringent preventive measures throughout our operations and a reduced workforce to maintain social distancing and minimise the risk of transmission. Coupled with our dedicated Hartalega Precautionary Investigation (HPI) protocol, we were able to effectively contain COVID-19 cases within our premises.

We progressively reviewed ongoing practices and safety operations to identify areas for enhancement. Key initiatives in FY2022 included:

Promoting Safety Among Employees

- Usage of the Government's MySejahtera application required for all employees.
- COVID-19 information displayed on signages, posters and displays throughout our premises.
- Provision of COVID-19 prevention packs consisting of face masks, hand sanitisers and gloves.
- Polymerase Chain Reaction (PCR) testing conducted to detect potential COVID-19 cases as a preventive measure.
- Temporarily halted shuttle services, festive events and sports club activities to prevent mass gatherings during pandemic.
- Workers' hostels reorganised based on production phase to limit movement between workplace and residence.
- Implemented a Green Barrier Strategy to improve existing team segregation measures.
- Provided the convenience of on-site money remittance service.
- Organised briefings by embassy representatives for foreign workers.

Knowledge Transfer and Training

- Conducted Quarterly Management Briefing on COVID-19 Situation Updates.
- Provided training for employees to enhance awareness on COVID-19 prevention.

Sickbay and Ambulance Services

- Our on-site ambulances and sickbays continued to be operational 24/7. An emergency contact number was also established, allowing for emergency cases to be attended to within 10 minutes.

Health Management Programme

- Supporting workers with non-communicable diseases including diabetes or hypertension and other health conditions which may require extended medical treatment, the programme is aimed at early detection, with costs for medical tests taken on by the Group.
- A COVID-19 Management Audit was conducted to ensure full compliance with COVID-19 SOPs.
- Precautionary Mass Testing was conducted as a preventive measure.
- All our employees were encouraged keep up their COVID-19 vaccinations by taking part in the Booster Dose Vaccination Programme. Vaccination administration centres (PPV) were also established within Hartalega for the ease and convenience of employees.

Strong Health and Safety Performance

Reflecting on our HSE efforts, over the past three consecutive years we have recorded a progressively lower Lost Time Injury Frequency Rate (LTIFR), leading to a five-year low of 0.53 achieved in FY2022. The Group also recorded a significant reduction in medical certification (MC) cases, which dropped by 40% in FY2022 compared with the previous fiscal period.

FY	LTIFR	No. of MC cases
2020	0.92	25
2021	0.81	22
2022	0.53	13

Looking Ahead

We will continue to step up our HSE practices to ensure the safety and well-being of our people. To enhance our preventive and remedial measures, we are planning to launch the I SEE I ACT Programme in FY2023, which will serve as a centralised system for live tracking of hazard reporting and data analysis. We will also continue to implement wide-ranging safety promotional activities throughout the year, while at the same time reinforcing our LSR at all levels of the organisation. Our ultimate aim is to inculcate the mindset and belief amongst all Hartanians that all accidents are preventable.

Human Rights

Key Highlights in FY2022

- **Became one of the founding members of the Responsible Glove Alliance (RGA) and a member of the Responsible Labor Initiative (RLI).**
- **Both the NGC and Bestari Jaya recorded no critical or major findings in 11 Forced Labour Indicator Assessment audits.**
- **Our NGC and Bestari Jaya facilities received an overall rating of A in the amfori Business Social Compliance Initiative (BSCI) audit.**
- **Remediated a total of RM45.5 million in recruitment fees to foreign Hartanians.**
- **Invested RM98 million to-date in providing first-rate workers' accommodation.**

Why This Matters

As a responsible business and employer, we are dedicated to respecting and protecting the rights of all Hartanians and workers in our value chain, irrespective of background. Not only is this a fundamental tenet of good ESG practices, by advocating just and fair treatment for our people, we are able to cultivate a conducive organisational culture in which all can thrive, thereby creating a highly-engaged performance-driven workforce that can subsequently contribute to the Group's sustainable growth.

Human Rights Governance and Accountability

At the heart of the Group, safeguarding the welfare of our people is an utmost priority. Towards this end, our dedicated Social Compliance Department and Social Compliance Task Force drive the implementation of our governing policies, which are aligned with local and international human rights standards and labour laws.

In collaboration with other departments within the Group, the Social Compliance Department is responsible for executing social compliance strategies and overseeing internal and external social audits to make appropriate recommendations for improvement and corrective action plans. Concurrently, led by the CEO, the Social Compliance Task Force conducts reviews of key social compliance risks and opportunities across the Group's operations. The Task Force is also responsible for stakeholder engagement activities concerning the Group's labour practices.

Our Respect for Human Rights

As a staunch advocate of human rights, Hartalega is committed to local and international standards, including Malaysian labour laws, the UN Guiding Principles on Business and Human Rights, and the ILO's 11 Indicators of Forced Labour. Our commitment is articulated in the strict policies that we have implemented requiring our people to act in accordance with all applicable human rights standards and laws. These policies create the foundation to inculcate responsible and sustainable practices across our operations and supply chain.

All our policies are uploaded to our intranet portal for employees' ease of access. To equip all Hartanians with a thorough understanding, all policies are available in multiple languages, including English, Bahasa Malaysia, Burmese, Indonesian, Nepali and Bengali. Our policies are also included in our Employee Handbook, which has been translated into multiple languages and distributed to all employees. The Handbook contains the Codes of Conduct, grievance procedures and other relevant documents, providing a comprehensive reference point for our employees.

Social Compliance Policy

As one of our key frameworks, the Social Compliance (SC) Policy steers the Group's human rights performance. The SC Policy covers areas such as child labour, forced labour and workplace discrimination, and sets forth strict standards for fair labour and recruitment practices, health and safety and environmental preservation, amongst others.

The SC Policy is applicable to all Hartanians and serves as a guide for our suppliers, business partners and customers. In line with our SC Policy, we strive to identify, prevent, mitigate and take action in the event of any non-compliance with human rights standards across our business operations.

Supplier Code of Conduct

Demonstrating our commitment to respecting human rights both within and beyond our operations, our Supplier Code of Conduct adopts a zero-tolerance approach for all forms of modern slavery practices in our supply chain. Stipulating strict requirements and expectations for our suppliers and vendors in relation to human rights aspects, our Supplier Code of Conduct encompasses areas such as slavery, servitude, forced labour, deceptive recruiting, debt bondage, human trafficking and forced child labour.

All suppliers, contractors and service providers are required to abide by the stringent social compliance and ethical standards set out in our Supplier Code of Conduct.

More information on our Supplier Code of Conduct is available on the Company's website under the Corporate Governance segment at https://hartalega.com.my/about-us/sustainability/corporategovernance/.

Whistleblowing Policy and Procedure

Our Whistleblowing Policy and Procedure establishes a clear whistleblowing framework to ensure that all employees and those in our value chain have access to secure channels to report any improper conduct or unethical behaviour, including bribery, abuse of power, human rights violations, environmental, health or safety-related non-compliance issues, amongst others.

The identity of all whistleblowers is kept confidential to prevent any form of retaliation. Whistleblowers who are employees of Hartalega will be protected as per the Companies Act 2016 and Whistleblower Protection Act 2010.

More information on our Whistleblowing Policy and Procedures is available on page 45 of this Sustainability Report, and on the Company's website under the Corporate Governance segment at https://hartalega.com.my/about-us/sustainability/corporategovernance/.

Zero Cost Recruitment Policy

In line with the ILO's 11 Indicators of Forced Labour and best practices in social compliance, our Zero Cost Recruitment Policy reflects our commitment to fair and responsible recruitment. Protecting the rights of our foreign Hartanians, the Zero Cost Recruitment Policy allows us to ensure that workers are not subjected to recruitment fees imposed by agencies or third parties during the hiring process.

All workers are informed of the Zero Cost Recruitment Policy prior to departure from their home countries.

Assessing and Managing Human Rights Risks

Effective risk management is critical to good corporate governance. With this in view, we are dedicated to continuously enhancing our social compliance practices, which also serves to reduce the potential impact of risk factors to the Group. In order to identify potential gaps and areas of improvement, we proactively monitor our performance and undertake risk-based social assessments and audits, in accordance with codes of conduct of our clientele and international standards such as SMETA and BSCI. This enables us to work towards closing any existing gaps and improving the overall human rights performance of our business operations and supply chain.

Social Compliance External Audits

Hartalega regularly undergoes customer-appointed external audits, as well as self-initiated external audits. To date, both of our existing facilities, the NGC and Bestari Jaya, have completed numerous external audits as per the client code of conduct and internationally recognised schemes such as SMETA and BSCI.

In FY2022, 24 external audits on social compliance were carried out at the NGC and Bestari Jaya facilities to assess the implementation of social compliance procedures and policies. Testament to our robust social compliance practices, there were no major or critical findings recorded in assessment audits conducted in FY2022 for the 11 Forced Labour Indicators. Furthermore, our facilities received an overall rating of A in the amfori BSCI audit during the year under review.

Social Compliance Internal Audits

To further enhance the overall effectiveness of our social compliance procedures and policies, our Social Compliance Department has established internal audit programmes as an early warning system to identify and mitigate potential social compliance risks within the organisation.

To manage internal risks, our Social Compliance Department conducts internal audits on a regular basis and in a timely manner prior to external, regulatory or compliance audits. Based on findings from the audits, targeted measures for improvement are implemented accordingly.

Upholding Human Rights Across Our Supply Chain

At Hartalega, we are committed to upholding human rights beyond our operations via responsible supply chain management. In addition to requiring all suppliers to fully comply with our Supplier Code of Conduct, we have enhanced our due diligence process alongside continuous supplier engagement.

Supply Chain Management

To ensure that the rights of workers in our supply chain are respected, prior to the awarding of contracts, new suppliers and sub-contractors must undergo pre-assessment audits which are aligned with social compliance standards, allowing us to identify potential human rights impacts.

Our existing service providers are also evaluated to assess their compliance with social compliance guidelines, with the aim of mitigating potential adverse human rights risks.

Subsequent to the audits, the Social Compliance Team follows up with the suppliers to review CAPA measures.

Recruitment Agents Due Diligence Process

Through our Zero Cost Recruitment Policy, we are committed to implementing a fair and ethical recruitment process for our migrant workers. As part of this, we consistently seek to enhance our due diligence process in the selection of reputable and compliant recruitment agents in source countries.

Our recruitment process for foreign workers begins with gathering proposals from licensed recruitment agencies that are certified in ethical resourcing initiatives. Potential recruitment agencies are required to undergo a due diligence assessment conducted by a third-party auditor and evaluated based on their recruitment practices and track record, business legality, recruitment costs, relevant certification by social compliance bodies and availability of grievance mechanism to ensure that they possess the right qualifications.

Recruitment activities are directly overseen by our Human Resource (HR) representatives, who will travel to source countries. Briefings are conducted with the assistance of translators to clearly communicate the recruitment process. Independent legal representatives are also engaged to brief new recruits on their employment contracts, providing further oversight on the process.

To ascertain that foreign workers have not paid any recruitment fees at any point, we have established four checkpoints: during the interview stage in the source country, prior to departure to Malaysia, arrival in Malaysia and three months into employment with Hartalega.

On top of that, an external whistleblowing hotline is available for workers to submit complaints in regard to the recruitment process. In the event that any contractors or agents are found to have violated any of our recruitment policies, the relationship with Hartalega will be suspended or terminated following an in-depth investigation.

Providing Training to Suppliers

To enhance communication with our suppliers, our Social Compliance Team developed a social compliance training programme for strategic suppliers identified by the procurement team. This was aimed at raising awareness on key labour and human rights areas, including the ILO's 11 Indicators of Forced Labour, local and international human rights laws, global human rights expectations and Hartalega's stance on human rights issues and recruitment fees.

Approximately 80% of the invited strategic suppliers attended the training programme. Attendees expressed positive feedback for the session and we look forward to conducting similar training sessions with our suppliers moving forward.

Proactive Stakeholder Engagement

To share on the progress of our social compliance journey, we continuously engage with key stakeholders, including Government bodies, suppliers, shareholders, customers, academia, labour rights activists and NGOs through various channels. This also provides an avenue to address any potential concerns.

Addressing Stakeholder Concerns

During the year under review, we engaged with relevant Government bodies and embassies in relation to Hartalega's social compliance practices. Through in-person meetings, we provided information and updates on how we address human rights issues, how we ensure regulatory compliance and the development of our human rights initiatives, demonstrating our commitment to respecting and protecting human rights. The meetings also included site visits to our manufacturing facilities and workers' accommodation.

Alongside this, we further engaged with shareholders and customers through regular briefings, meetings and customer forums. This provided the opportunity to gather feedback and insights on their expectations on human rights issues, which was subsequently conveyed to the management team. We aim to continue enhancing our engagement by collecting feedback from key stakeholders. Details of our stakeholder engagement activities are available on page 35 to 37 of this Annual Report.

Educating our Employees

To create a culture of care that is founded in respect and fair treatment for all, we strive to instil a good understanding of human rights within our people. To impart the necessary knowledge, all our employees are required to complete a training module on the Group's SC Policy on an annual basis.

For employees who do not have access to the e-learning platform, information on human rights matters is communicated through elected worker representatives. Meanwhile, managerial level employees and personnel from relevant departments undergo a more in-depth training module to enhance their know-how and capabilities to manage human rights related issues.

It is also mandatory for all employees, including managers, to receive training on the Group's Whistleblowing Policy and Procedure, educating them on how to handle reports or instances of bullying or harassment. Relevant guidelines and procedures are laid out in detail in the Whistleblowing Policy and Procedure.

Industrial Collaboration and Initiatives

Conscious that collective action can amplify beneficial impact, Hartalega participates in industry-wide collaborations with like-minded stakeholders to bring about meaningful solutions for social compliance challenges and to enhance human rights practices within the glove industry in Malaysia. During the year, we played a key role in initiatives such as the Responsible Glove Alliance and Responsible Labor Initiative. We also attended a workshop and seminar organised by the UN in relation to human rights and forced labour.

Responsible Glove Alliance

The positive momentum to advance responsible recruitment practices in the glove industry has created an opportunity for collaborative industry-led solutions. Incubated under the Responsible Business Alliance (RBA)'s Responsible Labor Initiative (RLI), the Responsible Glove Alliance (RGA) was initially designated Project Safeguard, kicking off with the participation of international rubber glove buyers and Malaysian suppliers to steer systemic transformation along the rubber glove value chain.

With the RBA serving as secretariat, Project Safeguard was officially launched as the RGA in March 2022, with Hartalega as a founding member. As a collective initiative by glove manufacturers and key clientele, the RGA aims to spearhead the adoption of responsible recruitment and employment practices to create a global supply chain which upholds the rights and dignity of workers.

With the other founding members of the RGA, we are working to develop best practices in social compliance to set a benchmark for the industry that will help identify, prevent and remediate forced labour in Malaysia's glove industry. This includes liaising with various stakeholders, including buyers, manufacturers and international labour rights organisations to gather feedback and insights.

Together, we strive to eliminate forced labour through recruitment transformation, collective influence and the application of due diligence with advanced standards, tools and programmes, cultivating a more sustainable business environment for all.

Responsible Labor Initiative

Hartalega is also a member of the RLI, a multi-industry, multi-stakeholder initiative dedicated to protecting the rights of vulnerable workers in global supply chains. Partnering with ELEVATE, the RLI played an important role in the establishment of the RGA by facilitating discussions between international rubber glove buyers and Malaysian suppliers to generate traction in developing collaborative measures to address prevalent risks and challenges encountered by workers in the industry.

Grievance Mechanism

In line with our strong compliance culture, we provide an effective grievance mechanism to enable employees to safely and confidentially disclose any instances of misconduct. Employees can lodge anonymous reports through various internal channels, including via a QR code, email, telephone, through worker representatives, department managers, the HR Department and/or security supervisors.

All reports are investigated by the Social Compliance Department and/or HR Department, who will reach out to whistleblowers within two weeks of the submission of a report. Findings are subsequently reported directly to the Director of the HR Department and the CEO for appropriate action to be taken. In FY2022, a total of 16 cases were reported, all of which were resolved accordingly.

In addition, we provide a whistleblowing platform, Hartalega Speak Up, which is independently managed by a third-party professional service provider. The platform is available in multiple languages to enhance employee accessibility and grievance channel effectiveness. All reports received are held in strict confidence.

More information on our Whistleblowing Policy and Procedure is available on the Company's website under the Corporate Governance segment at https://hartalega.com.my/about-us/sustainability/corporategovernance/.

Worker Representation

Effective two-way communication between an employer and employees is a necessary component for a productive and conducive organisational culture. To provide an avenue for all Hartanians, including migrant workers, to voice out any feedback or concerns, we have a constructive feedback mechanism in place involving consistent engagement with worker representatives.

These worker representatives are appointed for each dormitory, voted for by their fellow workers through a fair nomination and election process, ensuring representation for all nationalities and dormitories. As we emphasise open and transparent communications, the elected worker representatives can provide input to the Senior Management Team directly during monthly meetings organised by the HR Department, or during ad-hoc meetings which can be held as needed.

Dormitory-related matters also fall under the purview of elected worker representatives. In addition, the elected worker representatives participate in other committees relevant to migrant workers, such as hostel management and canteen management.

Commitment to Best Labour Practices

We are steadfast in our dedication to safeguard the welfare of all Hartanians. Testament to this, we continue to uphold best practices throughout the Group, aligned with local and international laws and regulations.

Prohibiting Forced Labour

Hartalega adopts a zero-tolerance stance on forced labour within our operations and across our supply chain. This is governed by our SC Policy, Supplier Code of Conduct, Prohibition of Forced Labour Policy and Zero Cost Recruitment Policy, which collectively underpin our approach to responsible recruitment standards.

To protect the rights of foreign Hartanians and ensure that our organisation is free from forced labour, our policies are applied in key areas. Amongst others, this includes providing transparent terms of employment, not retaining personal documents and freedom for workers to keep their passports and identity documents, and prohibition of any recruitment fees to prevent forced labour.

To prevent forced labour in our supply chain, all suppliers and sub-contractors are required to acknowledge and adhere to our Supplier Code of Conduct, which contains a clause that explicitly stipulates the prohibition of forced labour. Zero incident of forced labour were reported in FY2022.

Remediation Programme

Established in FY2021, our remediation programme is part of our efforts to ensure that our workers are not subjected to any form of forced labour. We have progressively continued the programme to reimburse employees who paid recruitment fees to recruitment agencies in their home countries. While the programme initially involved only foreign workers currently under our employment, we took this a step further to remediate former employees of Hartalega as well.

Guided by independent third-party organisations, we incorporate best practices in the programme to ensure a fair and transparent process of remediation. To calculate the amount to be reimbursed to each worker, a third-party organisation was engaged to interview the workers, subsequently allowing for a scientific statistical methodology to be applied to determine the appropriate amount.

As of FY2022, we have completed the recruitment fees remediation and remediated a total of more than RM45.5 million in recruitment fees.

Prohibiting Child Labour

As articulated in our Child Labour Protection Policy, we are strictly opposed to any form of child labour in our operations and supply chain. We do not tolerate the employment of child workers and young workers, consisting of those under the ages of 15 and 18 respectively.

To protect the rights of children in our supply chain, all suppliers and sub-contractors are required to adhere to our Supplier Code of Conduct, which specifically states that child labour is prohibited within Hartalega's operations. In the event that child labour is detected, suppliers and sub-contractors must undertake CAPA measures, inclusive of education and training. If corrective action does not take place within a stipulated timeframe or if further violations occur, Hartalega will terminate all business with the supplier or contractor with immediate effect.

Our Supplier Code of Conduct continued to be an effective deterrent during the year under review, with zero cases of child labour recorded for FY2022.

Freedom of Movement

All our foreign Hartanians have the right to move freely and travel wherever they wish beyond working hours, with no curfew imposed at the hostels.

To facilitate this, we offer free daily transportation services between hostels and nearby amenities, such as to town for leisure and shopping activities and to mosques for prayers. We also organise trips to local tourist attractions. For migrant workers who wish to return to their home countries before or after the conclusion of their contracts, we do not restrict their movement.

Amid the COVID-19 pandemic and subsequent movement restrictions, shuttle services and trips were temporarily suspended in FY2021. Following this, as the pandemic transitioned to the endemic stage and restrictions eased in FY2022, daily shuttle services and trips resumed while continuing to adhere to COVID-19 SOPs as required by the authorities.

Regulation of Working Hours

We are committed to abiding by the Malaysia Employment Act, which stipulates decent and ethical working hours for all employees. Working hours and overtime are rigorously monitored, remaining well below the overtime limit of 104 hours per month prescribed by Malaysian laws.

Standard working hours are eight hours per day, with one rest day allocated for each worker on a weekly basis. Current working hours per week is 66 hours, below the duration permitted by local regulations which is significantly higher. Overtime is voluntary upon approval by Hartalega and will be paid at the overtime rate, as per the Malaysia Employment Act. All overtime work is closely regulated by the senior management.

To keep track of employees' working hours, overtime and rest days, we utilise digital tools such as card scanners and facial recognition software. Working hours are regularly monitored through third-party audits as well.

Decent Workplace for Quality of Life

We strive to create a conducive working environment that uplifts our employees and enables them to be at their best, subsequently allowing us to cultivate a sustainable and high-performing workforce.

To this end, during the year, we continued to proactively upgrade the facilities of our first-rate workers' accommodation to further enhance comfort and convenience for our foreign Hartanians. To date, we have invested RM98 million in our workers' accommodation, which complies with the ILO's 11 Indicators of Forced Labour and exceeds the requirements of the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446) specified under the Malaysian law.

In line with the ILO's 11 Indicators of Forced Labour, our multi-purpose workers' accommodation features on-site facilities and amenities, inclusive of kitchens equipped with commercial-grade cooking facilities and refrigerators, grocery shops with indirect subsidies, outdoor gyms, sports courts, indoor game rooms, movie corners, free internet access for all dormitories and money remittance services within the hostel area. To care for employees' health and well-being, our on-site sickbay offers free 24-hour outpatient and inpatient medical treatment, with on-site ambulance services managed by an Emergency Response Team also available on a 24-hour basis.

To assist workers with the management of non-communicable diseases such as diabetes or hypertension, our Health Management Programme led by our sickbay team aims to facilitate early detection of health conditions for early detection and treatment of non-occupational disease. Medical screening tests are sponsored by the Group and if treatment cost exceeds insurance coverage, we will also bear the remaining cost.

As we progress with our NGC 1.5 expansion, plans are underway to adapt our accommodation layout in accordance with pandemic mitigation measures, taking a leaf from COVID-19 SOPs.

Fair Remuneration

We ensure fair and competitive remuneration packages for all Hartanians, both local and foreign. As stipulated in our SC Policy, we pay all our employees no less than the minimum wages set by Malaysian laws.

In addition, our increment policy is in line with market practice, and foreign Hartanians are entitled to receive annual increments and bonuses. In fact, since 1994, all our employees including migrant workers have enjoyed bonuses. Reflecting our dedication to fair remuneration, in FY2022, we paid average bonuses of 2.25 months to our foreign Hartanians.

None of our employees are subjected to financial retribution for misconduct, nor do we unlawfully withhold or deduct salaries.

Advocating Fair Treatment

At Hartalega, we cultivate a culture of mutual respect that permeates throughout the organisation. As such, we are staunch advocates of treating all our people equally, with fairness and integrity. Any form of discrimination will not be tolerated at Hartalega.

To promote equitable treatment in the workplace, we have implemented the following policies and measures:

- We have established the Prohibition of Discrimination Policy to eliminate discrimination across our operations.
- Our Accelerated Development Programme provides equal career advancement opportunities for all high-performing Hartanians, including migrant workers.
- We have instituted an equal-job-equal-pay principle, which means that there is no difference in entry-level pay for local and foreign workers.
- Job descriptions and salary range by job grade are available on our intranet to promote transparency.
- All Hartanians have equal access to facilities, such as the canteen and sickbay within our premises.

Guided by our Whistleblowing Policy and Procedure, any grievances pertaining to bullying, including physical punishment, may be channelled to the Human Resource Department or any higher-level superior. Regardless of rank and position, grievances and reports are not restricted to an employee's immediate superior.

Employees found guilty of discrimination will face disciplinary action or immediate termination, depending on the severity of the committed offense. A report may also be lodged with the authorities, if necessary and upon consent of the victims.

During the year, all reported grievances were investigated and closed. We recorded zero incidents of discrimination.

Freedom of Association and Collective Bargaining

We are fully supportive of collective bargaining and freedom of association. All Hartanians are free to exercise their fundamental rights to participate in the establishment of trade unions, join as members, take part in lawful activities and bargain collectively. This is also in adherence with the Industrial Relations Act 1967 and the Trade Unions Act 1959.

To formalise our support, the Group introduced a Freedom of Association and Collective Bargaining Policy in 2019. This is extended to our supply chain via our Supplier Code of Conduct, whereby our suppliers, contractors and service providers are expected to respect workers' rights to freedom of association and collective bargaining.

Looking Ahead

We will continue to engage proactively with key stakeholders to gather valuable insights and constructive feedback. Integrating these insights into our decision-making process will enable us to enhance our existing initiatives while tapping into opportunities to introduce new strategic initiatives and best practices across our operations and supply chain. This will subsequently propel us forward as we strive to improve our human rights performance.

Ramping up our efforts to cultivate a responsible supply chain, we will continue to provide social compliance training for our suppliers, to ensure compliance with our stringent standards and advance their development as high-performing business partners. Plans are also underway for selected suppliers to carry out self-assessment to monitor and mitigate risks of modern slavery, with the objective of enhancing our supply chain management.

As one of the founding members of the RGA, we are working together with our fellow members to improve the sustainability of the glove manufacturing supply chain in Malaysia. A primary focus is on creating industry-wide best practices by liaising with relevant stakeholders, including buyers, manufacturers and international labour rights organisations to safeguard the glove industry.

Working towards a sustainable future for all, we strive to continuously enhance our human rights practices beyond compliance standards, guided by our SHIELD values to do the right thing at all times.

Socioeconomic Compliance

Key Highlights in FY2022

- **Recorded zero incidents of non-compliance with socioeconomic laws and regulations.**
- **Retained membership with the Supplier Ethical Data Exchange (SEDEX).**

Why This Matters

Our steadfast dedication to socioeconomic compliance is reflective of the core values that drive us. As a responsible corporate entity, we strive to implement best practices benchmarked against local and international laws and requirements, creating a firm foundation to maintain the trust we have earned from our key stakeholders.

Upholding Social Compliance

Reflecting our high standards of corporate governance and integrity, our SC Policy articulates the commitments we have put in place to safeguard the well-being of our people and those in our value chain. As a key frame of reference that guides the conduct of all our Hartanians, the SC Policy clearly defines our stance on relevant socioeconomic areas such as human rights, employee health and safety, ethical behaviour and labour practices, and workplace discrimination, amongst others. The SC Policy is aligned with both local and international standards, including Malaysian labour laws, the UN Guiding Principles on Business and Human Rights, and the ILO's 11 Indicators of Forced Labour. Extending our commitment beyond our operations, the SC Policy also applies to our suppliers, business partners and customers.

Demonstrating our robust social compliance practices, the Group continued to maintain our SEDEX membership and our position as a constituent of FTSE4Good Bursa Malaysia. Further to this, audits are performed on a regular basis by independent external social compliance auditors. These audits are in accordance with internationally recognised standards, including SMETA, the Foreign Trade Association's BSCI, Worldwide Responsible Accredited Production (WRAP) and Ethical Trading Initiative (ETI) Base Code. In FY2022, a total of 22 locally and internationally recognised external social compliance audits were carried out, focusing on health, safety, and environment (HSE), labour practices and business ethics.

To increase transparency across the Group, we instituted a mandatory declaration on conflict of interest during the year under review, as part of our Code of Conduct and Ethics for Employees Policy. This also serves to prevent the unjustified appointment of vendors and reduce potential concerns of unethical behaviour by employees through their existing relationships with external vendors. The declaration form is made available to all employees and applies to all new vendors, who are required to submit their declaration forms prior to securing any appointment to ensure transparency and ethical business conduct.

Testament to our strict compliance practices, we recorded zero incidents of non-compliance with socioeconomic laws and regulations. As such, there were no significant fines or non-monetary sanctions for the year under review.

Looking Ahead

We remain committed to sustaining our performance in compliance with relevant laws and regulations, as well as adhering to environmental and socioeconomic standards applicable to the business.

Employee Management

Key Highlights in FY2022

- **Launched the Hartalega Academy at the NGC with a total of 8 programmes and 73 modules introduced.**
- **Invested a total of RM1.85 million in training and talent development.**
- **Achieved a total of 390,520 employee training hours.**
- **Our foreign Hartanians received an average bonus payout of 2.25 months.**
- **Maintained a 1:1 male and female wage ratio for all job levels.**
- **Promoted 151 migrant workers through ADP.**

Why This Matters

Our success as a company undoubtedly stems from the diverse 9,040-strong workforce that forms the backbone of Hartalega. With varying backgrounds and experience, each and every Hartanian is valued for their contribution to our progress. Despite the challenges of the pandemic increasing the complexities involved in keeping our workforce safe, well and motivated, FY2022 proved to be another definitive year in achieving positive impact from how we protect, nurture and engage with our employees. Our SHIELD core values, and a nurturing environment continued to be instrumental in supporting and empowering employees to strive for their personal goals in tandem with those of the organisation as we faced the disruptions of the pandemic.

Embracing Diversity and Inclusion

In the new normal, embracing diversity and inclusion has become more pivotal than ever to safeguard business sustainability and resilience. In this spirit, we endeavoured to cultivate and maintain a corporate culture that prioritises respect, trust and appreciation. Providing equal opportunity to maximise potential and unlock talent also ensures that our employees have a keen sense of belonging. Hartalega values fair and equitable treatment of all employees, with zero tolerance for any form of discrimination and harassment on the basis of race, colour, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation or military status. There were zero incidents of discrimination recorded in the year under review.

We continued to strengthen our talent pool by attracting and retaining skilled individuals of varying races, ages and cultural backgrounds through fair recruitment practices, as stated in our SC Policy under Section 2.6 Discrimination. This not only allows us to create a dynamic workforce with high levels of motivated people, it boosts productivity and contributes to a progressive working environment that will ultimately also benefit our bottom line.

Given the ongoing constraints of the pandemic, we once again hosted a Virtual Career Day to engage with potential talent from universities, as an alternative to the traditional in-person recruiting events. The Career Day provided university graduates with an opportunity to gain insights from our HR team and senior management about Hartalega's operations. Apart from this, we regularly participated in numerous other virtual career sessions to connect with university graduates.

To support our new recruits, every new recruit undergoes a two-day onboarding programme tailored to help integrate them into our organisation. The onboarding programme helps familiarise new employees with our corporate culture, Code of Conduct and other policies.

In addition, our internal resourcing programme allows employees to make a lateral career move by providing them with job mobility through other career development opportunities. As a result of fostering a supportive environment, we are able to retain experienced talent.

FY2022 saw an increase of 5.8% in the total number of our employees, who make it possible for our high-quality and innovative products to be distributed worldwide. By consistently cultivating a valued, inclusive workforce with empowering programmes and attractive benefits, we not only aim to maintain Hartalega as a top employer but also a diversity champion.

Total employees:

	FY2020	FY2021	FY2022
Total Employees	**8,889**	**8,548**	**9,040**
Permanent employees, by gender:			
Female	34%	36%	37%
Male	66%	64%	63%
By employment contract, by gender (FY2022):			
	Permanent	**Temporary**	**Total**
Female	1,582	412	1,994
Male	2,751	4,295	7,046
By employment contract, by region (FY2022):			
	Permanent	**Temporary**	**Total**
Local	4,333	59	4,392
International	0	4,648	4,648
By employment type (full-time and part-time), by gender (FY2022):			
	Full-time	**Part-time**	**Total**
Female	1,994	0	1,994
Male	7,046	0	7,046

Ethnicity diversity:

Ethnicity	Percentage (%)
Malay	36
Chinese	3
Indian	8
Others	53

Nationality diversity:

Nationality	Percentage (%)
Malaysian	49
Bangladeshi	15
Indonesian	4
Nepalese	21
Burmese	11

Board of Directors' diversity:

	Female		Male	
	Number	%	Number	%
Total	3	33	6	67

Employee gender diversity:

	Female		Male	
	Number	%	Number	%
General Managers and above	7	21	26	79
Senior Managers and Managers	65	36	118	64
Executives and Non-executives	1,922	22	6,902	78
Total	**1,994**	**22**	**7,046**	**78**

Employee diversity, by age group:

	Under 30	30-50	Above 50
General Managers and above (number)	0	24	9
Senior Managers and Managers (number)	10	166	7
Executives and Non-executives (number)	5,822	2,946	56
Total (number)	**5,832**	**3,136**	**72**
General Manager and above (%)	0	<1	<1
Senior Managers and Managers (%)	<1	2	<1
Executives and Non-executives (%)	64	33	1
Total (%)	**64**	**35**	**1**

New hires:

	FY2020	FY2021	FY2022
Total New Hires	3,454	1,785	4,084
New hire rates	39%	21%	45%
By age group (FY2022):			
Age Group	**Number**	**Rate of New Hires (%)**	
Under 30	3,370	37	
30-50	709	8	
Over 50	5	<1	
By gender (FY2022):			
Gender	**Number**	**Rate of New Hires (%)**	
Female	1,554	17	
Male	2,530	28	
By region (FY2022):			
Region	**Number**	**Rate of New Hires (%)**	
Local	4,068	45	
International	16	<1	

Our attrition rate for the year under review stood at 20.8% (FY2021: 18.4%). We aim to reduce staff attrition and expand our talent pool through proactive employee engagement programmes, career development and enrichment programmes, as well as attractive benefits.

Promoting Fair Remuneration

To foster a thriving and healthy workplace, our remuneration policies ensure that fair and competitive pay and attractive benefits are provided. As a reflection of our commitment, we strive for fair practices from the point of recruitment and regularly review employee performance and remuneration structure, with the aim of addressing potential disparities, to ensure all employees are equitably paid for their contribution to the Group.

Hartalega achieved a 1:1 ratio of basic salary and remuneration of male to female at all job levels in FY2022.

Performance evaluation begins with employees doing a self-evaluation in relation to set KPIs before they are evaluated further by their direct superiors and Senior Management. Results are then utilised to determine the performance-linked bonuses, increments and competitive benefits, to reward those who meet or surpass their KPIs.

In FY2022, the Group continued to pay out bonuses to all employees, as has been the practice since 1994. Our foreign Hartanians received an average bonus payout of 2.25 months in the year under review. Despite the current economic environment and inflation, we are providing an above-average increment to eligible Hartanians, including foreign Hartanians.

During the year, 100% of our confirmed employees received regular performance and career development reviews. This helps us to consistently improve and develop the performance and competencies of individuals, leaders and teams, to enhance overall organisational effectiveness.

In addition, in recognition of our people's dedication to Hartalega, we presented 71 Long Service Awards to deserving employees. By caring for our people's welfare, we have positively impacted overall performance and productivity.

Ensuring Employee Well-Being and Wellness

The pandemic further demonstrated that employee well-being and wellness must both be a priority. While we strive to nurture well-being, we also support wellness through other benefits such as insurance coverage, including Group personal accident insurance, hospitalisation and surgery. Additionally, employees are provided with annual leave, sick leave, compassionate leave, maternity and paternity leave, parental leave and study leave.

A healthy workplace requires us to be understanding of parenting responsibilities of both male and female employees. In FY2022, we saw an increase by 83% in employees who took parental leave. All 155 employees who took parental leave returned to work.

Parental Leave:

Total employees entitled to parental leave, by gender:			
	FY2020	**FY2021**	**FY2022**
Female	642	979	1,611
Male	1,276	1,734	2,741
Total	1,918	2,713	4,352
Total employees that took parental leave, by gender:			
Female	35	15	54
Male	76	11	101
Total	111	26	155
Total employees that returned to work in the reporting period after parental leave ended, by gender:			
Female	35	15	54
Male	76	11	101
Total	111	26	155
Return to work rates of employees that took parental leave, by gender:			
Female	100%	100%	100%
Male	100%	100%	100%
Total	100%	100%	100%

During the pandemic, we coordinated the set-up of two on-site PPV on Hartalega's premises to enable easy access to vaccination for our employees. A detailed briefing was conducted before the commencement of the programme to explain the importance of vaccination and the process involved to employees. Both PPVs adhered to stringent SOPs to safeguard against COVID-19. In FY2022, a total of 19,887 doses of vaccines were administered.

To encourage COVID-19 vaccination take-up, we allocated transportation allowance to non-executives who self-initiated vaccination appointments and allowed for leave to ensure that employees had sufficient rest after vaccination.

We also instituted a work from home arrangement on a rotational basis for employees who were not required to be on-site to lower the risk of exposure.

Other wellness benefits such as outpatient medical treatment, annual health screening, dental and gym subsidies were also provided according to respective entitlement packages.

Foreign workers diagnosed with chronic diseases were also supported, with each one receiving RM8,000 to subsidise their medical costs as part of our commitment to care for our people's welfare.

With mental health concerns rising as a result of the pandemic, we introduced the Employee Assistance Programme (EAP), designed to help our people cope with emotional, mental and other psychological conditions. EAP saw us collaborating with the International Psychology Centre, which comprises professional psychologists and counsellors with accredited practitioner license, based on the highest standards of qualifications set by key professional bodies in Malaysia.

Open to all Hartanians, the EAP programme was customised to provide 24/7 care in multiple languages, including Malay, Mandarin, Cantonese, Tamil, Thai, Burmese and Khmer languages to meet the needs of diverse Hartanians by minimising the possibility of language barriers. Those employees who needed subsequent medical care were advised accordingly by the counsellors. During the year under review, the EAP supported a total of 11 cases.

Investing in Our People

Given the rapid pace of change in the marketplace, an engaged workforce is crucial in how quickly we adapt and evolve. Towards this end, we invested a total of RM1.85 million in training, empowerment and development programmes in FY2022. These programmes provide an avenue for employees to upskill themselves in their quest towards achieving their career goals. This subsequently leads to happier, motivated and satisfied employees, resulting in reduced turnover rate and increased productivity.

We have an in-house training department dedicated to planning and conducting all internal training programmes to equip Hartanians with the necessary skills and capabilities to perform their roles. Additionally, we provide the opportunity for employees to participate in external training modules to keep abreast of changes in the industry and enhance their skill set. Due to the constraints of the pandemic, most training sessions were conducted virtually during the year via HartaLearns, our e-learning platform which is easily accessible through smartphones and laptops. More than RM2 million is being invested to maintain and upgrade HartaLearns over the next five years.

Committed to developing and empowering Hartanians and local talent, we launched our new learning hub, Hartalega Academy, at the NGC during the year. Integrated with full-scale production as well as IR 4.0 labs and training rooms, the academy will be the nucleus for the generation of new ideas and solutions to tackle future industry challenges. In FY2022, Hartalega Academy introduced eight programmes consisting of a total of 73 modules.

To promote self-improvement, Hartanians are encouraged to take part in development programmes, some of which are integrated into employees' KPIs. In FY2022, we introduced various people development programmes through our in-house training department.

Our Success Profile (SP) was set up to provide a holistic view of an individual's capabilities, including knowledge, experience, competencies, personal attributes and transition readiness. This enables us to gain better clarity of employee career progression and to create effective programmes that can strengthen our talent pool.

Our Competency Development Programme (CDP) is designed to equip Hartanians with the relevant competencies to sharpen their functional and leadership skills. This is complemented by our systematic training methodology, Structured On-the-Job Training (SOJT), consisting of over 300 modules to equip employees with job-specific skills. Best practices across departments are also incorporated into SOJT modules as part of our growth blueprint.

Our Accelerated Development Programme (ADP) consists of a combination of on-the-job training and leadership programmes. Serving as a platform for internal promotion, the ADP enhances employee growth and development and provides equal career advancement opportunities for all high performers, including migrant workers. In FY2022, we promoted 151 migrant workers through the ADP.

As part of our succession planning, our High-Potentials Programme is aimed at strategically nurturing future leaders by identifying and developing personal as well as professional growth opportunities to achieve leadership effectiveness that can also support the Group's growth.

Various leadership and management programmes are available, such as First Time Manager Development, and Learn and Teach, to provide exposure to the right tools, techniques and best industry practices. Through this, we can help transform capable and confident employees into highly competent, responsible leaders who are forward-thinking.

The Hartalega Academy also launched a series of Production & Engineering Training Modules, providing technical courses for our technicians to enhance their skills in their areas of expertise.

Additionally, employees seeking to further their education can receive financial assistance under our Education Assistance Scheme, which is also available to children of employees.

As part of our commitment to develop local talent, plans are underway to partner with various educational institutions, including universities and technical schools to develop technical and vocational education training (TVET) programmes, which is also in line with the Government of Malaysia's TVET agenda.

Hartalega also continued to contribute to the development of the industry talent pool through the Hartalega Graduate Readiness Internship Programme and Young Professional Programme, enabling young Malaysians to gain first-hand experience and skills in the glove manufacturing sector.

We aim to continue building up and empowering our employees in ways that will help to enrich them, while contributing towards our overall success.

Stemming from our initiatives towards talent development, we recorded a 152% increase in training hours in FY2022.

Total training hours & investment:

	FY2020	FY2021	FY2022
Total Training Hours	>280,000	154,540	390,520
Total Investment	RM1.2 million	RM1.5 million	RM1.85 million

Average hours of training (FY2022):

By gender:	
Female	45.8
Male	42.5
Overall	43.2
By employee category:	
General Managers and above	135.0
Senior Managers and Managers	136.7
Executives and Non-executives	40.9

Engaging with Our People

Highly-engaged employees are essential for a cohesive and vibrant workplace. When the collective employee experience is a fulfilling one, this will have long-term impact on organisational performance by enabling us to realise our business goals.

To ensure that our people have the necessary support, the year under review saw us continuing to engage proactively with our employees through various platforms and programmes. We strived to reinforce our core values amongst Hartanians and aim to maintain our culture of open dialogue by encouraging feedback at all levels.

Our management continued to interact with employees through virtual Townhalls to provide information on the Group's business performance and future plans. We also utilised other employee touchpoints such as emails and worker representatives to better gauge their needs and expectations. If needed, employees could lodge reports with the Human Resource Department through our grievance mechanism, which includes a whistleblowing channel managed by an external third-party professional services firm.

In appreciation of good work and practices, we have various awards and programmes to recognise the contributions of our employees. The Hartanians of the Month and Hartanians of the Year awards acknowledge employees who have demonstrated exemplary behaviour and improvements in terms of quality, production efficiency, acquiring additional knowledge and upskilling oneself. In addition, the Kaizen of the Month and Kaizen of the Year awards recognise employees who have taken the lead in implementing continuous improvement to enhance different aspects of our business.

In addition, Hartalega was honoured to receive a number of accolades, including Special Recognition for Commitment to Agile Workforce by Kincentric and Diversity Champion by LinkedIn Talent Award.

To gauge the level of employee engagement at the workplace, Hartalega conducts a survey each year to gather input from employees that will allow us to make improvement based on their feedback. To demonstrate our commitment to high employee engagement, the employee engagement score serves as a KPI for management.

We maintained our employee engagement score of 74 out of 100 from the previous year and strive to improve on this score in the upcoming year.

Employee engagement score:

	FY2020	FY2021	FY2022
Employee Engagement Score (%)	69	74	74

With a view towards strengthening employee engagement, in May 2022 we launched an interactive social networking platform to keep Hartanians connected.

Looking Ahead

Employee well-being and wellness will continue to be a primary focus for the Group in FY2023 as we strive to elevate the employee experience at Hartalega, from career growth, talent development and advancement to compensation and benefits.

To build up the technical capabilities of our people, we are launching the Technical Ladder Path in FY2023, a development programme for the Engineering Department to become specialists and subject matter experts in tackling abnormalities and machinery breakdowns, as well as strategising improvement plans. We will also continue widening our talent pool by collaborating with Yayasan Hartalega and partnering with strategic universities to identify potential talent at an early stage.

As part of our continuous enhancement, we are investing in a new payroll system and HR management system. This is aimed at streamlining our HR operating model and processes, enabling the team to carry out their daily responsibilities more efficiently.

Through our efforts, we aim to build an engaged, committed and resilient talent pool, while contributing to the nation's economic development.

Contributing To The Well-Being of Local Communities

As part of our commitment to positively touch lives, we are dedicated to giving back to the communities we have a presence in. Our efforts are focused on providing support to those in need, with a view towards improving quality of life.

Local Communities

Key Highlights in FY2022

- **Positively impacted more than 110,000 lives in local communities.**
- **Contributed approximately RM2,650,000 to empower young Malaysians through educational opportunities.**
- **Donated approximately RM837,000 to uplift local communities through volunteering initiatives as well as providing financial assistance and contributions in-kind.**
- **Contributed approximately RM890,000 to support local communities through the challenges of COVID-19 and unprecedented floods.**

Why This Matters

Our drive to grow sustainably goes hand in hand with playing our part in helping to transform the local communities that surround us. Given our keen understanding of their needs and challenges, we were able to continue making a positive social impact in FY2022 that benefitted 110,000 lives in one way or another.

Yayasan Hartalega, our philanthropic arm, tirelessly champions community engagements through three pillars, namely Health, Education and Environment, to help foster a thriving and resilient society. Guided by these pillars, we design initiatives to address and support the varying requirements of the underserved in keeping with our commitment to creating long-lasting and tangible value.

Our corporate social responsibility (CSR) projects include providing financial assistance and product donations, as well as volunteer programmes that encourage employees to contribute time towards worthy causes. To ensure that communities benefit fully from our efforts, we also undertake strategic collaborations and partnerships.

Giving Back to Communities

In a year that saw the COVID-19 pandemic continuing to challenge local communities, we ensured our CSR initiatives were significantly focused on supporting the fight against the virus, be it through aid for B40 groups as well as product and financial contributions to hospitals. Flood relief measures were undertaken to support Malaysians impacted by one of the worst natural disasters that the country had experienced in decades. Furthermore, we reached out to schools and advocated youth employment, while promoting health education and environmental protection, in a collective effort to enhance the well-being of communities. The initiatives were led and executed by Hartalega's Corporate Social Responsibility team.

Enhancing Local Living Standards and Well-Being

Our CSR initiatives continued to address social issues in line with our firm commitment to enhance well-being and alleviate poverty in the communities around us.

Programmes

Kongsi Rezeki Programme (Community Care)

Our intention with *Kongsi Rezeki* was to improve the quality of life of those in need in Bestari Jaya and Sepang, where our facilities are located. As a result of the dedicated year-long programme, we made a difference through our provision of medical supplies, household necessities, care packages, festive goodwill and financial assistance that benefitted thousands.

1. To ease the plight of communities affected by the pandemic, the CSR team delivered groceries and cash vouchers to the community leaders in Sepang and Bestari Jaya for distribution to families in need. This year's contribution was estimated to have benefitted over 3,700 people.

2. We continued to lend a helping hand to Jashiera Old Folks Home with groceries, grocery vouchers and medical supplies every three months, as well as donating ten wheelchairs to the community in Bestari Jaya.

3. Through our annual Festive Charity Drive, we once again spread cheer among the underprivileged in Sepang and Bestari Jaya during Chinese New Year, Hari Raya and Deepavali celebrations, where our contributions included groceries, grocery vouchers and cash donations.

4. In collaboration with Prolintas Group, the CSR team distributed care packages containing kurma, face masks and hand sanitisers to 1,600 people over two days at the Guthrie Corridor Expressway.

5. To enhance the quality of education in local communities, we supported various educational programmes and minor refurbishment projects at schools in Sepang and Bestari Jaya, namely *Tadika Kemas Mawar*, *SK Parit Mahang*, *SK Ijok*, *SK Rantau Panjang*, *SMK Rantau Panjang*, *Kolej Tingkatan Enam Kuala Selangor*, *SMK Raja Muda Musa*, *SMK Sulailam Shah* and *SK Jaya Setia*.

Community Flood Aid Support

In December 2021, Peninsular Malaysia suffered one of the worst floods in the country's history that displaced over 120,000 people and left homes damaged. We volunteered to clean flood-damaged houses and contributed RM400,000 worth of cash vouchers to help affected families in Bestari Jaya and Sepang.

Athena Empower

In an effort to support menstrual poverty concerns among rural B40 communities, Yayasan Hartalega partnered with Athena Empower, *Perbadanan Perpustakaan Awam Selangor* and *Wanita Berdaya Selangor* to help educate girls aged between 13 to 17 years old on menstrual hygiene. The initiative was aimed at boosting confidence in young girls to better manage their menstruation and overall health.

The menstrual hygiene management programme also shed light on related topics such as what to expect during puberty and the physical, mental and emotional changes during menstruation, among others.

Under the programme, more than RM120,000 worth of hygienic materials were distributed to date.

Hospis Malaysia

Yayasan Hartalega also contributed RM50,000 in medication and medical supplies, including gloves, to Hospis Malaysia, a charitable organisation that provides professional community palliative care to those with life-limiting illnesses, such as cancer, AIDS, organ failure or progressive neurological conditions.

Our contribution benefitted 1,800 people.

COVID-19 Relief

Efforts to mitigate the dire impact of the COVID-19 pandemic were sustained during the year as we continued to support those in need.

Programmes

Medical Equipment Support to University Malaya Medical Centre (UMMC) and Hospital Banting

In response to the rising COVID-19 cases in Malaysia and dire need for medical equipment at hospitals to aid in the treatment of the disease, Yayasan Hartalega contributed equipment worth over RM667,000, to alleviate the burden of frontliners at two healthcare facilities.

UMMC

In June 2021, Yayasan Hartalega contributed ventilators (Oxylog 3000 plus) and humidifiers (AIRVO 2) with integrated flow generators that deliver high flow, warmed and humidified respiratory gases for spontaneously breathing patients at UMMC. We also donated various medical equipment including oxygen regulators for ventilators, hydraulic body lifts and oxygen concentrators.

Hospital Banting

In addition, Yayasan Hartalega contributed medical equipment, including electric ICU and delivery beds, mattresses, bedside racks, overbed tables, and sleeper chairs worth more than RM88,000 to aid the hospital during the pandemic.

COVID-19 Relief Pack

In a collaborative effort with *Kelab Ops Harapan*, Rotary KL Club, Hope Branch, *Persatuan Kebajikan Ijok & Sosial Ijok*, IJN Foundation, Yayasan Hartalega provided financial assistance in the form of grocery vouchers to families affected by the pandemic.

We contributed a total of RM490,000 to the programme, benefitting close to 17,800 families.

Empowering Young Malaysians

Equity in education is critical to achieving long-term social stability and sound economic development. Towards this end, we provided financial security and upskilling opportunities to help tackle educational inequalities and the growing issue of youth unemployment.

Programmes

Tunku Abdul Rahman University College (TARUC) Student Loan Fund

Through the collaboration with TARUC, Yayasan Hartalega provides financial assistance to deserving students each year through the TARUC Student Loan Fund.

Yayasan Hartalega has contributed a total of RM1.5 million to the fund, which has benefitted 24 students since the start of the collaboration in 2018.

Teach For Malaysia (TFM)

Yayasan Hartalega's partnership with TFM began in 2018 to address educational inequities in rural areas. To date, Yayasan Hartalega has contributed RM1,870,000 to support TFM's efforts in continuously equipping and empowering students to become agents of change. This year, we reached approximately 2,054 students and teachers through TFM.

In 2021, Yayasan Hartalega's donations comprised:
- RM1,150,000 to support the Education Recovery Efforts across all pillars including Fellowship Pre-service Programme, Tutoring Programme and Learning Boxes.
- RM500,000 for the pilot Tutoring Programme which has impacted 532 students across 13 schools.
- RM350,000 to continue Yayasan Hartalega's Learning Box Project, where self-directing learning resource boxes containing engaging activities and materials were distributed to students in rural locations. The educational tool enables students to continue learning even with limited or zero bandwidth.

In addition, 30 Fellows (instructors from TMF) were supported through the Fellowship Pre-service Programme sponsorship.

Discover Muay Thai (DMT)

Yayasan Hartalega continued to fund the four-month youth empowerment programme in partnership with Discover Muay Thai for a third consecutive year. Through the programme, underprivileged Malaysian youth are introduced to positive values through Muay Thai including discipline, respect, unity and honour to enable them to lead more fulfilling lives.

A social enterprise, DMT structures the programme into two parts: DMT Academy Programme and Work Placement and Monitoring Programme.

Under the DMT Academy, students between 18 to 21 years old have the opportunity to not only receive Muay Thai and fitness training, but also to learn English, basic entrepreneurship skills, financial management and ethics.

This is followed by the Work Placement & Monitoring Programme for graduates who are placed with dedicated DMT employment partners for at least three months after graduation. Apart from on-the-job training and upskilling opportunities, the FY2022 programme also ensured all alumni of DMT Academy received financial and moral support for six months post-graduation.

In FY2022, Yayasan Hartalega collaborated with DMT to provide daily essentials to 600 families who had been adversely affected by the COVID-19 pandemic in the Klang Valley. Our contribution was estimated to have benefitted 2,400 people.

Testimonials by Programme Beneficiaries

"The thing I like the most about DMT Academy is that it is not just Muay Thai, there are daily classes such as Entrepreneurship 101, English language lessons, Counselling, Volunteering and more."

Syamir Saharuddin
DMT Academy Participant

"I got to learn about the anatomy of fireflies, how fireflies emit light, and the ideal environments for fireflies to thrive."

Real Lamperd Rayner
Student at SJK(C) Kok Wah Talibong, Tuaran, Sabah – Firefly Learning Box Participant

"In daily science learning, I prefer the practical experiment approach. With the Learning Box, I can do experiments using tools and materials that are available at home."

Doradawaiah
Student at SK Pulau Sumandi, Semporna, Sabah – STEM Learning Box Participant

Caring for Our Environment

Environmental pollution has a detrimental impact on health and well-being. Therefore, as a preventive measure, Hartalega is working closely with local communities and youth groups on various environmental conservation activities.

Programme
Inspirasi KAWA Inspirasi KAWA is a youth environmental social enterprise that specialises in firefly, river and mangrove habitats. Marking our fourth year collaborating with Inspirasi KAWA, we kicked off a Gotong Royong programme aimed at instilling greater environmental stewardship and conservation amongst our youth. The bi-weekly Gotong Royong sessions at the Hartalega Trail in Bestari Jaya saw participants cleaning up walkways and the river adjacent to the trail. We successfully conducted five Gotong Royong sessions in total and collected about 500kg of garbage, consisting of plastic bottles, food packaging, aluminium waste, polystyrene, and other waste. Through such eco-friendly initiatives that reduce pollution, we continue to shine the spotlight on the environment.

Looking Ahead

In line with our commitment to touching lives to create a more sustainable future, we will continue to build on existing relationships and form new ones with local communities. Our goal is to create long-term value and impact for society and the environment through the implementation of meaningful projects and contributions that will truly make a difference.

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	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 61-63
	403-9	Work-related injuries	Page 64-65

GRI 404: Training and Education			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 74
	103-2	The management approach and its components	Page 74,78-79
	103-3	Evaluation of the management approach	Page 74,78-79
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Page 79
	404-2	Programs for upgrading employee skills and transition	Page 78-79
	404-3	Percentage of employees receiving regular performance and career development reviews	Page 76
GRI 405: Diversity and Equal Opportunity			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 74
	103-2	The management approach and its components	Page 74-75
	103-3	Evaluation of the management approach	Page 74-75
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Page 75-76
	405-2	Ratio of basic salary and remuneration of women to men	Page 76
GRI 406: Non-Discrimination			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 65, 74
	103-2	The management approach and its components	Page 65-66, 74
	103-3	Evaluation of the management approach	Page 66-67
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Page 72
GRI 407: Freedom of Association and Collective Bargaining			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 65
	103-2	The management approach and its components	Page 65-66, 73
	103-3	Evaluation of the management approach	Page 66-67
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 50, 73
GRI 408: Child Labour			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 65
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GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Page 50, 70
GRI 409: Forced or Compulsory Labour			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 65
	103-2	The management approach and its components	Page 65-66, 70
	103-3	Evaluation of the management approach	Page 66-67
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Page 50, 70
GRI 412: Human Rights Assessment			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 65
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GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	Page 66-67
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GRI 413: Local Communities			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 81
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	103-3	Evaluation of the management approach	Page 81
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impacts assessments, and development programs	Page 82-85

GRI 414: Supplier Social Assessment			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 49-50
	103-2	The management approach and its components	Page 49-50, 67-68
	103-3	Evaluation of the management approach	Page 49-50, 67-68
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Page 50
	414-2	Negative social impacts in the supply chain and actions taken	Page 50
GRI 416: Customer Health and Safety			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 46
	103-2	The management approach and its components	Page 46-47
	103-3	Evaluation of the management approach	Page 46-47
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Page 46-47
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 47
GRI 417: Marketing and Labeling			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 46
	103-2	The management approach and its components	Page 46-47
	103-3	Evaluation of the management approach	Page 46-47
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Page 47
	417-2	Incidents of non-compliance concerning product and service information and labeling	Page 47
	417-3	Incidents of non-compliance concerning marketing communications	Page 47
GRI 418: Customer Privacy			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 53
	103-2	The management approach and its components	Page 53-54
	103-3	Evaluation of the management approach	Page 53-54
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 54
GRI 419: Socioeconomic Compliance			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Page 73
	103-2	The management approach and its components	Page 73-74
	103-3	Evaluation of the management approach	Page 73-74
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Page 74

Corporate Governance Overview Statement

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 31 March 2022 with reference to Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the Malaysian Code on Corporate Governance ("MCCG").

The Board has also provided specific disclosures on the application of each of the Practices in its Corporate Governance Report ("CG Report"). This CG Report was announced together with the Annual Report of the Company on 29 July 2022. Shareholders may obtain this CG Report by accessing the Company's website under the Corporate Governance segment at www.hartalega.com.my/about-us/sustainability/corporate-governance/ for further details and are advised to read this overview statement together with the CG Report.

Principle A: Board Leadership and Effectiveness

I. Board Responsibilities

Board Charter and Board Committees

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

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

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

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

The Board has established four (4) Board Committees, namely the Audit Committee, Risk Management and Sustainability Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in carrying out its duties. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each

Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. The terms of reference of each Board Committee are set out in the Board Charter and published in the Company's website under the Corporate Governance segment at www.hartalega.com.my/about-us/sustainability/corporate-governance/. These Committees have the authority to examine issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

Code of Conduct and Ethics

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

In this respect, the Group has established a Code of Conduct and Ethics to provide direction and guidance to all Directors, Senior Management and employees in the discharge of their duties and responsibilities that will be in the best interests of the Group. The Code of Conduct and Ethics has been uploaded on the Company's website under the Corporate Governance segment at www.hartalega.com.my/about-us/sustainability/corporate-governance/.

Whistleblowing Policy and Procedure

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

Anti-Bribery and Anti-Corruption Policy

An Anti-Bribery and Anti-Corruption Policy was established to set out the Group's zero tolerance approach against all forms of bribery, corruption and politicking and the Group takes a strong stance against such acts. The Group's practices are in accordance to the Malaysian Anti-Corruption Commission Act 2009 and its amendments. The Anti-Bribery and Corruption Policy is published in the Company's website under the Corporate Governance segment at www.hartalega.com.my/about-us/sustainability/corporate-governance/.

Company Secretaries

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

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

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

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

Information and Support for Directors

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

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

Directors	Number of Meetings Attended
Mr. Kuan Kam Hon @ Kwan Kam Onn	5/5
Mr. Kuan Mun Leong	5/5
Mr. Kuan Mun Keng	5/5
Dato' Tan Guan Cheong	5/5
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	5/5
Mr. Razman Hafidz bin Abu Zarim	4/5
Datuk Seri Nurmala binti Abd Rahim	5/5
Datuk Loo Took Gee	5/5
Mr. Yap Seng Chong *(Appointed on 5 July 2022)*	NIL

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

During the financial year ended 31 March 2022, the external training programmes and seminars attended by the Directors are as follows:

Conferences / Trainings / Seminars	Date	Attendees
Succeeding in the New Normal; Preparing for the Next Normal	3-4 May 2021	Dato' Tan Guan Cheong
Implementing Amendments in the Malaysian Code of Corporate Governance	1 June 2021	Datuk Loo Took Gee
MIA International Accountants Conference 2021, Navigating a Sustainable Future with Agility and Resilience	8-10 June 2021	Dato' Tan Guan Cheong
Top 10 Issues for Boards in 2021: A Brave New World	14 & 22 June 2021	Dato' Tan Guan Cheong
Climate Governance Malaysia: MoF Roundtable Discussion on Low Emissions Pathway for Malaysia	22 June 2021	Datuk Loo Took Gee

Conferences / Trainings / Seminars	Date	Attendees
Financial Times Banking Summit Series: Maximising Strategic Opportunities of Open Banking and Open Finance	22 June 2021	Razman Hafidz bin Abu Zarim
Climate Governance Malaysia: Climate and Net-Zero Emission Journey	13 July 2021	Datuk Loo Took Gee
Institute for Democracy and Economic Affairs (IDEAS) on Malaysia Politics: What's Next?	14 July 2021	Kuan Kam Hon
Climate Governance Malaysia: Directors' Duties and Climate Change	22 July 2021	Datuk Loo Took Gee
JP Morgan Webinar - Malaysia Parliament: What's going on?	5 August 2021	Kuan Kam Hon
Climate Governance Malaysia: Carbon Pricing and Green Financing - Is Malaysia Ready?	17 August 2021	Datuk Loo Took Gee
MACC Section 17A	17 August 2021	Datuk Seri Nurmala binti Abd Rahim
Sustainable Reset: The Role of Nomination Remuneration Committee in a Post-Pandemic World	21-22 September 2021	Dato' Tan Guan Cheong
WEF - Consolidating Trans-Pacific Partnerships: Special Meeting of the Regional Action Groups for ASEAN and Latin America	28 September 2021	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Economist World Outlook: Fighting the Pandemic and Boosting Long Term Growth	6 October 2021	Razman Hafidz bin Abu Zarim
Intentional Integrity - How Smart Companies Can Lead an Ethical Revolution	28 October 2021	Datuk Loo Took Gee
Rethinking Labuan: 'Defining its relevance in your succession strategies'	10 November 2021	Kuan Kam Hon
Selangor ASEAN Business Conference 2021	19 November 2021	Kuan Mun Leong
Webinar on Audit Oversight Board (AOB) Conversation with Audit Committees	29 November 2021 & 6 December 2021	Dato' Tan Guan Cheong Datuk Loo Took Gee
MSWG Webinar – Covid Creates Unique Governance Issues	20 December 2021	Kuan Kam Hon
CGS-CIMB 14th Annual Malaysia Virtual Corporate Day	7 January 2022	Kuan Mun Keng
Association of Project Management: Festival of Education and Research	9 February 2022	Razman Hafidz bin Abu Zarim
Second Ministerial Conference of the OECD Southeast Asia Regional Programme	9 February 2022	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Webinar - Launch of Report on Malaysia Nature-Related Financial Risks	15 March 2022	Datuk Loo Took Gee
Masterclass Webinar: Net Zero GHG Outlook For Malaysian Water and Environmental Sectors	28 March 2022	Datuk Loo Took Gee
Stewardship Asia Roundtable 2022	31 March 2022	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria

II. Board Composition

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

A brief profile of each Director is presented on pages 16 to 21 of this Annual Report.

The Board currently has nine (9) members comprising one (1) Senior Independent Non-Executive Director, four (4) Independent Non-Executive Directors, (1) Non-Independent Non-Executive Director and three (3) Non-Independent Executive Directors.

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

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

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

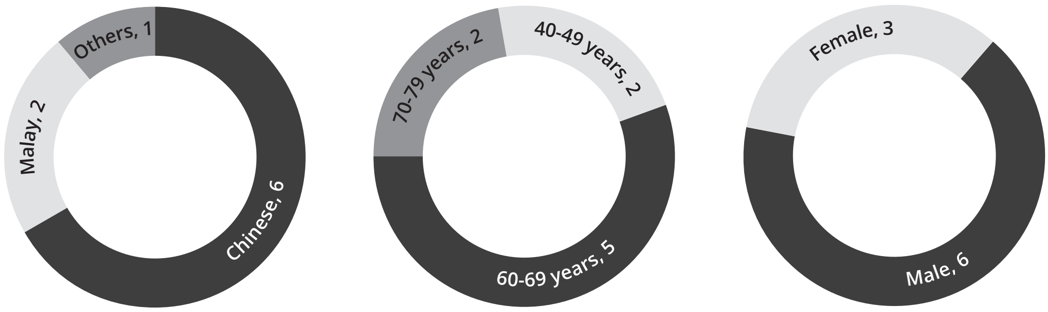
All the Directors have given their undertaking to comply with the Listing Requirements of Bursa Securities and the Independent Directors have confirmed their independence in writing.

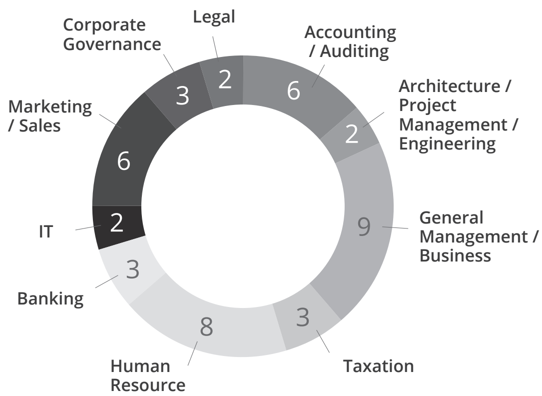
Annually, the Nomination Committee would review the independence of the Independent Directors. Criteria for assessment of independence is based on the requirements and definition of "independent director" as set out in the MMLR. Independent Directors are required to confirm their independence by giving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

In accordance with the Board Charter, the maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine (9) years from the date of first appointment as Director or upon the expiry of the ongoing term of appointment as Director, whichever is later. Any extension beyond nine (9) years will require Board justification and annual shareholders' approval through a two-tier voting process unless the said Director wishes to be re-designated as Non-Independent Non-Executive Director which shall be a consideration for the Board to decide.

Diversity on Board

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





Nomination Committee

The Nomination Committee comprises the following members:

Name of Director	Designation	Directorship
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria *(Re-designated on 5 July 2022)*	Chairman	Senior Independent Non-Executive Director
Mr. Razman Hafidz bin Abu Zarim *(Re-designated on 5 July 2022)*	Member	Independent Non-Executive Director
Dato' Tan Guan Cheong	Member	Non-Independent Non-Executive Director
Datuk Loo Took Gee	Member	Independent Non-Executive Director

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

The Nomination Committee's primary responsibilities include:

a. Leading the process for Board appointments and making recommendations to the Board.
b. Assessing Directors on an ongoing basis.
c. Annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarisation with the Group's operations.

Evaluation of Board, Board Committees and Individual Directors

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

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

a. The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
b. The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Group effectively.
c. The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
d. The Board and Board Committees had contributed positively to the Group and its subsidiaries and were operating in an effective manner.
e. The Board Chairman provided leadership as well as contributed to the Board.
f. The performances of the Board Committees were found to be effective.

Re-Election of Directors

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

Restriction on Directorships

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

III. Remuneration

The Remuneration Committee consists of the following members:

Name of Director	Designation	Directorship
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria *(Re-designated on 5 July 2022)*	Chairman	Senior Independent Non-Executive Director
Mr. Razman Hafidz bin Abu Zarim *(Re-designated on 5 July 2022)*	Member	Independent Non-Executive Director
Dato' Tan Guan Cheong	Member	Non-Independent Non-Executive Director
Datuk Seri Nurmala binti Abd Rahim	Member	Independent Non-Executive Director

Remuneration Procedure

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

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

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

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

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

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

- To recommend to the Board a framework for remuneration for the Board and each Executive Director, which includes but is not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and
- To establish objectives performance criteria and measurement to evaluate the performance and effectiveness of the Board as a whole and to assess the contribution by each individual Director.

Directors' Remuneration

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

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

	Group						Company		
	Fee	Salaries & Other Emoluments	Bonus	EPF	Benefits-in-Kind	Total	Fee	Allowance	Total
Kuan Kam Hon @ Kwan Kam Onn	216,000	1,212,593	1,100,000	92,000	84,000	2,704,593	192,000	-	192,000
Kuan Mun Leong	168,000	1,212,923	1,100,000	276,000	28,000	2,784,923	144,000	-	144,000
Kuan Mun Keng	168,000	885,661	619,857	179,515	23,950	1,876,983	144,000	-	144,000
Dato' Tan Guan Cheong	192,000	6,250	-	-	-	198,250	192,000	6,250	198,250
Razman Hafidz bin Abu Zarim	144,000	5,000	-	-	-	149,000	144,000	5,000	149,000
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	144,000	6,250	-	-	-	150,250	144,000	6,250	150,250
Datuk Seri Nurmala binti Abd Rahim	144,000	6,250	-	-	-	150,250	144,000	6,250	150,250
Datuk Loo Took Gee	144,000	3,750	-	-	-	147,750	144,000	3,750	147,750

Principle B: Effective Audit and Risk Management

I. Audit Committee

The Audit Committee consists of the following members:

Name of Director	Designation	Directorship
Mr. Razman Hafidz bin Abu Zarim *(Re-designated on 5 July 2022)*	Chairman	Independent Non-Executive Director
Dato' Tan Guan Cheong *(Re-designated on 5 July 2022)*	Member	Non-Independent Non-Executive Director
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member	Senior Independent Non-Executive Director
Datuk Seri Nurmala binti Abd Rahim	Member	Independent Non-Executive Director
Mr. Yap Seng Chong *(Appointed on 5 July 2022)*	Member	Independent Non-Executive Director

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

Relationship with Auditor

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

II. Risk Management and Internal Control Framework

The Risk Management and Sustainability Committee consists of the following members:

Name of Director	Designation	Directorship
Mr. Razman Hafidz bin Abu Zarim *(Re-designated on 5 July 2022)*	Chairman	Independent Non-Executive Director
Dato' Tan Guan Cheong *(Re-designated on 5 July 2022)*	Member	Non-Independent Non-Executive Director
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	Member	Senior Independent Non-Executive Director
Datuk Seri Nurmala binti Abd Rahim	Member	Independent Non-Executive Director
Mr. Kuan Mun Leong *(Resigned on 5 July 2022)*	Member	Chief Executive Officer

The Risk Management and Sustainability Committee comprises a majority of Independent Non-Executive Directors. Full details of the Risk Management and Sustainability Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website under the Corporate Governance segment at www.hartalega.com.my/about-us/sustainability/corporate-governance/.

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

Information on the Group's internal control is set out in the Statement on Risk Management and Internal Control located on page 105 of this report.

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

I. Communication with Stakeholders

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

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

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

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

II. Conduct of General Meetings

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

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

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

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

ADDITIONAL COMPLIANCE INFORMATION:

Statement of Directors' Responsibilities in respect of the Financial Statements

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

In preparing the financial statements, the Directors have:

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

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

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

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

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

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

Compliance Statement

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

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 5 July 2022.

Audit Committee Report

The Audit Committee of Hartalega Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 March 2022.

A. Composition and Attendance

The Audit Committee comprises the following members and details of attendance of each member at committee meetings held during the financial year ended 31 March 2022 are as follows:

Composition of the Committee	Attendance
Mr. Razman Hafidz bin Abu Zarim (Chairman / Independent Non-Executive Director) *(Re-designated on 5 July 2022)*	4/5
Dato' Tan Guan Cheong (Non-Independent Non-Executive Director) *(Re-designated on 5 July 2022)*	5/5
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria (Senior Independent Non-Executive Director)	5/5
Datuk Seri Nurmala binti Abd Rahim (Independent Non-Executive Director)	5/5
Mr. Yap Seng Chong (Independent Non-Executive Director) *(Appointed on 5 July 2022)*	NIL

B. Composition Compliance

The Audit Committee consists of five (5) members, four (4) of whom are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director, fulfilling the requirements of paragraph 15.09(1)(a) and (b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirement ("MMLR") and Malaysian Code on Corporate Governance 2021 ("MCCG 2021"). None of the appointed Audit Committee members are alternate directors in compliance with requirements of paragraph 15.09(2) of the MMLR.

The Audit Committee was chaired by Dato' Tan Guan Cheong during the financial year ended 31 March 2022. He is a member of the Malaysian Institute of Accountants, which accordingly complies with paragraph 15.09(1)(c)(i) of the MMLR.

C. Terms of Reference

The written Terms of Reference of the Audit Committee are consistent with requirements of the MMLR and MCCG 2021.

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

i. Composition
ii. Chairman
iii. Meetings
iv. Objectives
v. Authority & Responsibilities
vi. Appointment Process

D. Meetings

The Audit Committee held five (5) meetings during the financial year ended 31 March 2022, attended by the Audit Committee members. The Audit Committee meetings held were also attended by the appointed secretary, representatives from external and internal auditors, with the presence of Senior Management by invitation of the Audit Committee to facilitate direct communications and to provide clarifications on audit issues.

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

E. Summary of Activities

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

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

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

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

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

v. Approved remuneration and decisions regarding the appointment of the head of internal auditors;

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

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

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

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

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

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

xii. Reviewed the whistleblowing procedures and whistleblowing activities to monitor the actions taken in respect of whistleblowing reports received; and

xiii. Reviewed the Audit Committee Report and Statement of Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual Report.

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

F. Internal Audit Function

The Board of Directors and the Audit Committee are assisted by the in-house Internal Audit Department ("IAD") in ensuring that a sound system of internal controls is in place. The IAD reports to the Audit Committee on the performance of its duties and is guided by an Internal Audit Charter in its independent appraisal functions. The IAD assists the Group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve on the effectiveness of governance, risk management and control processes.

The Head of the IAD reports functionally to the Board through the Audit Committee and administratively to the Chief Executive Officer to allow appropriate degree of independence from the operations of the Group. The IAD is headed by Ms. Oh Hui Chee ("Chyselle") who possesses 15 years of relevant audit experience and is supported by an Assistant Manager and six (6) internal auditors. Ms. Chyselle is a qualified accountant, a fellow member of the Association of Chartered Certified Accountants, a Certified Internal Auditor, a Chartered Member of the Institute of Internal Auditors, a member of the Malaysian Institute of Accountants and a member of the ASEAN Chartered Professional Accountants.

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

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

The Audit Committee deliberates on the audit findings and recommendations as reported by the internal auditors and monitors to ensure appropriate actions are taken on the recommendations during the Audit Committee meetings every quarter. During the financial year ended 2022, the IAD conducted a total of six (6) audit reviews on key business processes and management focus areas, which includes audit on production and quality assurance, information technology and management information system, related party transactions, finance operations and social compliance. Five (5) follow-up reviews were performed on audit findings reported to monitor the status of the implementation of action plans by the management and were reported to the Audit Committee.

The total cost incurred by the IAD in discharging its functions and responsibilities for the financial year ended 31 March 2022 was RM820,083 (2021: RM588,629).

G. Review of the Audit Committee

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

H. Evaluation of the Audit Committee

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

Statement on Risk Management and Internal Control

INTRODUCTION

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

BOARD RESPONSIBILITIES

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

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

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

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

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

RISK MANAGEMENT & SUSTAINABILITY COMMITTEE

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

In discharging its responsibilities, the RMSC ensures corporate objectives are supported by a sound risk management strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of the Group's activities and to provide effective oversight to ensure business activities are aligned to the risk strategy, risk appetite and policies approved by the Board of Directors. As part of risk governance, a risk heat map is reported to the RMSC on a bi-annual basis for oversight and mitigation status. Material risks identified are reported to the Board through the RMSC to ensure the Board is updated on significant risks and progress of mitigation actions.

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

RISK MANAGEMENT FRAMEWORK

In line with the increasing focus of shareholders on corporate governance, the Group established and formalised its Enterprise Risk Management Framework ("ERM") in accordance with the Committee of Sponsoring Organisations ("COSO") Enterprise Risk Management framework and embarked on risk management initiatives. Under the ERM framework, the RMWC is established to provide regular reporting on key risks to the RMSC and to address key risk management issues. The RMWC is also responsible to champion and promote the ERM and to ensure that the risk management process and culture are embedded throughout the Group.

The RMWC is headed by the Chief Executive Officer. The RMWC meets bi-annually where the risk owners have overall responsibility to monitor and report on key risks to the attention of the RMWC. The Chief Executive Officer is responsible to report to the RMSC and Board on a regular basis on major risk areas.

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

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

To strengthen the risk management framework, the RMWC continuously enhances risk management practices and increases the scope across subsidiaries.

INTERNAL AUDIT AND ISO AUDIT FUNCTION

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

i. Internal Audit; and
ii. ISO Audit

The Internal Audit Department ("IAD") was established by the Board to undertake continuous testing and assessments on the adequacy and effectiveness of the risk management, internal control and governance processes in order to provide reasonable assurance that such systems continue to operate efficiently and effectively. A risk-based approach is used to establish the Annual Audit Plan and approved by the Audit Committee of the Board. The internal audit reports, including significant findings, recommendations for improvements and management response to the recommendations are shared with the Management and reported to the Audit Committee on a quarterly basis. Follow-up reviews are performed and the status of the implementation of action plans by the Management are monitored and reported to the Audit Committee.

The IAD is placed under the direct supervision and authority of the Audit Committee of the Board to preserve its independence. The IAD reports functionally to the Audit Committee Chairman and administratively to the Chief Executive Officer. The IAD's activities are guided by the Internal Audit Charter approved by the Audit Committee and the latest requirements in the International Professional Practice Framework ("IPPF") of the Institute of Internal Auditors Inc.

Scheduled internal and external audits are conducted as per requirements of the ISO 9001:2015, ISO 13485:2016 and ISO 14001:2015 certifications by TÜV SÜD; BRCGS Global Standard for Food Safety Certification by SGS; HACCP and Food GMP by Intertek; and HALAL certification by JAKIM. Issues arising from these external audits are forwarded to the Management for review and implementation of action plans.

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

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

- Company policies and procedures that adhere to ISO 9001:2015, ISO 13485:2016 and ISO 14001:2015 management systems and are reviewed annually for their effectiveness;
- Whistleblowing policy was established to provide avenue for whistleblowing report and to promote good corporate governance. An independent third-party service provider is engaged to manage whistleblowing platform which are in multiple languages;
- Clearly defined organisational structure with proper delegation of responsibilities and accountability. Appropriate authority limits are established for the approval process, therefore minimising the risk of unauthorised transactions;
- Annual budget system is in place. There is requirement for the timely submission of monthly financial reports and key operational performance indicators to the Management;
- Human resource function sets out policies for recruitment, training and staff appraisal to ensure that staff is competent and adequately trained in carrying out their responsibilities; and
- All new products go through defined design control and thorough quality assurance programme. The new machines, production technology and processes go through a systematic and stringent verification and validation process before implementation.

CONCLUSION

During the financial year ended 31 March 2022, the Board is of the view that there have been no significant weaknesses identified in the risk management and internal control system. However, a number of non-critical internal control weaknesses were noted, all of which have been, or are being addressed. These were not expected to result in any material loss, contingencies or uncertainties that would require disclosure in this Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report of the Group for the year ended 31 March 2022 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

Report of the Directors and Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

Directors' Report

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	3,242,278	3,010,068
Attributable to:		
Owners of the Company	3,234,453	3,010,068
Non-controlling interests	7,825	-
	3,242,278	3,010,068

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

DIVIDENDS

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

i. third interim single tier exempt dividend of 17.70 sen per share amounting to RM605,308,000 in respect of the financial year ended 31 March 2021, declared on 4 May 2021 and paid on 9 June 2021;

ii. final single tier exempt dividend of 19.75 sen per share amounting to RM674,949,000 in respect of the financial year ended 31 March 2021, approved by shareholders at the last Annual General Meeting on 7 September 2021 and paid on 8 October 2021;

iii. first interim single tier exempt dividend of 35.20 sen per share amounting to RM1,202,946,000 in respect of the current financial year, declared on 2 November 2021 and paid on 2 December 2021;

iv. second interim single tier exempt dividend of 14.80 sen per share amounting to RM505,784,000 in respect of the current financial year, declared on 8 February 2022 and paid on 9 March 2022; and

v. third interim single tier exempt dividend of 3.50 sen per share amounting to RM119,611,000 in respect of the current financial year, declared on 10 May 2022 and paid on 9 June 2022.

The directors recommended a final single tier exempt dividend of 3.50 sen per share amounting to RM119,611,000 based on the number of outstanding ordinary shares in issue as at the date of this report, in respect of the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect the third interim dividend paid and final dividend proposed. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2023.

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.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

During the current financial year, the Company purchased 10,145,000 units of its own shares from open market, as disclosed in Note 20 to the financial statements. The total amount paid for the acquisition of the shares was RM97,474,000 and it has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares were RM9.61 per share. The repurchased shares are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

OPTIONS GRANTED OVER UNISSUED SHARES

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

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

b. to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

a. which would require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

b. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

c. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

d. 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.

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

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

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 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.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS OF THE COMPANY

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

KUAN KAM HON @ KWAN KAM ONN*
KUAN MUN KENG*
KUAN MUN LEONG*
DATO' TAN GUAN CHEONG
TAN SRI DATUK DR. REBECCA FATIMA STA. MARIA
RAZMAN HAFIDZ BIN ABU ZARIM
DATUK SERI NURMALA BINTI ABD RAHIM
DATUK LOO TOOK GEE
YAP SENG CHONG (APPOINTED ON 5.7.2022)

*Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to date of this report are:

KUAN KAM PENG
KUAN EU JIN
MUHAMMAD HAKIMI TAN BIN ABDULLAH
DAVID TENG WEE TZE
WANG YUE
LOH KEAN WOOI (APPOINTED ON 20.6.2022)
MANOJ KUMAR BANSAL (APPOINTED ON 21.2.2022)
VISHAL LOCHAN AGGARWAL (RESIGNED ON 24.1.2022)
KUAN VIN SEUNG (DECEASED ON 14.9.2021)

DIRECTORS' INTERESTS

The interests in shares in the Company and in a related corporation of those who were directors of the Company at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

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

	Number of ordinary shares			
	At 1.4.2021	**Bought**	**Sold**	**At 31.3.2022**
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	48,251	-	-	48,251

(b) Shareholdings in the Company

	Number of ordinary shares			
	At 1.4.2021	**Bought**	**Sold**	**At 31.3.2022**
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	27,262,480	73,021,982	-	100,284,462
Kuan Mun Leong	15,954,000	-	-	15,954,000
Kuan Mun Keng	10,900,800	-	-	10,900,800
Dato' Tan Guan Cheong	240,000	-	(240,000)	-
Datuk Loo Took Gee	10,000	-	-	10,000
Indirect/Deemed interests				
Kuan Kam Hon @ Kwan Kam Onn (1) (2) (3)	1,656,336,016	269,429,056	(443,241,318)	1,482,523,754
Dato' Tan Guan Cheong (2)	140,000	-	(140,000)	-

(1) Shares held through the holding company, Hartalega Industries Sdn. Bhd. and Budi Tenggara Sdn. Bhd. in which the director has substantial financial interests.

(2) Shares held through spouse/children of the director who herself/himself is not the director of the Company.

(3) Shares held through Yayasan Hartalega in accordance with Section 197 of the Companies Act 2016, in which the director is deemed to have interest by virtue.

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company or related corporations as disclosed in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance coverage for the directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM118,000.

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

HOLDING COMPANY

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

AUDITORS

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

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 March 2022 is as disclosed in Note 5 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 July 2022.

KUAN KAM HON @ KWAN KAM ONN

KUAN MUN LEONG

Kuala Lumpur in Federal Territory
5 July 2022

Statement by Directors

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

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 119 to 179, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 July 2022.

KUAN KAM HON @ KWAN KAM ONN

KUAN MUN LEONG

Kuala Lumpur in Federal Territory
5 July 2022

Statutory Declaration

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

I, Kuan Kam Hon @ Kwan Kam Onn, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 119 to 179 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared at Kuala Lumpur in Federal Territory on 5 July 2022

KUAN KAM HON @ KWAN KAM ONN

Before me
KAPT. (B) JASNI BIN YUSOFF (W465)
COMMISSIONER FOR OATHS

Independent Auditors' Report to the Members

OF HARTALEGA HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hartalega Holdings Berhad, which comprise the statements of financial position as at 31 March 2022 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 119 to 179.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters presented below 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 of the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	*How the scope of our audit responded to the key audit matters*
Review of Costing of Inventories **(Refer to Note 14 to the financial statements)** Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises the cost of purchase plus the cost incurred in bringing the inventories to their present location and condition. Management's judgement is required to estimate the cost of finished goods and work-in-progress which comprise the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity. The key bases and assumptions used in the estimation of the cost of inventories are disclosed in Note 2 (d) (iii).	We have performed the following audit procedures in relation to review of inventory costing: ▪ Obtained an understanding of the inventories valuation policy and processes implemented by management; ▪ Evaluated design and implementation of the relevant controls surrounding inventory valuation and costing of inventories; ▪ Verified the costing of inventories whether the inclusion of material costs, labour costs, production overheads and incidental costs incurred in bringing the inventories to their present location and condition are made in accordance with the Group's accounting policy and MFRS 102; and ▪ Assessed the appropriateness of the basis used by management for the allocation of production costs and overheads for the purpose of inventory valuation based on normal operating capacity.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements 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 of 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 director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Other 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.

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

LAI CAN YIEW
Partner - 02179/11/2022 J
Chartered Accountant

Kuala Lumpur in Federal Territory
5 July 2022

Statements of Profit Or Loss

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	4	7,888,286	6,703,485	2,988,723	1,000,274
Cost of sales		(3,093,143)	(2,605,493)	-	-
Gross profit		4,795,143	4,097,992	2,988,723	1,000,274
Other income		95,271	53,348	28,175	23,958
Distribution expenses		(65,294)	(44,357)	-	-
Administrative expenses		(159,752)	(249,305)	(3,278)	(4,903)
Other operating expenses		(23,712)	(37,763)	(2)	(21)
		(248,758)	(331,425)	(3,280)	(4,924)
Profit from operations		4,641,656	3,819,915	3,013,618	1,019,308
Finance costs		(4,774)	(6,532)	-	-
Profit before tax	5	4,636,882	3,813,383	3,013,618	1,019,308
Tax expense	6	(1,394,604)	(909,636)	(3,550)	(4,079)
Profit for the financial year		3,242,278	2,903,747	3,010,068	1,015,229
Attributable to:					
Owners of the Company		3,234,453	2,885,513	3,010,068	1,015,229
Non-controlling interests		7,825	18,234	-	-
		3,242,278	2,903,747	3,010,068	1,015,229
Earnings per ordinary share attributable to owners of the Company:					
Basic earnings per ordinary share (sen)	7	94.63	84.43		
Diluted earnings per ordinary share (sen)	7	94.63	84.43		

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

Statements of Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Profit for the financial year		3,242,278	2,903,747	3,010,068	1,015,229
Other comprehensive (loss)/income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation, representing other comprehensive (loss)/ income for the financial year, net of tax		(1,877)	11,336	-	-
Total comprehensive income for the financial year		3,240,401	2,915,083	3,010,068	1,015,229
Attributable to:					
Owners of the Company		3,232,868	2,894,195	3,010,068	1,015,229
Non-controlling interests		7,533	20,888	-	-
		3,240,401	2,915,083	3,010,068	1,015,229

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

Statements of Financial Position

AS AT 31 MARCH 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	2,367,032	2,156,368	-	-
Capital work-in-progress	9	743,728	255,897	-	-
Intangible assets	10	30,801	32,591	-	-
Right-of-use assets	11	4,923	3,670	-	-
Investments in subsidiaries	12	-	-	566,619	558,000
Deferred tax assets	13	3,566	3,256	-	-
Amount owing by subsidiaries	24	-	-	710,451	757,451
Total Non-Current Assets		3,150,050	2,451,782	1,277,070	1,315,451
Current Assets					
Inventories	14	396,947	633,455	-	-
Trade and other receivables	15	418,606	1,110,651	23,092	23,092
Tax assets	16	2,090	1,339	-	-
Derivative financial assets	17	1,576	-	-	-
Amount owing by subsidiaries	24	-	-	152	216
Cash, bank balances and short-term investments	18	2,378,127	2,668,741	751,333	789,218
Total Current Assets		3,197,346	4,414,186	774,577	812,526
TOTAL ASSETS		6,347,396	6,865,968	2,051,647	2,127,977
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	19	1,692,061	1,692,061	1,692,061	1,692,061
Reserves	20	3,429,246	3,282,839	359,180	435,573
		5,121,307	4,974,900	2,051,241	2,127,634
Non-controlling interests		23,567	24,212	-	-
Total Equity		5,144,874	4,999,112	2,051,241	2,127,634

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Non-Current Liabilities					
Loans and borrowings	21	136,658	250,141	-	-
Lease liabilities	22	3,190	2,127	-	-
Deferred tax liabilities	13	245,839	197,986	-	-
Total Non-Current Liabilities		385,687	450,254	-	-
Current Liabilities					
Trade and other payables	23	378,182	1,091,278	121	210
Loans and borrowings	21	102,110	92,913	-	-
Lease liabilities	22	1,829	1,621	-	-
Derivatives financial liabilities	17	160	74,548	-	-
Tax liabilities	16	334,554	156,242	285	133
Total Current Liabilities		816,835	1,416,602	406	343
Total Liabilities		1,202,522	1,866,856	406	343
TOTAL EQUITY AND LIABILITIES		6,347,396	6,865,968	2,051,647	2,127,977

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

Statements of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Attributable to Owners of the Company							
			Non-distributable			Distributable			
		Share capital	Treasury shares	Translation reserve	Share-based payment reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Group	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 April 2020		1,509,591	-	(2,344)	38,751	993,801	2,539,799	3,324	2,543,123
Comprehensive income									
Profit for the financial year		-	-	-	-	2,885,513	2,885,513	18,234	2,903,747
Other comprehensive income									
Foreign currency translation		-	-	8,682	-	-	8,682	2,654	11,336
Total comprehensive income for the financial year		-	-	8,682	-	2,885,513	2,894,195	20,888	2,915,083
Transactions with owners									
Issuance of ordinary shares pursuant to Employees Share Option Scheme ("ESOS")	19	145,067	-	-	-	-	145,067	-	145,067
Transfer from share-based payment reserve upon exercise/ lapse of ESOS	19	37,403	-	-	(38,751)	1,348	-	-	-
Dividends	25	-	-	-	-	(604,161)	(604,161)	-	(604,161)
Total transactions with owners		182,470	-	-	(38,751)	(602,813)	(459,094)	-	(459,094)
At 31 March 2021		1,692,061	-	6,338	-	3,276,501	4,974,900	24,212	4,999,112

		Attributable to Owners of the Company							
			Non-Distributable			Distributable			
		Share capital	Treasury shares	Translation reserve	Share-based payment reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Group	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 April 2021		1,692,061	-	6,338	-	3,276,501	4,974,900	24,212	4,999,112
Comprehensive income									
Profit for the financial year		-	-	-	-	3,234,453	3,234,453	7,825	3,242,278
Other comprehensive loss									
Foreign currency translation		-	-	(1,585)	-	-	(1,585)	(292)	(1,877)
Total comprehensive income for the financial year		-	-	(1,585)	-	3,234,453	3,232,868	7,533	3,240,401
Transactions with owners									
Acquisition of treasury shares	20	-	(97,474)	-	-	-	(97,474)	-	(97,474)
Dividends	25	-	-	-	-	(2,988,987)	(2,988,987)	-	(2,988,987)
Dividend paid by subsidiaries to non-controlling interest		-	-	-	-	-	-	(8,178)	(8,178)
Total transactions with owners		-	(97,474)	-	-	(2,988,987)	(3,086,461)	(8,178)	(3,094,639)
At 31 March 2022		1,692,061	(97,474)	4,753	-	3,521,967	5,121,307	23,567	5,144,874

Company	Note	Share capital RM'000	Treasury shares RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total equity RM'000
			← Non-Distributable →		Distributable	
At 1 April 2020		1,509,591	-	38,751	23,157	1,571,499
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	1,015,229	1,015,229
Transactions with owners						
Issuance of ordinary shares pursuant to ESOS	19	145,067	-	-	-	145,067
Transfer from share-based payment upon exercise of ESOS	19	37,403	-	(38,751)	1,348	-
Dividends	25	-	-	-	(604,161)	(604,161)
Total transactions with owners		182,470	-	(38,751)	(602,813)	(459,094)
At 31 March 2021		1,692,061	-	-	435,573	2,127,634
At 1 April 2021		1,692,061	-	-	435,573	2,127,634
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	3,010,068	3,010,068
Transactions with owners						
Acquisition of treasury shares	20	-	(97,474)	-	-	(97,474)
Dividends	25	-	-	-	(2,988,987)	(2,988,987)
Total transactions with owners		-	(97,474)	-	(2,988,987)	(3,086,461)
At 31 March 2022		1,692,061	(97,474)	-	456,654	2,051,241

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit before tax		4,636,882	3,813,383	3,013,618	1,019,308
Adjustments for:					
Depreciation of property, plant and equipment		143,193	130,367	-	-
Depreciation of right-of-use assets		2,098	1,859	-	-
Fair value (gain)/loss on:					
Derivative financial instruments		(75,964)	35,540	-	-
Short-term investments		(15,167)	-	(5,192)	-
Impairment loss on trade receivables		-	230	-	-
Amortisation of intangible assets		6,572	5,587	-	-
Interest expenses		4,774	6,532	-	-
Gain on disposal of property, plant and equipment		(284)	(353)	-	-
Property, plant and equipment and intangible assets written off		-	74	-	-
Unrealised loss/(gain) on foreign exchange		37,274	(12,893)	-	-
Income from fixed income fund		(25,663)	(9,185)	(7,975)	(6,085)
Interest income		(10,491)	(5,653)	(14,821)	(17,032)
Dividend income from subsidiaries		-	-	(2,988,723)	(1,000,274)
Operating Profit/(Loss) Before Working Capital Changes		4,703,224	3,965,488	(3,093)	(4,083)
Decrease/(Increase) in inventories		236,508	(359,546)	-	-
Decrease/(Increase) in receivables		658,791	(604,452)	64	(22,869)
(Decrease)/Increase in payables		(712,614)	817,404	(89)	127
Cash Generated From/(Used In) Operations		4,885,909	3,818,894	(3,118)	(26,825)
Tax paid		(1,169,506)	(730,714)	(3,398)	(4,460)
Net Cash From/(Used In) Operating Activities		3,716,403	3,088,180	(6,516)	(31,285)

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		1,076	1,072	-	-
Additions to:					
Property, plant and equipment		(57,354)	(7,173)	-	-
Intangible assets		(81)	(256)	-	-
Capital work-in-progress		(789,823)	(354,198)	-	-
Income received from fixed income fund		25,663	9,185	7,975	6,085
Interest received		10,491	5,653	14,821	17,032
Dividends received from subsidiaries		-	-	2,988,723	1,000,274
Investment in subsidiaries		-	-	(8,619)	-
Net Cash (Used In)/From Investing Activities		(810,028)	(345,717)	3,002,900	1,023,391
CASH FLOWS USED IN FINANCING ACTIVITIES					
Acquisition of treasury shares		(97,474)	-	(97,474)	-
Proceeds from issuance of shares pursuant to exercise of ESOS		-	145,067	-	145,067
ESOS reimbursement received from subsidiaries		-	-	-	105,016
Net changes in borrowings		(108,786)	82,800	-	-
Dividends paid		(2,988,987)	(604,161)	(2,988,987)	(604,161)
Dividends paid to non-controlling interests by a subsidiary		(8,178)	-	-	-
Interest paid		(4,636)	(6,413)	-	-
Repayment of lease liabilities	(b)	(2,218)	(1,955)	-	-
Repayment of advances from subsidiaries		-	-	47,000	29,792
Net Cash Used In Financing Activities		(3,210,279)	(384,662)	(3,039,461)	(324,286)

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(303,904)	2,357,801	(43,077)	667,820
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,668,741	305,161	789,218	121,398
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(1,877)	5,779	-	-
FAIR VALUE LOSS ON SHORT-TERM INVESTMENTS		15,167	-	5,192	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 18)		2,378,127	2,668,741	751,333	789,218

Notes:

(a) Reconciliation of liabilities arising from financing activities

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

Group	As at 1 April RM'000	Net changes from financing cash flows (i) RM'000	Non-cash changes (ii) RM'000	As at 31 March RM'000
2022				
Loans and borrowings (Note 21)	343,054	(108,786)	4,500	238,768
Lease liabilities (Note 22)	3,748	(2,218)	3,489	5,019
2021				
Loans and borrowings (Note 21)	273,988	82,800	(13,734)	343,054
Lease liabilities (Note 22)	4,544	(1,955)	1,159	3,748

(i) The cash flows make up the net amount of proceeds and repayments of borrowings and lease liabilities including interest on lease liabilities in the statements of cash flows.

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

(b) Cash outflow for leases as a lessee

	Group	
	2022	**2021**
	RM'000	**RM'000**
Included in net cash used in financing activities		
Payment for the principal portion of lease liabilities	2,080	1,836
Interest paid in relation to lease liabilities	138	119
	2,218	1,955

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

1. CORPORATE INFORMATION

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

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

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

The Company is principally engaged in investment holding.

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 5 July 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

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

Adoption of new MFRSs and amendments to MFRSs

In the current financial year, the Group and the Company have adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual financial periods beginning on or after 1 April 2021.

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2 Insurance contracts
Amendments to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

Standards and Amendments in Issue But Not Yet Effective

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

Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2021[1]
Amendments to MFRS 3	Reference to Conceptual Framework[1]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[1]
Amendments to MFRS 137	Onerous Contracts - Costs of Fulfilling a Contract[1]
MFRS 17/Amendments to MFRS 17	Insurance Contracts[2]
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9[2]
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 - Comparative Information[2]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[2]
Amendments to MFRS 101	Disclosure of Accounting Policies[2]
Amendments to MFRS 108	Definition of Accounting Estimates[2]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.
3 Effective date deferred to a date to be determined and announced.

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

(b) Basis of measurement

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Functional and presentation currency

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

(d) Significant accounting estimates and judgements

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

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

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

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

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

(b) Business combinations

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

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

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

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

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

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

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

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

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

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

(c) Foreign currencies

(i) Foreign currency transactions

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

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

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

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

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

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

(ii) Income and expenses are translated at average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used; and

(iii) All resulting exchange differences are taken to other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

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

(d) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when (or as) a performance obligation in the contract with customer is satisfied, i.e. control over a product underlying the particular performance obligation has been transferred to the buyer. An asset is transferred when (or as) the customer obtains control of the asset.

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

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

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

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

(ii) Dividend income

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

(iii) Interest income

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

(iv) Income from fixed income fund

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

(e) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plan

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

(f) Borrowing costs

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

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

(g) Leases

(i) The Group as lessor

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

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

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

(ii) The Group as lessee

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

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

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

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

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

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

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

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

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

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

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

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease and the principal annual rates are as follows:

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

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

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

(h) Tax expense

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

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

(i) Property, plant and equipment

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

Freehold land is not depreciated.

The principal annual rates used for this purpose are:

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

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

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

(j) Capital work-in-progress

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

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

(k) Intangible assets

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

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

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

(l) Impairment of non-financial assets

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

(m) Inventories

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

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

(n) Financial instruments

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

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

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

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

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

(i) Financial assets at amortised cost

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

(ii) Financial assets at FVTPL

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

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

Financial liabilities

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

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

(i) Financial liabilities at FVTPL

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

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

(ii) Financial liabilities at amortised cost

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity, is recognised in profit or loss.

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

(iv) Impairment of financial assets

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

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

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

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

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

At the end of each reporting period, the Group and the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes significant financial difficulty of the issuer, default or delinquency in interest or principal payments, or the borrower or it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

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

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

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

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

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

(o) Cash and cash equivalents

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

(p) Share capital

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

(q) Repurchase of Share Capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the distributable reserves. Where treasury shares are reissued by re-sale in the open market, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(r) Derivative financial instruments

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

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

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

(s) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee and are subsequently measured at higher of the amount of the loss allowance determined in accordance with MFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

(t) Contingencies

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

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

(u) Segment reporting

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

4. REVENUE

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers:				
<u>At a point in time:</u>				
- Sales of goods	7,888,286	6,703,485	-	-
Revenue from other sources:				
- Dividend income from subsidiaries	-	-	2,988,723	1,000,274
	7,888,286	6,703,485	2,988,723	1,000,274

5. PROFIT BEFORE TAX

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

(a) Staff costs (including executive directors as disclosed in Note 5(b))

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Staff costs	430,618	383,303	480	510
Included in staff costs are:				
Contributions to defined contribution plan	24,817	20,199	-	-

(b) Directors' remuneration

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Directors of the Company				
Executive Directors:				
- Fees	552	582	480	510
- Other emoluments	6,679	4,795	-	-
Non-Executive Directors:				
- Fees	768	768	768	768
- Other emoluments	28	36	28	36
	8,027	6,181	1,276	1,314
Directors of the subsidiaries				
Executive Directors:				
- Fees	72	96	-	-
- Other emoluments	5,836	5,367	-	-
	5,908	5,463	-	-
	13,935	11,644	1,276	1,314

The estimated monetary value of benefits-in-kind (including ESOS) of the Group received by the directors of the Company and of the subsidiaries are RM136,000 (2021: RM33,071,000) and RM35,000 (2021: RM34,686,000) respectively.

(c) Other items

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Depreciation of property, plant and equipment (Note 8)	143,193	130,367	-	-
Depreciation of right-of-use assets (Note 11)	2,098	1,859	-	-
Fair value (gain)/loss on:				
- derivative financial instruments (Note 17)	(75,964)	35,540	-	-
- short-term investments	(15,167)	-	(5,192)	-
Impairment loss on trade receivables (Note 15)	-	230	-	-
Interest expenses in respect of:				
- term loans	4,600	6,369	-	-
- lease liabilities	138	119	-	-
- others	36	44	-	-
Loss/(gain) on foreign exchange:				
- realised	23,352	(20,019)	-	-
- unrealised	37,274	(12,893)	-	-
Amortisation of intangible assets (Note 10)	6,572	5,587	-	-
Auditors' remuneration:				
Audit services by auditors of the Company	382	370	70	70
Audit services by other auditors	56	62	-	-
Other services by member firms of auditors of the Company	636	696	49	301
Gain on disposal of property, plant and equipment	(284)	(353)	-	-
Property, plant and equipment and intangible assets written off	-	74	-	-
Interest income in respect of:				
- Deposits with licensed banks	(10,491)	(5,653)	(443)	(475)
- Advances to subsidiaries	-	-	(14,378)	(16,557)
Income from fixed income fund	(25,663)	(9,185)	(7,975)	(6,085)

6. TAX EXPENSE

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax				
Malaysia income tax				
Current year	1,336,078	840,332	3,550	4,087
(Over)/Under provision in prior years	(10,492)	2,870	-	(8)
Overseas income tax				
Overseas - current year	21,474	42,901	-	-
Under provision in prior years	7	-	-	-
	1,347,067	886,103	3,550	4,079
Deferred tax				
Origination and reversal of temporary differences	51,438	15,278	-	-
(Over)/Under provision in prior years	(3,901)	8,255	-	-
	47,537	23,533	-	-
Tax expense	1,394,604	909,636	3,550	4,079

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	4,636,882	3,813,383	3,013,618	1,019,308
Tax at the Malaysian statutory income tax rate of 24% (2021: 24%)	1,112,852	915,212	723,268	244,634
Effect of different tax rate of foreign subsidiaries	4,208	7,548	-	-
Effect of Prosperity Tax	350,304	-	-	-
Tax effects of:				
Non-deductible expenses	6,152	11,428	778	1,175
Non-taxable income	(20,086)	(2,489)	(720,496)	(241,722)
Utilisation of tax incentives	(44,440)	(33,188)	-	-
(Over)/Under provision in prior years:				
Current tax	(10,485)	2,870	-	(8)
Deferred tax	(3,901)	8,255	-	-
Tax expense	1,394,604	909,636	3,550	4,079

The Finance Act 2021 gazetted on 31 December 2021 enacts the Prosperity Tax on companies that generate high income during the COVID-19 pandemic period for Year of Assessment 2022. A company with chargeable income up to first RM100 million will be taxed at 24% and the remaining chargeable income will be taxed at a one-off rate of 33%.

7. EARNINGS PER ORDINARY SHARE

	Group	
	2022	**2021**
Basic earnings per ordinary share		
Net profit attributable to owners of the Company (RM'000)	3,234,453	2,885,513
Number of shares in issue as at beginning of the financial year ('000)	3,427,606	3,383,413
Effect of exercise of ESOS (weighted average) ('000)	-	34,054
Effect on acquisition of treasury shares ('000)	(9,707)	-
Weighted average number of ordinary shares in issue ('000)	3,417,899	3,417,467
Basic earnings per ordinary share (sen)	94.63	84.43
Diluted earnings per ordinary share		
Net profit attributable to owners of the Company (RM'000)	3,234,453	2,885,513
Weighted average number of ordinary shares in issue for calculating diluted earnings per ordinary share ('000)	3,417,899	3,417,467
Diluted earnings per ordinary share (sen)	94.63	84.43

In the previous financial year, eligible employees had exercised the options to acquire 44,193,000 ordinary shares.

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

8. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Cost								
At 1 April 2021	26,721	100,082	712,413	1,750,542	351,726	11,416	3,713	2,956,613
Additions	-	-	25,099	19,065	9,434	3,709	47	57,354
Disposals	-	-	-	(825)	(300)	(2,658)	-	(3,783)
Transfer from capital work-in-progress (Note 9)	-	-	41,437	220,467	34,089	-	1,298	297,291
Translation differences	-	-	-	-	(9)	-	-	(9)
At 31 March 2022	26,721	100,082	778,949	1,989,249	394,940	12,467	5,058	3,307,466
Accumulated depreciation								
At 1 April 2021	-	6,329	71,826	539,717	173,270	6,431	2,672	800,245
Charge for the financial year (Note 5)	-	1,047	14,492	87,551	37,575	2,302	226	143,193
Disposals	-	-	-	(507)	(193)	(2,291)	-	(2,991)
Translation differences	-	-	-	-	(13)	-	-	(13)
At 31 March 2022	-	7,376	86,318	626,761	210,639	6,442	2,898	940,434
Net carrying amount								
At 31 March 2022	26,721	92,706	692,631	1,362,488	184,301	6,025	2,160	2,367,032

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Cost								
At 1 April 2020	26,721	100,079	678,115	1,536,593	317,545	13,019	2,975	2,675,047
Additions	-	-	1,597	1,552	2,862	1,071	91	7,173
Disposals	-	-	-	(367)	(460)	(2,396)	-	(3,223)
Written off	-	-	-	(35)	(262)	(272)	-	(569)
Transfer from capital work-in-progress (Note 9)	-	-	32,701	212,799	31,961	-	647	278,108
Translation differences	-	3	-	-	80	(6)	-	77
At 31 March 2021	26,721	100,082	712,413	1,750,542	351,726	11,416	3,713	2,956,613
Accumulated depreciation								
At 1 April 2020	-	5,282	58,219	462,350	137,482	6,952	2,565	672,850
Charge for the financial year (Note 5)	-	1,047	13,607	77,469	36,298	1,839	107	130,367
Disposals	-	-	-	(67)	(352)	(2,085)	-	(2,504)
Written off	-	-	-	(35)	(208)	(269)	-	(512)
Translation differences	-	-	-	-	50	(6)	-	44
At 31 March 2021	-	6,329	71,826	539,717	173,270	6,431	2,672	800,245
Net carrying amount								
At 31 March 2021	26,721	93,753	640,587	1,210,825	178,456	4,985	1,041	2,156,368

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

(b) Net carrying amount of the property, plant and equipment amounting to RM689,889,000 (2021: RM724,471,000) is pledged as security by way of legal charge and specific debenture for banking facilities granted to the Group as disclosed in Note 21.

9. CAPITAL WORK-IN-PROGRESS

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of year	255,897	188,910
Additions	789,823	354,198
Transfer to property, plant and equipment (Note 8)	(297,291)	(278,108)
Transfer to intangible assets (Note 10)	(4,701)	(9,103)
At end of year	743,728	255,897

The capital work-in-progress is mainly in respect of construction of new factory building and set up of new production plant and machinery.

10. INTANGIBLE ASSETS

Group	IT software RM'000	Patent rights RM'000	Golf club memberships RM'000	Total RM'000
Cost				
At 1 April 2021	45,678	10,838	175	56,691
Additions	81	-	-	81
Transfer from capital work-in-progress (Note 9)	4,701	-	-	4,701
At 31 March 2022	50,460	10,838	175	61,473
Accumulated amortisation				
At 1 April 2021	19,635	4,423	42	24,100
Amortisation during the financial year (Note 5)	5,866	702	4	6,572
At 31 March 2022	25,501	5,125	46	30,672
Net carrying amount				
At 31 March 2022	24,959	5,713	129	30,801
Cost				
At 1 April 2020	36,367	10,810	175	47,352
Additions	228	28	-	256
Written off	(20)	-	-	(20)
Transfer from capital work-in-progress (Note 9)	9,103	-	-	9,103
At 31 March 2021	45,678	10,838	175	56,691
Accumulated amortisation				
At 1 April 2020	14,757	3,722	37	18,516
Amortisation during the financial year (Note 5)	4,881	701	5	5,587
Written off	(3)	-	-	(3)
At 31 March 2021	19,635	4,423	42	24,100
Net carrying amount				
At 31 March 2021	26,043	6,415	133	32,591

11. RIGHT-OF-USE ASSETS

Group	Land RM'000	Factory equipment RM'000	Premises RM'000	Total RM'000
Cost				
At 1 April 2021	771	4,169	2,281	7,221
Additions	523	1,864	964	3,351
At 31 March 2022	1,294	6,033	3,245	10,572
Accumulated depreciation				
At 1 April 2021	385	1,415	1,751	3,551
Charge during the financial year (Note 5)	778	1,087	233	2,098
At 31 March 2022	1,163	2,502	1,984	5,649
Net carrying amount				
At 31 March 2022	131	3,531	1,261	4,923
Cost				
At 1 April 2020	771	3,568	1,842	6,181
Additions	-	601	439	1,040
At 31 March 2021	771	4,169	2,281	7,221
Accumulated depreciation				
At 1 April 2020	220	665	807	1,692
Charge during the financial year (Note 5)	165	750	944	1,859
At 31 March 2021	385	1,415	1,751	3,551
Net carrying amount				
At 31 March 2021	386	2,754	530	3,670

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

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Unquoted shares, at cost		
At beginning of year	558,000	558,000
Acquisition of a subsidiary	8,619	-
At end of year	566,619	558,000

The particulars of subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2022	2021
Hartalega Sdn. Bhd.	Malaysia	Manufacturing of latex gloves	100%	100%
Hartalega NGC Sdn. Bhd.	Malaysia	Manufacturing of latex gloves	100%	100%
Hartalega Research Sdn. Bhd.	Malaysia	Research and development	100%	100%
MUN Global Sdn. Bhd.	Malaysia	Sales and marketing of gloves	100%	100%
Hartalega NSM Sdn. Bhd.	Malaysia	Manufacturing of latex gloves	100%	100%
Hartalega Corporate Services Sdn. Bhd. (formerly known as Sentinel Engineering (M) Sdn. Bhd.) (1)	Malaysia	Leasing of property, research and development of automation systems	100%	100%
Subsidiaries of Hartalega Sdn. Bhd.				
MUN (Australia) Pty Limited (2)	Australia	Retail and wholesale of gloves	82%	82%
Yancheng MUN Medical Equipment Co. Ltd. (2) (3)	People's Republic of China	Retail and wholesale of gloves	70%	70%
MUN Health Product (India) Pvt Ltd (2)	India	Retail and wholesale of gloves	81%	81%
Derma Care Plus Products (M) Sdn. Bhd.	Malaysia	Sales and marketing of gloves	100%	100%
Foshan Dynamic Limited (2) (4)	People's Republic of China	Export and trading of medical products	70%	70%

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2022	2021
Subsidiary of MUN (Australia) Pty Limited				
MUN (New Zealand) Limited [2]	New Zealand	Retail and wholesale of gloves	82%	82%

[1] Pursuant to the Share Sales and Purchase Agreement dated 25.1.2022, the equity interest held by Hartalega Sdn. Bhd. ("HSB") in Hartalega Corporate Services Sdn. Bhd. (formerly known as Sentinel Engineering (M) Sdn. Bhd.) ("HCSSB") was transferred to the Company. In consequence thereof, HCSSB is now a wholly owned direct subsidiary of the Company.

[2] Audited by a firm of auditors other than Deloitte PLT.

[3] Yancheng MUN Medical Equipment Co. Ltd. ("MUN China") is in the process of liquidation as of year end. As MUN China is dormant and has insignificant transactions in the current and previous financial years, thus the result of discontinued operations and effect on liquidation are not presented separately.

[4] During the year, the Group intended to initiate the liquidation process for Foshan Dynamic Limited ("FDL"). As FDL is dormant and has insignificant transactions in the current and previous financial years, thus the result of discontinued operations and effect on liquidation are not presented separately.

Composition of the Group

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

Principal activities	Country of incorporation	Number of wholly-owned subsidiaries	
		2022	2021
Manufacturing of latex gloves	Malaysia	3	3
Research and development	Malaysia	1	1
Sales and marketing of gloves	Malaysia	2	2
Leasing of property, research and development of automation systems	Malaysia	1	1
		7	7

Principal activities	Country of incorporation	Number of non wholly-owned subsidiaries	
		2022	2021
Retail and wholesale of gloves	Australia	1	1
Retail and wholesale of gloves	People's Republic of China	1	1
Retail and wholesale of gloves	India	1	1
Retail and wholesale of gloves	New Zealand	1	1
Export and trading of medical products	People's Republic of China	1	1
		5	5

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

	Percentage of ownership interests held by NCI	Profit allocated to non-controlling interests RM'000	Accumulated non-controlling interests RM'000
2022			
MUN (Australia) Pty Limited	18%	8,861	20,028
Other individually immaterial subsidiaries	19% - 30%	(1,036)	3,539
		7,825	23,567
2021			
MUN (Australia) Pty Limited	18%	15,663	19,726
Other individually immaterial subsidiaries	19% - 30%	2,571	4,486
		18,234	24,212

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

	MUN (Australia) Pty Limited	
	2022	**2021**
	RM'000	**RM'000**
Non-current assets	3,617	3,171
Current assets	161,580	198,867
Non-current liabilities	(122)	(61)
Current liabilities	(53,806)	(92,386)
Net assets	111,269	109,591
Equity attributable to owners of the Company	91,241	89,865
Non-controlling interests	20,028	19,726
	111,269	109,591
Revenue	408,059	295,127
Profit for the year	49,225	87,015
Profit attributable to:		
Owners of the Company	40,364	71,352
Non-controlling interests	8,861	15,663
	49,225	87,015

13. DEFERRED TAX ASSETS AND LIABILITIES

	Group	
	2022	**2021**
	RM'000	**RM'000**
Deferred tax assets		
At beginning of year	3,256	970
Recognised in profit or loss	316	1,970
Translation differences	(6)	316
At end of year	3,566	3,256
Deferred tax liabilities		
At beginning of year	197,986	172,475
Recognised in profit or loss	47,853	25,503
Translation differences	-	8
At end of year	245,839	197,986

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Deferred tax assets		
Temporary differences in respect of deductible expenses	24,028	29,633
Unrealised foreign exchange losses	7,981	9,533
	32,009	39,166
Offsetting	(28,443)	(35,910)
Deferred tax assets (after offsetting)	3,566	3,256
Deferred tax liabilities		
Temporary differences between the carrying amount of property, plant and equipment and its tax base	274,159	229,733
Unrealised foreign exchange gains	-	4,102
Temporary differences in respect of taxable income	123	61
	274,282	233,896
Offsetting	(28,443)	(35,910)
Deferred tax liabilities (after offsetting)	245,839	197,986

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Unused tax losses	300	300

The above unused tax losses belong to a subsidiary of the Group. No deferred tax assets are recognised in respect of the above items as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The Malaysia Finance Act 2018 gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unused tax losses. The accumulated unused tax losses brought forward from year of assessment 2018 can be carried forward for another seven consecutive years of assessment and any balance of the unused tax losses thereafter shall be disregarded.

The Malaysia Finance Act 2021 gazetted on 31 December 2021 stated that the time frame to carry forward unused tax losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. Unutilised tax losses accumulated up to year of assessment 2018 can now be carried forward for ten consecutive years of assessment until year of assessment 2028.

The unused tax losses of the Group will expire in year of assessment 2028 (2021: year of assessment 2025).

14. INVENTORIES

	Group	
	2022	**2021**
	RM'000	**RM'000**
Raw materials	87,357	181,282
Work-in-progress	24,937	69,174
Finished goods	214,608	307,526
Goods-in-transit	14,301	29,210
Formers	29,102	21,502
Spare parts and consumables	26,642	24,761
	396,947	633,455

The cost of inventories recognised as expense and included in cost of sales during the financial year amounted to RM3,090,808,000 (2021: RM2,603,315,000).

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade				
Trade receivables	339,017	974,680	-	-
Less: Allowance for expected credit losses ("ECL")	(281)	(281)	-	-
Trade receivables, net	338,736	974,399	-	-
Non-trade				
Other receivables	20,390	37,469	218	218
Deposits	24,983	66,634	22,874	22,874
Prepayments	34,497	32,149	-	-
	79,870	136,252	23,092	23,092
	418,606	1,110,651	23,092	23,092

(a) Credit term of trade receivables

The Group's normal trade credit terms extended to customers range from 30 to 90 days (2021: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

(b) Ageing analysis of trade receivables

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Neither past due nor impaired	291,983	809,546
1 to 30 days past due not impaired	36,798	149,513
31 to 60 days past due not impaired	7,484	12,068
61 to 90 days past due not impaired	1,229	2,355
91 to 120 days past due not impaired	367	503
More than 121 days past due not impaired	875	414
	46,753	164,853
Impaired - More than 121 days past due	281	281
	339,017	974,680

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

Trade receivables of the Group amounting to RM46,753,000 (2021: RM164,853,000) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable.

Receivables that are impaired

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

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Trade receivables (nominal amounts)	281	281
Less: Allowance for impairment losses	(281)	(281)
	-	-

The impaired debtors at the reporting date are in significant financial difficulties and had defaulted in payment. These receivables are not secured by any collateral or credit enhancements.

The movement of allowance for ECL on trade receivables:

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of year	281	29
Impairment (Note 5)	-	230
Translation differences	-	22
At end of year	281	281

(c) Trade receivables denominated in foreign currency are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
United States Dollar	314,127	932,410

(d) Other receivables and deposits

Included in deposits of the Group and of the Company are deposits paid in relation to land acquisition amounting to RM22,869,000 and RM22,869,000 respectively (2021: RM65,014,000 and RM22,869,000 respectively).

16. TAX ASSETS AND LIABILITIES

These are in respect of tax recoverable and payable from/(to) the tax authority.

17. DERIVATIVE FINANCIAL LIABILITIES

	Group			
	Contract notional amount		**Fair value**	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Derivative Financial Assets				
Non-hedging derivative at fair value through profit or loss:				
- USD denominated	287,180	-	1,576	-
Derivative Financial Liabilities				
Non-hedging derivative at fair value through profit or loss:				
- USD denominated	777,710	4,525,854	(160)	(74,548)

The Group uses forward currency contracts to manage sales transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. Forward currency contracts are used to hedge the Group's trade receivables and sales denominated in United States Dollar ("USD"), extended to December 2022.

During the financial year, the Group recognised a gain of RM75,964,000 (2021: loss of RM35,540,000) arising from fair value changes of derivative financial instruments. The method and assumption applied in determining the fair value of derivatives is disclosed in Note 29.

18. CASH, BANK BALANCES AND SHORT-TERM INVESTMENTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed income fund with licensed fund management companies (redeemable upon 1 day notice)	1,549,506	1,739,585	745,230	785,391
Cash at banks and on hand	828,621	929,156	6,103	3,827
Cash and cash equivalents	2,378,127	2,668,741	751,333	789,218

Included in cash at banks of the Group and of the Company are amounts of RM692,749,000 (2021: RM792,722,000) and RM6,103,000 (2021: RM3,827,000) respectively which earn interest at effective interest rates ranging from 0.25% to 1.70% (2021: 0.25% to 2.20%) per annum.

Cash and cash equivalents of the Group denominated in foreign currency are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
United States Dollar	350,079	513,876

19. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2022	**2021**	**2022**	**2021**
	'000	**'000**	**RM'000**	**RM'000**
Issued and fully paid shares with no par value classified as equity instrument:				
At beginning of year	3,427,606	3,383,413	1,692,061	1,509,591
Issued during the financial year				
- exercise of options under ESOS	-	44,193	-	182,470
At end of year	3,427,606	3,427,606	1,692,061	1,692,061

(a) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Ordinary shares issued

In the previous financial year, the Company increased its issued and paid-up ordinary share capital from RM1,509,591,323 to RM1,692,061,447 by way of issuance of 44,193,335 ordinary shares for cash pursuant to the exercise of options under the Employees Share Option Scheme at exercise prices ranging between RM1.89 and RM6.09 per ordinary share. The new ordinary shares issued in the previous financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

20. RESERVES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Distributable				
Retained earnings	3,521,967	3,276,501	456,654	435,573
Non-distributable				
Translation reserve	4,753	6,338	-	-
Treasury shares	(97,474)	-	(97,474)	-
	(92,721)	6,338	(97,474)	-
	3,429,246	3,282,839	359,180	435,573

(a) Retained earnings

The retained earnings of the Company are available to be distributed as single tier dividend to the shareholders of the Company.

(b) Translation reserve

The translation reserve comprises all foreign currency differences arising from translation of the financial statements of the entities within the Group with functional currencies other than RM.

(c) Treasury Shares

During the financial year, the Company repurchased 10,145,000 units of its issued ordinary shares from the open market at an average price of RM9.61 per share. The total consideration paid for the repurchase was RM97,474,000. The shares repurchased were being held as treasury shares in accordance with Section 127 (4)(b) of the Companies Act 2016 and no treasury shares have been cancelled or resold to date.

21. LOANS AND BORROWINGS

	Short-term borrowings	←		Long-term borrowings		→	
	within 1 year	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Sub-total**	**Total**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2022							
Secured variable rate instruments							
Term loans							
- United States Dollar	102,110	90,792	45,866	-	-	136,658	238,768
2021							
Secured variable rate instruments							
Term loans							
- United States Dollar	92,913	100,149	83,306	56,081	10,605	250,141	343,054

The term loans of the Group are secured by:

(i) legal charges over certain buildings of the borrower (Note 8);

(ii) specific debenture over certain plant and machinery of the borrower (Note 8); and

(iii) corporate guarantee from the Company.

22. LEASE LIABILITIES

	Group	
	2022	2021
	RM'000	RM'000
Lease liabilities payments:		
- not later than 1 year	1,951	1,709
- later than 1 year and not later than 5 years	3,304	2,207
	5,255	3,916
Future finance charges on lease liabilities		
- not later than 1 year	(122)	(88)
- later than 1 year and not later than 5 years	(114)	(80)
	(236)	(168)
Principal amount relating to lease liabilities	5,019	3,748
Principal amount relating to lease liabilities:		
- not later than 1 year	1,829	1,621
- later than 1 year and not later than 5 years	3,190	2,127
	5,019	3,748

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Trade				
Trade payables	117,910	183,236	-	-
Non-trade				
Other payables	95,592	713,052	43	2
Accruals	164,680	194,990	78	208
	260,272	908,042	121	210
	378,182	1,091,278	121	210

Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2021: 30 to 90 days).

Trade payables denominated in foreign currency are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
United States Dollar	52,543	93,986

Other payables

Included in other payables of the Group are amounts of RM63,035,000 and RM3,328,000 (2021: RM658,371,000 and RM19,075,000) in respect of advance payments received from customers and balances owing to contractors for the construction and set up of new production plant and machinery. Included in accruals of the Group is an amount of RM43,942,000 (2021: RM51,375,000) in respect of and accrued expenses for natural gas and purchase of raw materials.

Other payables denominated in major foreign currency are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
United States Dollar	54,902	669,390
Australian Dollar	13,760	18,676

24. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

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

The non-current portion of amount owing by subsidiaries arose from advances amounting to RM710,451,000 (2021: RM757,451,000) which bear interest rates ranging from 2.00% (2021: 2.00% - 2.65%) per annum and is not expected to be repaid within the next 12 months.

The current portion of amount owing by subsidiaries are non-trade in nature, unsecured and are repayable on demand.

Identity of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. The Group and the Company have related party relationship with the holding company, subsidiaries, key management personnel and companies related to directors.

Related party transactions

	Company	
	2022	**2021**
	RM'000	**RM'000**
Received and receivable from subsidiaries:		
- Dividend income	2,988,723	1,000,274
- Interest income	14,378	16,557

Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing, and controlling the activities of the entities, directly or indirectly. The key management personnel of the Group and of the Company include directors of the Company and subsidiaries.

The compensation of the key management personnel are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors' fees	1,392	1,446	1,248	1,278
Short term employee benefits	11,472	9,334	28	36
Post-employment benefits	1,071	864	-	-
Estimated monetary value of benefits-in-kind (including ESOS)	171	67,757	-	-
	14,106	79,401	1,276	1,314

25. DIVIDENDS

	Group/Company	
	2022	**2021**
	RM'000	**RM'000**
Third interim single tier exempt dividend of 2.05 sen per share in respect of the financial year ended 31 March 2020	-	69,454
Final single tier exempt dividend of 2.1 sen per share in respect of the financial year ended 31 March 2020	-	71,980
First interim single tier exempt dividend of 3.85 sen per share in respect of the financial year ended 31 March 2021	-	131,963
Second interim single tier exempt dividend of 9.65 sen per share in respect of the financial year ended 31 March 2021	-	330,764
Third interim single tier exempt dividend of 17.70 sen per share in respect of the financial year ended 31 March 2021	605,308	-
Final single tier exempt dividend of 19.75 sen per share in respect of the financial year ended 31 March 2021	674,949	-
First interim single tier exempt dividend of 35.20 sen per share in respect of the financial year ended 31 March 2022	1,202,946	-
Second interim single tier exempt dividend of 14.80 sen per share in respect of the financial year ended 31 March 2022	505,784	-
	2,988,987	604,161

On 10 May 2022, the directors declared a third interim single tier exempt dividend of 3.50 sen per share amounting to RM119,611,000 in respect of the current financial year. The said dividend was paid on 9 June 2022.

The directors recommended a final single tier exempt dividend of 3.50 sen per share amounting to RM119,611,000 based on the number of outstanding ordinary shares in issue as at the date of this report, in respect of the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect the third interim dividend paid and final dividend proposed. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2023.

26. CAPITAL COMMITMENT

In respect of acquisition of property, plant and equipment:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Approved and contracted for	889,736	1,225,439

27. SEGMENT INFORMATION

The Group's business mainly comprises the manufacturing and sale of latex gloves. The Group's manufacturing activities are operated solely in Malaysia whilst its revenue are mainly earned in Malaysia. On this basis, the Chief Executive Officer of the Group reviews the operating results of the Group as a whole. Accordingly, no reportable operating segment is presented as all information required has been disclosed in the financial statements.

Information about geographical areas

Revenue information based on the geographical location of customers is as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
North America	4,256,394	3,207,124
Europe	1,854,112	1,931,528
Asia (excluding Malaysia)	1,067,346	1,015,445
Australia	412,184	296,314
South America	148,503	133,578
Middle East	66,272	49,342
Malaysia	29,752	31,175
Others	53,723	38,979
	7,888,286	6,703,485

Non-current assets which do not include deferred tax assets analysed by geographical location of the assets are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Malaysia	3,145,841	2,447,772
Australia	154	154
China	203	193
India	286	407
	3,146,484	2,448,526

Information about major customers

The following is major customer with revenue equal or more than 10% of Group revenue:

	Geographical location	Group 2022 RM'000	Group 2021 RM'000
Customer A	North America	2,176,006	1,647,143

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group's risk management seeks to minimise the potential adverse effects from the exposures to variety of risks in the normal course of business.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are disclosed below.

(a) Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arises mainly from its receivables and the maximum risk associated with the recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on a subsidiary's term loans.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date is as follows:

	Group 2022 RM'000	Group 2022 % of total	Group 2021 RM'000	Group 2021 % of total
By country:				
United States of America	200,171	59.0	547,152	56.2
Germany	62,305	18.4	104,877	10.8
United Kingdom	874	0.3	61,734	6.3
Australia	17,870	5.3	39,938	4.1
Netherlands	13,791	4.1	34,923	3.6
Spain	3,249	1.0	34,436	3.5
Others	40,476	11.9	151,339	15.5
	338,736	100.0	974,399	100.0

At the reporting date, approximately 47.1% (2021: 43.9%) of the Group's trade receivables was due from two (2021: two) major customers. Trade receivable balances from those major customers amounted to RM159,400,000 (2021: RM427,289,000).

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the repayments made by the subsidiary and its financial performance.

The maximum exposure to credit risk amounting to RM238,768,000 (2021: RM343,054,000) representing the outstanding borrowings of subsidiaries guaranteed by the Company at the reporting date. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

i) The subsidiary is unlikely to pay its credit obligation to the bank in full; or

ii) The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations.

	Carrying amount	Contractual cash flows	On demand or within 1 year	1 to 2 years	2 to 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000
2022					
Group					
Financial liabilities:					
Trade and other payables	378,182	378,182	378,182	-	-
Lease liabilities	5,019	5,255	1,951	1,888	1,416
Loans and borrowings	238,768	241,792	103,485	91,910	46,397
Company					
Financial liabilities:					
Trade and other payables	121	121	121	-	-
Financial guarantee contracts	-	238,768	238,768	-	-
2021					
Group					
Financial liabilities:					
Trade and other payables	1,091,278	1,091,278	1,091,278	-	-
Lease liabilities	3,748	3,916	1,709	1,036	1,171
Loans and borrowings	343,054	352,316	95,422	102,853	154,041
Company					
Financial liabilities:					
Trade and other payables	210	210	210	-	-
Financial guarantee contract	-	343,054	343,054	-	-

The table below summarises the maturity profile of the Group's derivative financial liabilities as at 31 March 2022 based on contractual undiscounted repayment obligations. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

	Group			
	Carrying amount	**Contractual cash flows**	**Within 1 month**	**1 to 12 months**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2022				
Financial liabilities				
Forward foreign currency contracts	160	160	(769)	929
2021				
Financial liabilities				
Forward foreign currency contracts	74,548	74,548	13,243	61,305

(c) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from deposits placed with licensed banks, fixed income fund and borrowings. The deposits placed with licensed banks at fixed rate expose the Group to fair value interest rate risk whilst fixed income fund at variable rate expose the Group to cash flow interest rate risk.

Borrowings amounting to RM238,768,000 (2021: RM343,054,000) expose the Group to interest rate risk.

The Group manages its interest rate risk exposure by reviewing its debts portfolio to ensure favourable rates are obtained.

The Group does not have any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in the interest rates at the reporting date would not affect profit or loss.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, a change of 75 (2021: 75) basis points in interest rates, with all other variables held constant, would decrease/increase the equity and profit after tax of the Group by approximately RM1,361,000 (2021: RM1,955,000), arising mainly as a result of higher/lower interest expense on floating rate financial liabilities.

(d) Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Ringgit Malaysia (“RM”), United States Dollar (“USD”) and Australian Dollar (“AUD”). The foreign currency in which these transactions are denominated is mainly USD.

The Group also holds cash and cash equivalents denominated in USD for working capital purposes and have term loans denominated in USD.

Forward foreign currency contracts are used by the Group to reduce exposure to fluctuations in foreign currency risk. In addition, the Group holds cash and cash equivalents denominated in USD to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group’s net investment in United States of America, Australia, People’s Republic of China and India are not hedged as currency positions in USD, AUD, Renminbi (“RMB”) and Indian Rupee (“Rs”) are considered to be long-term in nature.

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Group’s profit for the financial year to a reasonably possible change in the USD exchange rate against RM, with all other variables held constant.

	Group	
	2022	**2021**
	RM’000	**RM’000**
USD/RM		
- strengthened 5%	12,138	10,082
- weakened 5%	(12,138)	(10,082)

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables

The carrying amounts of these financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values due to the short maturities of these financial instruments.

(ii) Amount owing by subsidiaries

The fair value of the long-term financial asset is determined by the present value of future cash flows estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair value and carrying value of the asset at the end of the reporting period.

(iii) Derivative financial instruments

Forward currency contracts are valued using a valuation technique with market observation inputs. The fair value of the forward foreign currency contracts is determined by reference to discounting the difference between the contracted rate and the current forward price at the reporting date for the residual maturity of the contracts using risk-free interest rate (based on government bonds).

(iv) Lease liabilities and borrowings

The fair values of lease liabilities and variable rate loans and borrowings, which are estimated using discounted cash flow analysis, based on current lending rate for similar types of lease and borrowing arrangements, are as follows:

	Group	
	Carrying amount	**Fair value**
	RM'000	**RM'000**
2022		
Financial Liabilities		
Lease liabilities	5,019	5,255
Loans and borrowings	238,768	241,792
2021		
Financial Liabilities		
Lease liabilities	3,748	3,916
Loans and borrowings	343,054	352,316

30. FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting date

	Group			
	Fair value	**Level 1**	**Level 2**	**Level 3**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2022				
Foreign currency forward contracts				
Derivative financial assets	1,576	-	1,576	-
Derivative financial liabilities	(160)	-	(160)	-
2021				
Foreign currency forward contracts				
Derivative financial liabilities	(74,548)	-	(74,548)	-

During the financial years ended 31 March 2022 and 2021, there was no transfer between fair value measurement hierarchy.

Fair value of financial instruments that are not measured at fair value in the statements of financial position at the end of the reporting date (but fair value disclosures are required)

	Group			
	Fair value	**Level 1**	**Level 2**	**Level 3**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2022				
Financial Liabilities				
Lease liabilities	5,255	-	-	5,255
Loans and borrowings	241,792	-	-	241,792
2021				
Financial Liabilities				
Lease liabilities	3,916	-	-	3,916
Loans and borrowings	352,316	-	-	352,316

The fair values of lease liabilities and loans and borrowings, which are estimated using discounted cash flow analysis, based on current lending rate for similar types of lease and borrowing arrangements.

31. CATEGORY OF FINANCIAL INSTRUMENTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets				
FVTPL:				
Short-term investments	1,549,506	1,739,585	745,230	785,391
Derivative financial assets	1,576	-	-	-
At amortised costs:				
Trade receivables and other receivables	384,109	1,078,502	23,092	23,092
Amount owing by subsidiaries	-	-	710,603	757,667
Cash and bank balances	828,621	929,156	6,103	3,827
Financial liabilities				
FVTPL:				
Derivative financial liabilities	160	74,548	-	-
At amortised costs:				
Trade and other payables	378,182	1,091,278	121	210
Lease liabilities	5,019	3,748	-	-
Loans and borrowings	238,768	343,054	-	-

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group's capital includes its shareholders' funds and interest-bearing borrowings. The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Board of Directors has announced a policy to distribute a minimum of 60% of the Group annual net profit to its shareholders effective from the financial year ended 31 March 2018.

No changes were made in the objectives, policies and processes since the financial year ended 31 March 2021.

As at 31 March 2022, the total capital managed by the Group which comprises shareholders' equity, amounted to RM5,121,307,000 (2021: RM4,974,900,000).

The Group is not subject to any externally imposed capital requirements.

The Group and the Company monitor capital using a group gearing ratio, which is net debts divided by total capital. Net debts comprise borrowings (including finance lease payables) less cash, bank balances and short-term investments whilst total capital is the total equity of the Group. The gearing ratio as at 31 March 2022 and 2021, which are within the Group's and the Company's objectives of capital management are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash, bank balances and short-term investments	2,378,127	2,668,741	751,333	789,218
Less: Total interest bearing borrowings	(238,768)	(343,054)	-	-
Total net cash	2,139,359	2,325,687	751,333	789,218
Total equity	5,144,874	4,999,112	2,051,241	2,127,634
Gearing ratio (%)	N/A	N/A	N/A	N/A

Additional Compliance Information

A. Utilisation of Proceeds Raised from Corporate Proposals

During the financial year ended 31 March 2022, there were no proceeds raised from any corporate proposals.

B. Related Party Transactions

A list of the significant related party transactions between the Company and its subsidiaries, and between the Group and other related parties including relevant Key Management personnel for the financial year ended 31 March 2022 is set out on page 168 of the Annual Report.

C. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid/payable by the Company and the Group for services rendered by the external auditor, Deloitte PLT and its affiliates in respect of the financial year ended 31 March 2022 is set out under Note 5(c), page 147 of the Annual Report.

D. Material Contracts and Contracts Relating to Loan

During the financial year under review, there were no material contracts and/or contracts relating to loan entered into by the Company and/or its subsidiaries, involving the interests of the Directors and substantial shareholders.

List of Properties

AS AT 30 JUNE 2022

Location Address	Existing Use	Approximate Age of Building	Tenure	Date of Acquisition	Area (m^2)	NBV (RM'000)
GRN 193487, Lot 4864 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	Between 15 to 27 years	Freehold	1995 to 2007	30,641 (build-up area)	23,251
H.S.(D) 276179, P.T. No. 7320 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	Between 11 to 16 years	Freehold	2006 to 2011	41,736 (build-up area)	45,261
H.S.(D) 279954, P.T. No. 7321 Seksyen 4, Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Factory and office building	9 years	Freehold	2013	31,948 (build-up area)	49,730
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Factory and office building	Between 3 to 7 years	Leasehold expiring on 9 October 2110	2015 to 2019	277,936 (build-up area)	489,774
GRN 193487, Lot 4864 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	1993 to 2001	43,158	4,901
H.S.(D) 276179, P.T. No. 7320 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	2006 to 2007	57,987	10,031
H.S.(D) 279954, PT 7321 Seksyen 4, Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	2010 to 2011	45,220	11,671
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Industrial land	N/A	Leasehold expiring on 9 October 2110	2013	384,449	88,847
H.S.(D) 36056, P.T. No. 5786 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Agriculture land	N/A	Leasehold expiring on 9 October 2110	2013	68,800	3,556

Location Address	Existing Use	Approximate Age of Building	Tenure	Date of Acquisition	Area (m²)	NBV (RM'000)
H.S.(D) 36057, P.T. No. 5787 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Industrial land	N/A	Leasehold expiring on 9 October 2110	2014	650	156
H.S.(D) 1742, P.T. No. 2965 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor Darul Ehsan	Vacant land	N/A	Leasehold expiring on 14 Mar 2090	1998	3,237	127
C-G-9, Jalan Dataran SD1 Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur	4 storey office buiding	15 years	Leasehold expiring on 27 Aug 2102	2007	410 (build-up area)	1,325
No.2A, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single storey house-hostel	18 years	Freehold	2009	143	173
No.6, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single storey house-hostel	18 years	Freehold	2009	144	173
No.8, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single storey house-hostel	18 years	Freehold	2009	145	173
No.10, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single storey house-hostel	18 years	Freehold	2009	146	173
No.12, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single storey house-hostel	18 years	Freehold	2010	147	177
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Hostel building	Between 3 to 7 years	Leasehold expiring on 9 October 2110	2015 to 2019	75,146 (build-up area)	82,423

Analysis of Shareholdings

AS AT 30 JUNE 2022

Number of Total Issued and Paid Up Share Capital : 3,417,461,863 ordinary shares (excluding 10,145,000 share buy back)
Class of Shares : Ordinary Share
Voting Rights : One vote per ordinary share
Number of Shareholders : 37,531

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	312	6,479	0.00
100 - 1,000	14,827	8,893,641	0.26
1,001 - 10,000	17,093	66,023,360	1.93
10,001 - 100,000	4,325	127,260,028	3.72
100,001 - 170,873,092 (*)	971	1,532,897,481	44.86
170,873,093 and above(**)	3	1,682,380,874	49.23
	37,531	**3,417,461,863**	**100**

Remark: * Less than 5% of issued holdings
** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

The following are the substantial shareholders of the Company according to the Register of Substantial Shareholders.

Name of Shareholder	No. of Shares	%
Hartalega Industries Sdn Bhd	1,175,317,618	34.39
Budi Tenggara Sdn Bhd	294,917,656	8.63
Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	212,145,600	6.21

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Kuan Kam Hon @ Kwan Kam Onn	100,284,462	2.93	1,482,523,754*^#+	43.25
Kuan Mun Leong	15,954,000	0.47	-	-
Kuan Mun Keng	10,900,800	0.32	-	-
Dato' Tan Guan Cheong	-	-	-	-
Razman Hafidz bin Abu Zarim	-	-	-	-
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria	-	-	-	-
Datuk Seri Nurmala binti Abd Rahim	-	-	-	-
Datuk Loo Took Gee	10,000	0.00	-	-

* Deemed interest through his shareholding in Budi Tenggara Sdn Bhd by virtue of Section 8 of the Companies Act 2016.
^ Deemed interest through his shareholding in Hartalega Industries Sdn Bhd by virtue of Section 8 of the Companies Act 2016.
# Indirect interest shares held through spouse/children of the director who herself/himself is not the director of the Company.
+ Deemed interest through his shareholding in Yayasan Hartalega by virtue of Section 197 of Companies Act 2016.

30 LARGEST SHAREHOLDERS AS AT 30 JUNE 2022

No.	Name of Shareholder	No. of Shares	%
1	HARTALEGA INDUSTRIES SDN BHD	1,175,317,618	34.39
2	BUDI TENGGARA SDN BHD	294,917,656	8.63
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	212,145,600	6.21
4	KUAN KAM HON @ KWAN KAM ONN	98,695,862	2.89
5	KUAN KAM PENG	92,987,480	2.72
6	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	52,258,280	1.53
7	WONG KIN SENG @ WONG KIM SENG	50,000,000	1.46
8	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	43,631,209	1.28
9	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS-PB)	35,100,000	1.03
10	CITIGROUP NOMINEES (ASING) SDN BHD CB SPORE GW FOR GOVERNMENT OF SINGAPORE (GIC C)	28,655,600	0.84
11	KUAN EU JIN	25,959,400	0.76
12	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	23,899,810	0.70
13	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	23,553,586	0.69
14	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	22,124,294	0.65
15	ANDY TEN	20,680,436	0.61

No.	Name of Shareholder	No. of Shares	%
16	JASON TEN JHIA SEENG	20,680,432	0.61
17	KEVIN TEN	20,640,436	0.60
18	CHCSA SDN BHD	20,000,000	0.59
19	KUAN VIN SEUNG	19,879,400	0.58
20	TAN BOOI CHARN	16,444,000	0.48
21	KINETIC REGION SDN BHD	16,306,880	0.48
22	KUAN MUN LEONG	15,954,000	0.47
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	15,000,000	0.44
24	LEMBAGA TABUNG HAJI	13,298,000	0.39
25	CARTABAN NOMINEES (ASING) SDN BHD PAMB FOR PRULINK EQUITY FUND	12,592,800	0.37
26	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	12,050,000	0.35
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	12,006,289	0.35
28	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	11,790,096	0.34
29	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	11,702,300	0.34
30	LIM BOON KIONG	11,097,000	0.32

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting of the Company will be held at the Ballroom 2 & 3, 1st Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 1 September 2022, at 9.30 a.m. for the following purposes:

A G E N D A

AS ORDINARY BUSINESS

1. To table the Audited Financial Statements for the financial year ended **31 March 2022** together with the Reports of the Directors and Auditors thereon.

   (Please refer to Note A)

2. To approve the payment of a final dividend of 3.50 sen per share single tier for the financial year ended **31 March 2022.**

   (Resolution 1)

3. To approve the payment of Directors' Fees of RM1,320,000 and benefits of RM27,500 for the financial year ended **31 March 2022**.

   (Resolution 2)

4. To approve the payment of Directors' Fees of up to RM2,184,000 and benefits of up to RM58,000, from 1 April 2022 until the next Annual General Meeting.

   (Resolution 3)

5. i. To re-elect the following Directors retiring in accordance with Clause 91 of the Constitution of the Company:

   a. Mr. Kuan Kam Hon @ Kwan Kam Onn **(Resolution 4)**

   b. Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria **(Resolution 5)**

   c. Datuk Seri Nurmala binti Abd Rahim **(Resolution 6)**

   ii. To re-elect the following Director retiring in accordance with Clause 96 of the Constitution of the Company:

   a. Mr. Yap Seng Chong **(Resolution 7)**

6. To re-appoint DELOITTE PLT (LLP0010145-LCA) (AF0080) as Auditors of the Company and to authorise the Directors to fix their remuneration.

   (Resolution 8)

AS SPECIAL BUSINESS

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

7. **ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 & 76 OF THE COMPANIES ACT 2016**

"THAT subject to the Companies Act 2016, the Constitution of the Company and the approvals of the Securities Commission, Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Section 75 & 76 of the Companies Act 2016 to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 9)

8. **ORDINARY RESOLUTION – PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY**

"THAT subject always to the provisions of the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant statutory and/or regulatory requirements, the Company be authorised, to the fullest extent permitted by law, to buy-back such amount of Shares in the Company as may be determined by the Directors of the Company from time to time, through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that:

i. the aggregate number of Shares bought-back does not exceed 10% of the total issued and paid-up ordinary share capital of the Company at any time;

ii. the maximum amount of funds to be allocated for the shares buy-back shall not exceed the Company's audited retained earnings at any point in time;

iii. the Shares purchased shall be treated in the following manner:

a. the purchased Shares shall be cancelled; or
b. the purchased Shares shall be retained as treasury shares for distribution as dividend to the shareholders and/or resale on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancellation subsequently; or
c. part of the purchased Shares shall be retained as treasury shares and the remainder shall be cancelled; or
d. in such other manner as Bursa Securities and other relevant authorities may allow from time to time; or
e. any combination of (a), (b), (c) and (d) above.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:

i. the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

ii. the expiration of the period within which the next AGM after that date is required by law to be held; or

iii. revoked or varied by resolution passed by the Company in general meeting;

whichever occurs first.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to take all such steps as may be necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities (Central Depository) Industry Act 1991, and the entering into and execution of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the Shares bought-back) in accordance with the provisions of the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other relevant statutory and/or regulatory requirements."

(Resolution 10)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 3.50 sen per share single tier for the financial year ended 31 March 2022, if approved, will be paid on 29 September 2022, to depositors registered in the Record of Depositors at the close of business on 15 September 2022.

A depositor shall qualify for the dividend in respect of:

a. Shares transferred into the Depositor's Securities Account before 5.00 p.m. on 15 September 2022, in respect of ordinary transfers; and

b. Shares bought on the Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

By Order of the Board

WONG MAW CHUAN (MIA 7413) (SSM PC No.: 202008003554)
WONG YOUN KIM (F) (MAICSA 7018778) (SSM PC No.: 201908000410)
LEE CHIN WEN (F) (MAICSA 7061168) (SSM PC No.: 202008001901)
Company Secretaries

29 July 2022

Notes:

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

1. A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 334(1) of the Companies Act 2016 shall not apply to the Company.

2. Subject to Note (3) below, where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

3. The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. Where the Form of Proxy is executed by a corporation, it must be executed under its seal or under the hand of its attorney.

6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must, to be valid, be deposited at the office of the Share Registrar, Boardroom Share Registrar Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com by logging in and selecting "Hartalega Holdings Berhad Sixteenth (16th) Annual General Meeting" from the list of Corporate Meetings to deposit the proxy form electronically not less than forty-eight (48) hours before the time appointed for holding of the meeting or at any adjournment thereof.

7. Only a depositor whose name appears on the Record of Depositors as at 24 August 2022 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

8. Pursuant to Clause 58 of the Constitution of the Company, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory notes on Special Business:

9. Resolution 9

   Ordinary Resolution – Authority to allot and issue shares pursuant to Section 75 & 76 of the Companies Act 2016

   The proposed Ordinary Resolution 9 is a renewable mandate for the issue of shares under Section 75 & 76 of the Companies Act 2016. If passed, it will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares (other than bonus or rights issue) and for such purposes as they consider would be in the best interests of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 7 September 2021 pursuant to this authority.

   The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to the placing of shares, funding future investment(s), acquisition(s) and working capital and thereby reducing administrative time and cost associated with the convening of such meeting(s).

10. Resolution 10

    Ordinary Resolution – Proposed renewal of authority for purchase of own shares by the Company

    The proposed Ordinary Resolution 10 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

    Further information on the Proposed Renewal of Authority for Purchase of Own Shares by the Company is set out in the Share Buy-Back Statements to Shareholders of the Company which is dispatched together with this Annual Report.

Statement Accompanying
THE NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. The Directors who are standing for re-election in accordance with Clause 91 of the Constitution of the Company at the Annual General Meeting of the Company are as follows:

   (a) Mr. Kuan Kam Hon @ Kwan Kam Onn **(Resolution 4)**
   (b) Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria **(Resolution 5)**
   (c) Datuk Seri Nurmala binti Abd Rahim **(Resolution 6)**

2. The Director who is standing for re-election in accordance with Clause 96 of the Constitution of the Company at the Annual General Meeting of the Company is as follows:

   (a) Mr. Yap Seng Chong **(Resolution 7)**

3. The detailed profiles of the above Directors who are standing for re-election are set out in the Directors' Profiles set out on pages 16 to 21 of the Annual Report and their securities holdings in the Company are set out in the Analysis of Shareholdings on pages 183 to 186.

4. Board Meetings held in the financial year ended 31 March 2022

   There were Five (5) Board Meetings held during the financial year ended 31 March 2022. Details of the attendance of the Directors are as follows:

Directors	Attendance
MR. KUAN KAM HON @ KWAN KAM ONN	5/5
MR. KUAN MUN LEONG	5/5
MR. KUAN MUN KENG	5/5
DATO' TAN GUAN CHEONG	5/5
MR. RAZMAN HAFIDZ BIN ABU ZARIM	4/5
TAN SRI DATUK DR. REBECCA FATIMA STA. MARIA	5/5
DATUK SERI NURMALA BINTI ABD RAHIM	5/5
DATUK LOO TOOK GEE	5/5
MR. YAP SENG CHONG *(Appointed on 5/7/2022)*	NIL

5. Place, Date and Time of Meeting

   The Sixteenth (16th) Annual General Meeting of the Company will be held at the Ballroom 2 & 3, 1st Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 1 September 2022, at 9.30 a.m.

PROXY FORM

Hartalega

HARTALEGA HOLDINGS BERHAD
Registration No. 200601022130 (741883-X)
(Incorporated in Malaysia)

*I/*We ....
(Full Name in Block Capitals)

of..
(Address)

Mobile Number:..Email Address:..

being a member/members of Hartalega Holdings Berhad, hereby appoint:

1) Name of proxy:..NRIC No:..
(Full Name in Block Capitals)

Address:... No. of shares represented:...

Mobile Number:..Email Address:..

2) Name of proxy:..NRIC No:..
(Full Name in Block Capitals)

Address:... No. of shares represented:...

Mobile Number:..Email Address:..

or, *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us on *my/*our behalf at the **Sixteenth (16th) Annual General Meeting** of **Hartalega Holdings Berhad** to be held at the Ballroom 2 & 3, 1st Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 1 September 2022, at 9.30 a.m. or at any adjournment thereof.

*My/*Our Proxy(ies) is/are to vote as indicated below:

NO.	RESOLUTIONS	FOR*	AGAINST*
1	To approve the payment of a final dividend of 3.50 sen per share single tier.		
2	To approve the payment of Directors' Fees of RM1,320,000 and benefits of RM27,500 for the financial year ended 31 March 2022.		
3	To approve the payment of Directors' Fees of up to RM2,184,000 and benefits of up to RM58,000, from 1 April 2022 until the next Annual General Meeting.		
4	To re-elect Mr. Kuan Kam Hon @ Kwan Kam Onn as Director		
5	To re-elect Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria as Director		
6	To re-elect Datuk Seri Nurmala binti Abd Rahim as Director		
7	To re-elect Mr. Yap Seng Chong as Director		
8	To re-appoint DELOITTE PLT (LLP0010145-LCA) (AF0080) as Auditors of the Company and to authorise the Directors to determine their remuneration.		
9	**Special Business** - Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016.		
10	**Special Business** - Authority for purchase of own shares by the Company.		

(Please indicate with an "X" in the appropriate space above how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion.)

Dated this _____ day of ___________ 2022

Signature / Seal of Shareholders: ____
[*Delete if not applicable]

Number of shares held	
CDS Account No.	

Notes:

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

(1) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 334(1) of the Companies Act 2016 shall not apply to the Company.

(2) Subject to Note (3) below, where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

(3) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.

(4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(5) Where the Form of Proxy is executed by a corporation, it must be executed under its seal or under the hand of its attorney.

(6) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must, to be valid, be deposited at the office of the Share Registrar, Boardroom Share Registrar Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com by logging in and selecting "Hartalega Holdings Berhad Sixteenth (16th) Annual General Meeting" from the list of Corporate Meetings to deposit the proxy form electronically not less than forty-eight (48) hours before the time appointed for holding of the meeting or at any adjournment thereof.

(7) Only a depositor whose name appears on the Record of Depositors as at 24 August 2022 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

(8) Pursuant to Clause 58 of the Constitution of the Company, all resolutions set out in this Notice will be put to vote by way of poll.

Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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Stamp

HARTALEGA HOLDINGS BERHAD
Registration No. 200601022130 (741883-X)

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
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