Hartalega

Shaping the Future

Integrated Annual Report 2023

Shaping The Future

The cover visual and theme of this year's report, "Shaping the Future", reflects the Group's proactive stance towards future-readiness. The image of a child meticulously stacking blocks symbolises Hartalega's people-centric approach to growth, while the building blocks encapsulate the firm foundation that the Group is building on, from its visionary mind-set to its commitment to Environmental, Social and Governance best practices. The theme highlights that Hartalega is not simply reacting to the present, but actively working step-by-step towards shaping a better tomorrow.

17TH Annual General Meeting
5 September 2023

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About This Report

This year marks Hartalega's first Integrated Annual Report, presenting an account of our performance during the year and providing a holistic view of how we create value for our key stakeholders. This encompasses our strategic objectives, operational review, financial results, Environmental, Social and Governance (ESG) agenda, sustainability progress, and challenges and opportunities ahead for the Group.

Reporting Scope and Boundary

This Report reviews the performance and activities of the Group for the reporting period 1 April 2022 to 31 March 2023. The reporting boundaries cover Hartalega's operations and business units in Malaysia that the Group has direct management control over, including Hartalega Sdn Bhd, Hartalega NGC Sdn Bhd and Hartalega Research Sdn Bhd, unless otherwise specified.

Reporting Frameworks

This Report is developed in line with local and international reporting and governance frameworks, namely:

- **Value Reporting Foundation's International Integrated Reporting Council Frameworks**
- **Global Reporting Initiative (GRI) Standards**
- **United Nations Sustainable Development Goals (UN SDGs)**
- **Main Market Listing Requirements of Bursa Malaysia Securities Berhad**
- **Sustainability Reporting Guide (3rd Edition) by Bursa Malaysia Securities Berhad**
- **FTSE ESG Ratings Framework**
- **Malaysian Financial Reporting Standards**
- **International Financing Reporting Standards**
- **Companies Act 2016**
- **Malaysian Code on Corporate Governance (MCCG)**

Given that this is our first Integrated Annual Report, relevant reporting principles have been applied and we will continue to refine our reporting as we move forward.

Assurance

This Report adheres to the required governance frameworks and reporting procedures to ensure that all information and data, both financial and non-financial, are reported transparently and accurately. External assurance has been obtained for the audited financial statements presented in this Report. However, external assurance was not obtained for the other sections of the Report. This will be reviewed as we continuously enhance our reporting processes.

Forward-Looking Statements

This Report may contain forward-looking statements in relation to plans and objectives concerning the operations and business of Hartalega. Such statements entail certain assumptions, whereby actual outcomes may differ and are contingent upon risks and uncertainties that may arise in the future. The Group is under no obligation to update or revise any forward-looking statements.

Feedback

In line with our commitment to continuous improvement, stakeholders are encouraged to share their feedback on this Report at ir@hartalega.com.my.

Board Approval

The Board of Directors recognises its responsibility to uphold the integrity of this Integrated Annual Report. The Board is of the view that the Report presents a fair view of the Group's performance and addresses the relevant material issues that have an impact on the Group's ability to generate value.

This Report was approved by the Board of Directors of Hartalega Holdings Berhad on 4 July 2023.

Vision & Values

Our Vision

To be a trusted global healthcare products provider

Our Mission

Touch lives and create positive impact through innovative healthcare products

Driven By Core Values

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

Synergy

Excellence

Honesty

Learning

Innovation

Dedication

These values represent the qualities that Hartalega incorporates in all that we do, in order to propel the Group forward and enable us to realise our Vision and Mission.

Industry Firsts

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

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

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

FIRST to develop lightweight nitrile gloves, which initiated a global switch from latex to nitrile gloves

FIRST biomass energy plant in Malaysia registered with the United Nations Framework Convention on Climate Change (UNFCCC) or Kyoto Protocol that uses empty oil palm fruit bunches as biomass fuel to generate heat for production processes

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

FIRST to develop Goodpac™, a smart packing system designed to ensure single glove dispensing, which prevents glove wastage and contamination

FIRST to introduce the Colloidal Oatmeal System (COATS®), a patented glove-coating technology with clinically proven skin protectant and launch the COATS® gloves in 2013

Our Business

Established for over 35 years since inception in
1988

One of the world's **LARGEST** exporters of nitrile gloves

(as at 31 Mar'23)
Employs total workforce of 7,562 Hartanians

Embeds culture of innovation and leading R&D with wide product portfolio

- COATS® Colloidal Oatmeal Coated Glove
- BDG™ Biodegradable Glove
- AMG™ Antimicrobial Glove
- Polychloroprene Examination Glove

Leading nitrile glove manufacturer with production capacity over
44 Billion
pieces per year

Recognition in upholding strong ESG practices

- MSCI ESG Rating – 'A' rating (as at December 2022)
- ISS ESG Rating – 'Prime' rating (as at February 2023)
- Sustainalytics ESG Risk Scores – Low Risk Category (as at October 2022)
- FTSE4Good Bursa Malaysia Index continuously listed since 2014

FY2023 Highlights

Revenue
RM2.4 Billion

Operating Profit
RM140 Million*

Profit After Tax
RM108 Million*

Net Cash Position
RM1.6 Billion
(as at 31 March 2023)

Note: Excluding one-off impairment of RM347 million for decommissioning of Bestari Jaya facility

Our Presence

Exporting to more than

70 countries

across 5 continents worldwide

Growing

regional market presence
through MUN global distribution channels

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 System or COATS®

2014

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

2015

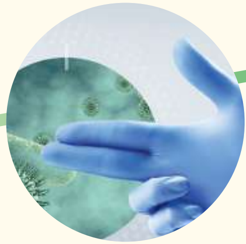
- Completed Plants 1 and 2 of the NGC
- Developed BDG™ Biodegradable Glove through R&D and innovation

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

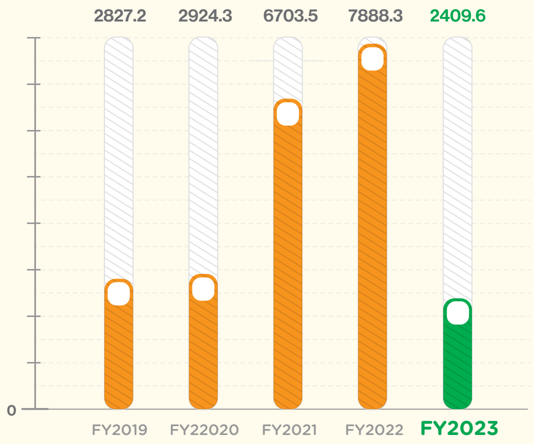
- Launched the Hartalega Academy
- Founding member of the Responsible Glove Alliance in collaboration with global industry participants and stakeholders to uphold responsible recruitment and employment practices

2022

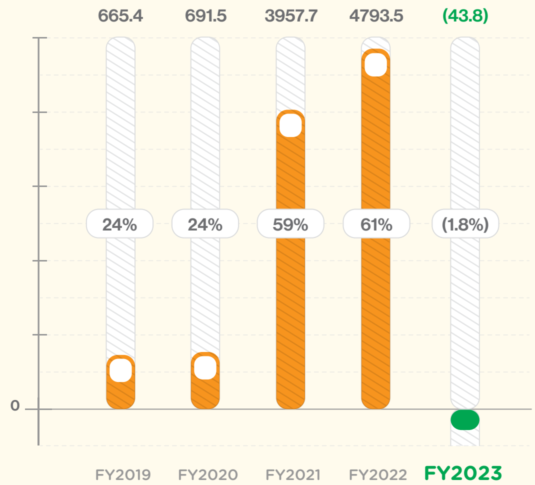
- Launched inaugural Young Professional Programme as part of Hartalega's People Strategy to identify and nurture young talent
- NGC attained international ISO 45001:2018 certification for Occupational Health & Safety Management System
- Operational journey completion of 25 years for production Plant 2, Bestari Jaya

Financial Summary

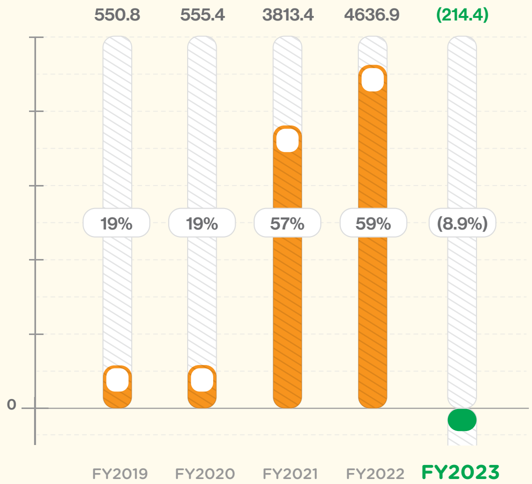
Revenue
(RM Million)



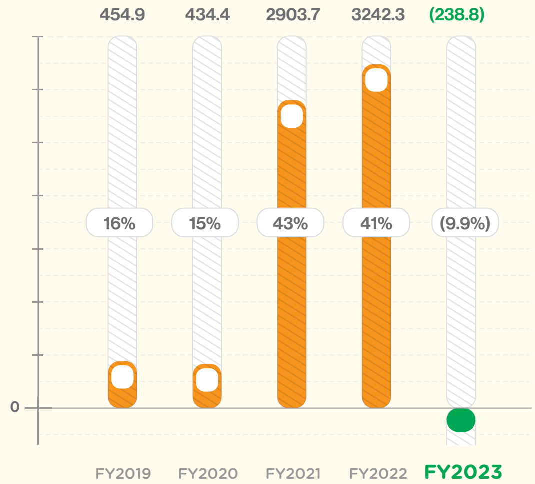
EBITDA & Margins
(RM Million, %)



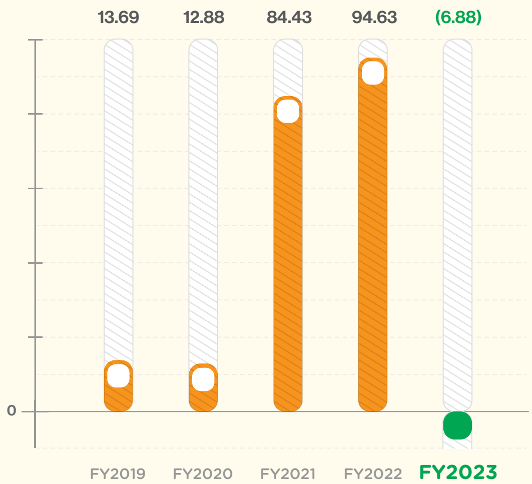
Profit Before Tax & Margins
(RM Million, %)



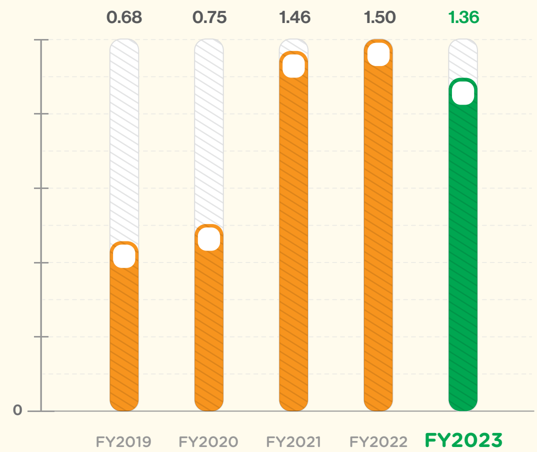
Profit After Tax & Margins
(RM Million, %)



Earnings Per Share
(RM)



Net Assets Per Share
(RM)



Key Capitals Highlights

The growth and success of Hartalega is premised upon six intrinsically linked key capitals which enable us to create value and address material matters. Categorised as financial, social and relationship, intellectual, manufactured, natural and human capitals, these are integral to our operations and business activities, as well as our development as a sustainable organisation.

Financial Capital

FC

As at 31 March 2023

Shareholders' equity of
RM4.7 billion

Cash and cash equivalents of
RM1.7 billion

Total assets of
RM5.3 billion

Capital expenditure of
RM308 million

Social & Relationship Capital

SC

Supporting the development of the local economy with
>90%
of active suppliers based in Malaysia

Large and diversified clientele base serving
290 customers worldwide

Over 1,215 volunteer hours
contributed by Hartanians for community engagement on communal development and well-being programmes

Invested more than
RM98 million
in our first-rate workers' accommodation to-date

Intellectual Capital

IC

Over 35 years
of industry knowledge and technical know-how accumulated since inception in 1988

Developed,
own and patented unique technology,
internal production processes and product offerings

Expanded our in-house full-time research and development (R&D) team by
68%
in FY2023 to drive continuous innovation

Manufactured Capital

MC

Group Property, Plant and Equipment value of
RM1.9 billion

Large-scale production facilities with 11 plants consisting of
120 production lines

Installed production capacity of
44 billion pieces
of gloves per annum

2 cogeneration power plants capable of generating electricity and thermal energy of
up to 65MW

Invested more than
RM90 million
in enhancing wastewater systems at our plants

Natural Capital

NC

Generated total energy of
495,031 MWh
from renewable sources since FY2021

Maintained our
Standard A
for water quality parameters, exceeding the Standard B criteria required by the Malaysian Department of Environment (DOE) for effluent water discharge

Manufacturing plants in Bestari Jaya are certified with
ISO 14001:2015
for our Environmental Management System

Human Capital

HC

FY2023

Total workforce:
7,562

145,778
total training hours

RM1.5 million
invested in learning and development

100% of our manufacturing plants are certified with
ISO 45001:2018
for Occupational Safety and Health Management System

Awards & Recognition

The Edge Malaysia ESG Awards 2022
– Gold Award for Healthcare Category

ESG Positive Impact Awards 2022
– Gold Award for Human Rights and Labour Standards (Large Companies Tier)

The Star Export Excellence Awards 2022
– Silver Award for Consumer Products (Mid-Tier & Large Companies)

Employee Experience Awards 2022
– Bronze Award for Best First –Time Manager Programme

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 Well-Being (Silver)
– Excellence in HR Communication Strategy (Bronze)

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

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

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

Media Milestones

The Star - May 9, 2023

Hartalega to retire Bestari Jaya plant

Earnings to gain from reduction in operating cost

CORPORATE

"Compared with its state-of-the-art production lines at the NGC facility, the Bestari Jaya facility is less efficient and restricted by older technology."

The Star - November 9, 2022

Hartalega stays upbeat on long-term outlook

Glove usage seen rising in emerging markets

CORPORATE

"We have taken a strategic approach to align our Next-Generation Integrated Glove Manufacturing Complex 1.5 expansion plan with the current market supply and demand dynamics."

Kuan Mun Leong

New Straits Times - May 9, 2023

RATIONALISATION EFFORTS

HARTALEGA TO MERGE OPERATIONS AT NGC

Decommissioning of Bestari Jaya facility to be completed by the end of the year

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HARTALEGA Holdings Bhd will decommission its Bestari Jaya facility and consolidate the operations at its Next Generation Integrated Glove Manufacturing Complex (NGC) in Sepang.

The decommissioning of the Bestari Jaya facility, consisting of four production plants which have been operational since 2004, is expected to be completed by the end of the year.

Chief executive officer Kuan Mun Leong said decommissioning the facility is difficult, but necessary to ensure Hartalega's capability to navigate the tough market landscape.

"As we undertake this exercise, we are committed to treating all Hartanians fairly and respectfully. With a period of approximately six months for the decommissioning to be completed, we have put in place measures to support affected employees."

He said the measures include opportunities for redeployment to its NGC facility for relevant roles, competitive severance packages and engaging with affected employees to provide outplacement support during the period.

The company's helpdesk will also address any affected employee's concerns and queries, as well as requests for human resource assistance and counselling.

"Given the challenging market conditions, we have put in place a five-year strategic plan to reinforce business resilience and long-term sustainability.

"Decommissioning the facility is part of our operation rationalisation efforts.

"Compared with our modern production lines at our NGC facility, our Bestari Jaya facility is less efficient and restricted by older technology, as well as generating higher energy and labour cost, in addition to higher maintenance costs due to the age of the facility."

Kuan Mun Leong

Kuan said that once the facility's decommissioning has been completed, the company expects to see a reduction in operating costs and depreciation that will directly benefit Hartalega's bottom line.

"Ultimately, this will lay the groundwork to enhance cost optimisation and strengthen operational efficiencies, leveraging our NGC facility's higher line speed and technological advancements.

"Taking a longer term view, our NGC facility also has the capacity for future expansion as we continue to progress strategically in line with prevailing market supply and demand dynamics."

Following the decommissioning exercise, the company expects to recognise an impairment loss of RM347 million for the financial year 2023 and further provision for retrenchment costs and contract obligation expenses amounting to RM70 million for financial year 2024.

Hartalega Holdings Bhd's decommissioning exercise will see it optimising the higher line speed and technological advancements of its Next Generation Integrated Glove Manufacturing Complex in Sepang. FILE PIC

Kosmo - February 8, 2023

Hartalega rekod untung RM89.2 juta

PETALING JAYA – Pengeluar sarung tangan lateks premium, Hartalega Holdings Berhad (Hartalega) mencatatkan untung sebelum cukai berjumlah RM89.2 juta bagi tempoh sembilan bulan berakhir 31 Disember 2022.

Untung sebelum cukai pula berjumlah RM140.7 juta, berasaskan hasil sebanyak RM1.9 bilion.

Ini berbanding untung bersih berjumlah RM3.43 bilion yang direkodkan bagi tempoh sembilan bulan berakhir 31 Disember 2021, berasaskan pendapatan RM6.92 bilion.

Bagi suku ketiga berakhir 31 Disember 2022, Kumpulan mengalami kerugian selepas cukai sebanyak RM31.1 juta, disebabkan harga jualan purata (ASP) dan jumlah jualan lebih rendah, di samping kos tenaga dan buruh yang kian meningkat.

Ini turut berpunca daripada persaingan yang semakin sengit dalam sektor sarung tangan, dengan permintaan jualan lebih rendah ekoran inventori sarung tangan berlebihan dan pelarasan stok dalam rantaian bekalan.

Ketua Pegawai Eksekutifnya, Kuan Mun Leong berkata, keadaan pasaran ternyata sukar kerana sektor sarung tangan terus terjejas impak ASP semasa yang lebih rendah, diburukkan lagi dengan kos tenaga lebih tinggi bagi gas asli dan tarif elektrik serta pelaksanaan dasar upah minimum baharu.

"Kami telah mengambil langkah proaktif untuk menjamin pengurusan kos yang berhemat, meningkatkan kecekapan operasi dan mengoptimumkan produktiviti menerusi inisiatif pelaksanaan automasi.

"Kumpulan akan terus menyelaraskan rancangan perkembangan Kompleks Pengilangan Sarung Tangan Bersepadu Generasi Akan Datang (NGC) 1.5 kami dengan keadaan bekalan dan permintaan semasa," katanya dalam satu kenyataan semalam.

KUAN MUN LEONG

The Star - February 9, 2023

Glove makers continue to face earnings pressure

Harian Metro - May 10, 2023

Hartalega tutup operasi di Bestari Jaya

Kuala Lumpur: Hartalega Holdings Bhd akan menutup operasi kilang pengeluaran di Bestari Jaya yang melibatkan penutupan empat kilang pengeluaran sebagai sebahagian daripada pelan penyusunan semula operasinya.

Pengeluar sarung tangan itu dalam kenyataan berkata ia kemudiannya akan menggabungkan operasinya di kompleks pembuatan sarung tangan (NGC) bersepadunya di Sepang.

Ketua Pegawai Eksekutifnya Kuan Mun Leong berkata langkah itu merupakan satu 'keputusan yang sukar namun perlu' untuk memastikan Hartalega dapat mengharungi landskap pasaran yang sukar. Operasi penutupan kilang itu dijangka selesai pada akhir 2023.

"Memandangkan situasi pasaran yang mencabar, kami telah menyediakan pelan strategik lima tahun untuk mengukuhkan daya tahan perniagaan dan kemampanan jangka panjang.

"Berbanding barisan pengeluaran canggih di kilang kami di NGC, kemudahan Bestari Jaya kami kurang cekap dan terhad kerana menggunakan teknologi lama yang menyebabkan kos tenaga dan buruh yang tinggi, selain kos penyelenggaraan yang tinggi disebabkan faktor usia kemudahan itu," katanya.

Kuan berkata semasa tempoh penutupan kilang itu, kumpulan tersebut komited untuk membantu pekerja yang terjejas melalui langkah-langkah termasuk peluang penempatan semula pekerjaan, tawaran pakej pemberhentian yang kompetitif, sokongan penempatan luar serta bantuan sumber manusia dan kaunseling.

The Malaysian Reserve - May 15, 2023

Hartalega strong recovery amid tough operating environment

▶ Recommendation: Sell
Target Price: RM1.59
by BIMB Securities Sdn Bhd
(May 10)

HARTALEGA HOLDINGS BHD				
FYE MAR	2022	2023F	2024F	2025F
TURNOVER (RM mil)	7,888.3	2,407.8	3,194.2	3,540.9
NET PROFIT (RM mil)	3,234.5	-218.0	199.7	251.0
CORE EPS (sen)	94.6	3.8	5.8	7.3
PER (x)	2.4	35.4	30.7	20.8

HARTALEGA Holdings Bhd registered a core profit after tax and minority interests (Patami) of RM44.1 million (excluding impairment of asset of RM346.9 million after the decommissioning of Bestari Jaya production facility) in the fourth quarter of 2023 (4Q23) compared to core loss after tax and minority interests (Latami) of RM31.9 million in last quarter and RM197.9 million in the same period a year ago. This brings financial year 2023 (FY23) core Patami to RM128.8 million. The result came in above ours and market forecast at 314.9% and 239.9% of full year forecast respectively. Maintain a 'Sell' call on Hartalega, with higher target price (TP) of RM1.59.

Above expectations. FY23 core Patami of RM128.8 million was above our in-house and street estimates, making up 314.9% and 239.9% of full year forecast respectively thanks to higher-than-expected customers' orders during 4Q23, hence, pushing utilisation rate and sales volume higher.

Qurater-on-quarter (QoQ). Revenue inched up by 11.7% QoQ, thanks to higher utilisation rate (55% versus 44% during 3Q23) as well as sales volume (+24.7% QoQ) despite a lower average selling price (ASP). Management highlights that ASP has been hovering around US$20 (RM87.60)/1000 pieces. Besides, core loss before tax (LBT) of RM13 million was registered after excluding impairment of asset (versus core profit before tax [PBT] of RM30 million).

Year-on-year (YoY). Revenue declined by 46.8% YoY despite a turnaround in core Patami of RM44.1 million (versus LBT of RM197.9 million). Discouraging revenue was weighed down by lower ASP and sales volume (-21.6% YoY) arising from stiff market competition amidst oversupply situation. Margin improved by 29 percentage points pps (YoY), however.

Year-to-date (YTD). For the full year FY23, revenue and core Patami slid by 69.5% YoY and 96% YoY respectively. This decline can be attributed to a tough operating environment characterised by rising input costs and a persistent supply and demand imbalance. These factors have negatively impacted ASP and utilisation rates throughout the financial year.

The Star - November 10, 2022

Hartalega profit affected by 'intense' competition

Harian Metro - February 8, 2023

Hartalega optimis kembali catat untung

Kuala Lumpur: Hartalega Holdings Bhd kekal optimis terhadap prospek jangka panjang kerana ia menjangkakan pertumbuhan permintaan akan kembali sebaik saja pasaran mencapai keseimbangan.

Ketua Pegawai Eksekutif Hartalega, Kuan Mun Leong berkata, pertumbuhan pasca pandemik dalam permintaan global dijangka disokong oleh peningkatan penggunaan sarung tangan getah.

"Ini terutama di pasaran sedang pesat membangun dengan asas penggunaan yang rendah, selain meningkatnya kesedaran mengenai kesihatan dan kebersihan dalam kalangan pengamal penjagaan kesihatan," katanya dalam satu kenyataan.

Hartalega mencatatkan kerugian bersih RM31.91 juta bagi suku ketiga berakhir 31 Disember tahun lalu, berbanding keuntungan bersih RM259.06 juta dalam suku sama tahun sebelumnya.

Pendapatan dalam suku dikaji merosot kepada RM461.84 juta, kurang separuh berbanding RM1 bilion yang direkodkan dalam suku sama tahun sebelumnya.

Dalam tempoh sembilan bulan sehingga 31 Disember tahun lalu, Hartalega bagaimanapun mencatatkan keuntungan bersih RM84.71 juta, jauh berbanding RM3.43 bilion dalam tempoh sama sebelumnya.

The Sun Daily - November 9, 2022

Hartalega posts second quarter earnings of RM28m

PETALING JAYA: Hartalega Holdings Bhd's net profit for the second quarter ended Sept 30, 2022 plummeted to RM28.34 million from RM914.01 million a year ago as revenue fell 70.9% to RM584.56 million from RM2.01 billion in the same quarter last year, mainly attributed to the lower average selling prices (ASP) coupled with a decrease in sales volume by 27%.

It added that rising energy costs such as the increase in natural gas tariffs as well as the introduction of minimum wage policy have also impacted the group's performance.

Hartalega's net profit for the cumulative six months also fell to RM116.62 million from RM3.17 billion last year as revenue tumbled 75.8% to RM1.43 billion from RM5.91 billion.

CEO Kuan Mun Leong commented that Hartalega has not been spared from the current global oversupply circumstances.

"However, we are confident that we will pull through and punch above these significant market challenges as the capacity rationalisation continues and move towards equilibrium," he said in a statement.

Kuan said the group is aligning its Next Generation Integrated Glove Manufacturing Complex 1.5 expansion plan with the current market supply and demand dynamics.

"We are continuing with efforts in reinforcing our advantages. This includes ramping up automation to maximise productivity as well as to achieve energy and cost optimisation."

Kuan said despite the pent-up inventory and heightened competition in the industry, it remains positive on the long-term prospects as global glove usage is expected to rise in emerging markets with a low glove consumption base.

"Heightened hygiene and health awareness among health practitioners will also drive demand and volume growth of gloves in the long run," he added.

Chairman's Review
and Management Discussion & Analysis

KUAN KAM HON
EXECUTIVE CHAIRMAN

Dear Shareholder,

The glove sector that we have been part of for almost four decades has changed rapidly. Despite resounding profits amid the COVID-19 pandemic, the tide has shifted drastically and rapidly for the industry amid the endemic phase. On this note, this is the first time in 15 years since we were listed on Bursa Malaysia, that we have had to close our 2023 financial year on a tough note.

Undoubtedly, the year under review certainly had its upside as we saw borders reopen and movement restrictions ease owing to a successful vaccination rate, while the domestic economy began its journey to recovery.

The post-pandemic glove market, however, has most definitely tested our resilience. As the global market strived to achieve equilibrium in the face of oversupply and a sudden influx of discounted supplies from global glove manufacturers, amongst other factors, the Group focused on mitigating the impact on our operations to ensure longer-term sustainability.

Our resolution to being financially agile and leveraging technological advancements as well as operational efficiency was key in how we dealt with these unprecedented market conditions, as we endeavoured to safeguard shareholder value and the well-being of Hartanians.

While the current landscape is challenging, we have gone through downcycles before and we have the wherewithal to not only overcome these challenges, but more importantly, to soar ahead.

Against this backdrop, I present to you our annual report for the financial year ended 31 March 2023 (FY2023).

Industry Landscape

In a landscape which saw ongoing COVID-19 developments and macroeconomic factors including currency and inflationary pressures in 2022, Malaysian manufacturers continued to account for close to half or 50% of global export market share, with the US and European Union remaining as key importers. Valued at over RM19 billion, Malaysian rubber glove exports during the year comprised approximately 141 billion pieces of gloves.

Global imports of rubber gloves fell during the year as the world transitioned to an endemic stage. As a result, rubber glove consumption based on global imports in 2022 decreased to 314 billion pieces compared with 384 billion pieces in 2021.

The after-effects of aggressive expansion during the pandemic years by global players who benefitted from a manufacturing environment with much lower operating costs continued to be felt throughout 2022. Global oversupply and excess inventory levels resulted in slower purchase demand that impacted average selling prices (ASPs) for rubber gloves. Having spiked at the onset of the pandemic and then rapidly declining in 2021, ASPs continued to moderate in 2022 to subsequently reach below pre-pandemic levels towards the second half of the year.

Further compressing the bottom line was the rising cost of raw materials as well as higher energy and labour costs. On the local front, labour cost increased following implementation of the new minimum wage policy, coupled with higher energy cost with hikes in both natural gas and electricity tariffs over the past year.

Financial Performance

Despite the challenges of FY2023, Hartalega was able to record a revenue of RM2.4 billion. This is testament to the fact that Hartalega remains resilient in terms of our sales amidst the tough market conditions.

Faced with trying market conditions and conscious that these are expected to persist, the Group made the difficult decision to decommission our older and less efficient Bestari Jaya facility. In view of this, the Group had to recognise a one-off impairment of RM347 million in FY2023. As a result and compounded by lower production utilisation as well as higher operating costs, the Group registered a full-year loss after tax of RM239 million.

Excluding the one-off impairment, the Group recorded a full-year profit after tax of RM108 million, while profit before tax stood at RM133 million and earnings before interest, tax, depreciation and amortisation (EBITDA) was RM303 million.

Total capital expenditure for the year under review amounted to RM308 million, which was utilised for construction work at our Next Generation Integrated Glove Manufacturing Complex (NGC) 1.5 as well as plant-wide digitalisation and automation initiatives.

Our fundamentals remained strong with a healthy net cash position of RM1.6 billion while shareholders' funds stood at RM4.7 billion as at 31 March 2023.

FY2023

Revenue

RM2.4 billion

Profit Before Tax

RM133 million*

EBITDA

RM303 million*

Net Cash

RM1.6 billion

**Note: Excluding one-off impairment of RM347 million for decommissioning of Bestari Jaya facility*

Dividends

Given the persistently tough conditions which impacted our profitability during the year, the Group was not able to declare a dividend for FY2023. Moving forward, the Group is committed to maintaining our dividend policy of distributing a minimum of 60% of our annual net profit.

Business & Operations Review

During the year under review, we recorded total sales of 22.5 billion pieces of gloves, a decrease from 29.5 billion pieces achieved in FY2022, amid intense market competition and slower global post-pandemic demand.

Within this challenging landscape, we were able to maintain our robust market presence globally, exporting our products to more than 70 countries across five continents, primarily to key developed markets such as North America and Europe, which comprised approximately 50% and 23% of our total sales respectively. In addition, the year saw us continue to expand our reach to emerging market regions such as Asia Pacific, Latin America, and Africa, where we remain positive

on the long-term prospects as global glove usage in these areas is expected to rise.

In tandem, we continued our efforts to establish a differentiated market position for our innovative products. This included actively advocating market uptake of our specialty glove product, the Colloidal Oatmeal System (COATS®) gloves – a patented product with unique product propositions for customers facing skin dehydration and irritation from using other conventional gloves. At the same time, we are promoting uptake for our gloves in sectors beyond the traditional healthcare sector.

Alongside this, we made further progress in our automation and digitalisation initiatives, which also form the foundation for future Industry 4.0 initiatives. To-date, most of our plants at the NGC facility have fully digitalised production lines. In view of automation becoming increasingly vital in the years to come, the period under review also saw us rolling out the automation of our packing system, which is one of the most labour-intensive processes in the glove industry. This is being implemented in stages across production lines at the NGC.

Not only do automation and digitalisation initiatives enhance production efficiencies, we also expect to reduce future manual labour requirements moving forward, thus enabling us to utilise the workforce for other high-level or value-added manufacturing functions at our plants. Increasing automation will also help to mitigate potential labour shortages in the future.

Prioritising energy optimisation across our operations during a year that saw a surge in energy cost, we implemented advanced burner systems and main oven temperature optimisation, among other initiatives in our plants to achieve better overall cost efficiencies, while reducing environmental impact.

The fiscal year also saw us implement an all-new innovation ecology programme. A comprehensive platform which governs all innovation ideation in Hartalega, this programme is aimed at incentivising ideation and harvesting an idea bank, which in turn will encourage Hartanians to contribute to various forms of process, product and equipment innovations. This is aimed at contributing to better cost savings and operational efficiencies.

Driving ESG Best Practices

Our commitment to being an accountable, sustainability-driven glove manufacturer is premised on our intrinsic belief in doing the right thing at all times, driven by our SHIELD core values. We have implemented and are recognised for our transparent and highly compliant ESG best practices. Our leadership position on the social compliance and sustainability fronts in the glove manufacturing industry in Malaysia are also closely aligned with the UN SDGs.

To elevate our own standards and move closer to reaching our sustainability targets, we developed our Sustainability Policy Statement in the year under review based on four pillars: upholding the highest standards in our business practices and product quality, safeguarding the environment, caring for our employees, and contributing to the well-being of local communities.

The rubber glove industry came under intense scrutiny during the pandemic period. To address potential concerns involving human rights and social compliance, we implemented a comprehensive stakeholder engagement strategy emphasising transparency. This yielded positive and constructive feedback from key stakeholders.

We strictly adhered to stringent international regulatory requirements and standards of certification following extensive external audits on social compliance, including the International Labour Organization (ILO) 11 Indicators of Forced Labour, amfori Business Social Compliance Initiative (BSCI), Supplier Ethical Data Exchange (SEDEX) and Worldwide Responsible Accredited Production (WRAP), amongst others.

Testament to our rigorous and proactive measures, we continued to be recognised as one of the top-rated companies by various global independent organisations and ESG rating indices as at 31 March 2023, including the following:

A
MSCI
ESG Rating A

SUSTAINALYTICS
ESG Risk Ratings
Low-Risk Category

ecovadis
EcoVadis Sustainability Assessment Bronze Medal

ISS
Institutional Shareholder Services (ISS) ESG Prime Rating in Health Care Equipment & Supplies sector

Constituent of FTSE4Good Bursa Malaysia Index

Hartalega continued to maintain our position on the FTSE4Good Bursa Malaysia Index, which we have held since 2014. The fiscal year also saw Hartalega receive the Gold award for The Edge ESG Awards 2022 under the Healthcare Category. This award is reflective of the Group's dedicated efforts to consistently raise the bar for sustainability and ESG practices within the glove manufacturing industry.

Contributing to a Sustainable Future

We continue to remain committed to managing our carbon footprint responsibly in our operations. Key ongoing efforts include alternative and clean energy optimisation initiatives such as utilisation of biomass energy, solar power, cogeneration plants as well as energy recovery systems. In addition, we invested in advanced wastewater treatment facilities to reduce reliance on municipal supply and lower water consumption intensity in our production processes.

Guided by our SHIELD core values, we strive to create a caring and sustainable culture that brings long-term benefits for our stakeholders as well as the local communities we operate in.

The year saw the Group reaching out to the underserved and communities in need through our philanthropic arm, Yayasan Hartalega, in a bid to do our part to empower and uplift with financial contributions, scholarships, sponsorships and various other programmes. Contributing to the well-being of society continues to be an integral part of how the Group develops sustainably.

Our sustainability efforts and achievements for the year are covered in greater depth in our Sustainability Report, which is based on international sustainability reporting frameworks, namely the GRI Standards and UN SDGs.

Outlook

We are confident that in spite of a difficult financial year, longer-term prospects for our business and the sector remain strong. No doubt the glove industry will continue to experience post-pandemic after-effects as it streamlines under the weight of industry headwinds in the near- to mid-term, while market supply-demand adjustments take place. Various external factors such as the geopolitical climate, industry expansion discipline and potential new disease and pandemic cycles among others will influence the adjustments in the time ahead.

Amidst this environment, the Group views fluctuating prices, rising operating costs and intense competition from global

manufacturers as primary challenges moving forward. We are fully conscious of the reality that the glove market has changed dramatically and is not likely to revert to a pre-pandemic landscape. We are resolute to meet these challenges head on.

To this end, we are proactively making strategic decisions that, while difficult, will contribute towards longer-term business resilience and sustainability. The decommissioning of the Bestari Jaya facility was one such decision. Not only does this contribute towards capacity rationalisation, by consolidating our operations at our NGC facility in Sepang, we can improve the Group's operational and cost efficiencies moving forward. In addition, by leveraging the NGC's advanced technologies and manufacturing processes, we will be well-positioned to cater to medium to long-term demand growth when we emerge from this difficult period.

The decommissioning exercise is part of our longer-term strategic approach to adapt to the challenging landscape in the sector. Apart from continuous efficiency enhancement, our strategic approach to chart the way forward for the Group will also include diversifying our customer base and exploring opportunities to strengthen our distributorship network and expand our market presence, among other key strategies. In tandem, we are focused on maintaining our healthy balance sheet to navigate through the choppy waters that are currently affecting the industry.

We would like to assure our shareholders that we are strengthening our resilience and competitiveness amid these tough times. With more than three decades of experience and success, Hartalega is here to stay the course. Once market demand and supply reach an equilibrium, post-pandemic growth in global demand is expected. By taking proactive measures today, Hartalega will remain at the forefront of the industry as a trusted global healthcare products provider.

Acknowledgement

We would like to thank our Board members, management team as well as all Hartanians for their tremendous contributions in weathering through the challenging year and playing a key role in steering the Group forward through this tough landscape.

We would also like to express our sincere gratitude to our shareholders, business and industry partners as well as relevant approving regulators and authorities, for placing their continued trust in Hartalega.

KUAN KAM HON
EXECUTIVE CHAIRMAN

How We Create Value

KEY INPUTS → **INITIATIVES**

OUR SIX CAPITALS

Financial Capital

Capital providers supply us with the necessary funding for our business, in addition to cash generated from operations and investment.

Key Inputs

- Shareholders' equity of: **RM4.7 billion**
- Capital expenditure of: **RM308 million**
- Cash and cash equivalents of: **RM1.7 billion**
- Total asset of: **RM5.3 billion**

Manufactured Capital

Our network infrastructures, data centres and software applications are an important source of competitive differentiation. Our Manufactured Capital also includes the office buildings housing our workforce.

Key Inputs

- **2 large-scale production facilities** with **11 plants** consisting of **120 production lines**
- Installed production capacity of **44 billion pieces** of gloves per annum
- **2 cogeneration power plants** capable of generating electricity and thermal energy of up to **65MW**

Human Capital

Our skilled workforce is a pivotal part of Hartalega's business model. Our engaged, diverse, and innovation-driven employees contribute to the success of our business.

Key Inputs

- Number of employees: **7,562**
- Number of nationalities of employees: **5** including Malaysian, Bangladeshi, Indonesian, Nepalese and Burmese
- Managerial-level male : female ratio – **68:32** (manager and above)
- Investment in training and development: **RM1.5 million**
- Amount of hours spent on training: **145,778 hours**

Intellectual Capital

Our strong brand equity and trust, culture, partnerships, know-how as well as our procedures and processes differentiate us in the marketplace.

Key Inputs

- Number of years in glove manufacturing business: **Over 35 years** since inception in 1988
- Unique technology and internal production process
- Amount of investment in R&D: **RM9.04 million to date**
- Percentage of increase in full-time R&D personnel: **68% in FY23**

Social & Relationship Capital

Trusted relationships with customers, communities, governments and regulators, suppliers, trade unions, and industry bodies, among other key stakeholders.

Key Inputs

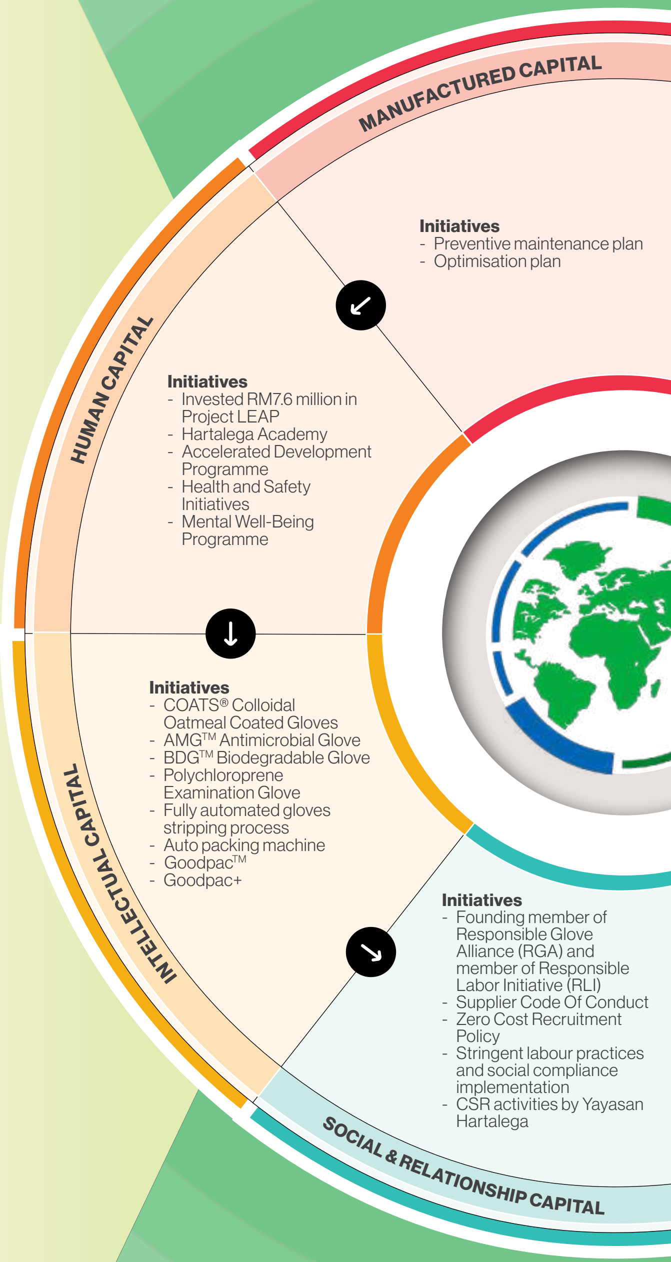
- Number of supplier base:
  Active suppliers - **2,212**
  Local suppliers - **2,045**
  Overseas suppliers - **167**
- Number of customers: **290**
- Amount invested in workers' accommodation to date: **more than RM98 million**
- Number of volunteer hours for community engagements: **1,215 hours**
- Number of lives enriched: **26,365 individuals**

Natural Capital

We responsibly consume energy and natural resources in our operations, while increasing renewable energy usage.

Key Inputs

- Total energy consumption: **2,402,686 MWH**
- Amount of energy consumed from renewable sources since FY2021: **495,031 MWH**
- Total water withdrawn: **16 million m³**



Value Creation Model

OUTPUT → **OUTCOMES & VALUE CREATED**

Output	Outcomes & Value Created
Financial Capital • Revenue: **RM2,409.6 million** • Cost savings: **RM61.5 million** • Dividend paid: **RM239.2 million** • Market cap value: **RM6.5 billion (Share Price = RM1.90)**	**Financial stability**
Manufactured Capital • Number of gloves produced **more than 21 billion pieces** • Promote health and safety of end-users	**Greater productivity**
Human Capital • Number of employees benefitted from Project LEAP: **100% of our employees** • Upskilling employees and improving competency of workforce • Number of employees promoted through Accelerated Development Program: **111** • Lost Time Injury: **10 cases** • Lost Time Injury Frequency Rate: **0.47** • Percentage of women on Board: **33%** • **100%** of our manufacturing plants are certified with ISO 45001:2018 for Occupational Safety and Health management system	**Larger experienced talent pool**
Intellectual Capital • Efficient and fast production line speed: **> 45,000 gloves per hour** • Total number of patents granted: **18** • Total product types: **16**	**Greater customer centricity**
Social & Relationship Capital • Leading industry advocate on social compliance and human rights • Spending on local suppliers : overseas suppliers = **70:30** • Supplier survey • Customer satisfaction score: **85%** • Number of lives enriched: **26,365**	**Meaningful collaborations and partnerships**
Natural Capital • Recorded an **81% increase in renewable energy generation** from solar power • Reduction in water consumption intensity: **by 30% as compared to FY2022** • Maintained our **Standard A** for water quality parameters • Amount of waste recycled: **60% of total waste generated are recycled** • **More than 90%** of product packaging made from recycled materials • Bestari Jaya facilities are **certified with ISO 14001:2015** for Environmental Management System	**A sustainable future for the next generations**

Stakeholder Engagement

To create sustainable value, robust stakeholder engagement is vital. Along with maintaining positive relationships, this enables us to ensure that we communicate effectively and consistently with relevant stakeholders on pertinent material interests and the evolving industry and market landscape to remain well-aligned in our growth strategy and objectives.

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

Customers

How We Impact Each Other

Our customers play an integral role in our business growth. Hence, it is vital to understand their evolving needs and concerns to cultivate positive long-term relationships with our customers.

Key Areas of Concern for Stakeholders

- Customer satisfaction and 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

Engagement Platforms and Frequency

- Meetings (When Required)
- Satisfaction surveys (Semi-annually)
- Social compliance audit (Ongoing)

Our Actions

- Timely response towards customers' concerns and interests
- Supplier Code of Conduct
- Social Compliance Policy and audits
- Supplier capacity-building
- Anti-Bribery and Anti-Corruption Policy
- Whistleblowing Policy and Procedure
- Competitive pricing
- Delivery of high-quality products

Link to:

Material Topics

- Customer Satisfaction and Relationship Management
- Supply Chain Management
- Socioeconomic Compliance
- Environmental Compliance
- Human Rights
- Business Ethics and Governance
- Energy and Emissions
- Water and Effluents
- Product Quality and Innovation

Capitals

SC

When Required | Ongoing | Quarterly | Semi-annually | Annually | Half-yearly

FC Financial Capital | SC Social & Relationship Capital | IC Intellectual Capital | MC Manufactured Capital | NC Natural Capital | HC Human Capital

Employees

How We Impact Each Other

The Group's growth and success is contingent upon cultivating a diverse and highly capable workforce to drive our business objectives and achieve our long-term goals. To enable our employees to perform at their best, it is crucial to ensure the well-being of all our employees and support their career growth and advancement, accompanied by competitive remuneration and benefits.

Key Areas of Concern for Stakeholders

- Career development
- Health and safety
- Human rights and fair labour practices
- Engagement
- Employee welfare and benefits
- Hartalega's financial performance

Engagement Platforms and Frequency

- Performance appraisals
- Induction programme
- Engagement surveys
- Townhall
- Engagement sessions
- Volunteer programmes
- Recreational events

Our Actions

- Provide job-related training and workshops
- 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

Link to:

Material Topics

- Employee Management
- Health and Safety
- Human Rights
- Market Presence
- Cybersecurity and Data Privacy

Capitals

HC SC FC

Government and Regulators

How We Impact Each Other

Our ongoing relationship with the Government and regulators enables the Group to keep abreast on relevant changes to regulations, ensuring continued compliance with local and international laws and requirements. This also serves as a gateway to strengthen our market position.

Key Areas of Concern for Stakeholders

- Regulatory compliance
- Job creation
- Labour rights

Engagement Platforms and Frequency

- Meetings
- On-site inspections
- Correspondence
- Social activities
- Industry group and local council meetings

Our Actions

- Strict adherence to laws and regulations as well as applicable standards through reliable reporting and monitoring checklist

Link to:

Material Topics

- Socioeconomic Compliance
- Environmental Compliance
- Business Ethics and Governance

Capitals

SC NC

When Required · Ongoing · Quarterly · Semi-annually · Annually · Half-yearly

FC Financial Capital · SC Social & Relationship Capital · IC Intellectual Capital · MC Manufactured Capital · NC Natural Capital · HC Human Capital

Shareholders and Investors

How We Impact Each Other

Our shareholders and investors provide us with financial capital, and we are dedicated to delivering sustainable returns.

Key Areas of Concern for Stakeholders

- Business ethics and governance
- Regulatory compliance
- Human rights and fair labour practices including workers' rights and well-being
- Hartalega's financial performance

Engagement Platforms and Frequency

- Annual general meeting (Annually)
- Reporting (Quarterly)
- Investment conferences and analyst briefings (Ongoing)
- Corporate website (Ongoing)

Our Actions

- 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

Link to:

Material Topics	Capitals
Business Ethics and Governance Human Rights Market Presence Socioeconomic Compliance Environmental Compliance	FC SC

Suppliers

How We Impact Each Other

Our suppliers provide us with the necessary materials and services which enable us to continue delivering our high-quality products. Developing a robust supply chain ensures business continuity while also allowing the Group to support local talent through job opportunities and collaborations with suppliers.

Key Areas of Concern for Stakeholders

- Business continuity
- Fair and transparent selection of suppliers
- Timely payment
- Business ethics
- Product specification and quality expectations

Engagement Platforms and Frequency

- Meetings (When Required)

Our Actions

- Professional approach in reviewing suppliers' proposals
- Support local employment throughout the supply chain
- Strict payment cycles and procedures
- Communication of Social Compliance & ESG Policy and Anti-Bribery and Anti-Corruption Policy
- Communication of product and quality expectations

Link to:

Material Topics	Capitals
Supply Chain Management Business Ethics and Governance Product Quality and Innovation	SC MC FC

Media

How We Impact Each Other

The media plays a key role in disseminating relevant information about the Group's performance and reinforces our overall reputation.

Key Areas of Concern for Stakeholders

- Business performance
- Sustainability efforts focusing on human rights and fair labour practices

Engagement Platforms and Frequency

- Media releases and interviews (When Required)
- Responses to media enquiries (When Required)
- Corporate website (Ongoing)
- Social media platforms (Ongoing)

Our Actions

- Quarterly results press releases
- Press releases on ongoing initiatives
- Direct engagement

Link to:

Material Topics	Capitals
Business Ethics and Governance Human Rights	SC

When Required · Ongoing · Quarterly · Semi-annually · Annually · Half-yearly

FC Financial Capital · SC Social & Relationship Capital · IC Intellectual Capital · MC Manufactured Capital · NC Natural Capital · HC Human Capital

NGOs

How We Impact Each Other

We undertake strategic collaborations and partnerships with various non-governmental organisations (NGOs) to contribute positively to the communities we have a presence in.

Key Areas of Concern for Stakeholders	Engagement Platforms and Frequency
• Human rights and fair labour practices • Business ethics • Environmental impact	● Correspondence (Ongoing)

Our Actions	Link to: Material Topics	Link to: Capitals
• Social Compliance & ESG Policy • Zero Cost Recruitment Policy • Whistleblowing Policy and Procedure • Sustainability Report • Direct engagement	• Human Rights • Business Ethics and Governance	SC

Local Communities

How We Impact Each Other

Our operations may directly or indirectly impact the communities surrounding us. As such, local community engagement is important to keep apprised of concerns. This also allows us to support underserved communities and contribute to overall socioeconomic development.

Key Areas of Concern for Stakeholders	Engagement Platforms and Frequency
• Job creation • Environmental impact and compliance • Community engagement and investment	● Corporate social responsibility programmes (Ongoing) ● Community engagement activities (Ongoing) ● Industry association and local council meetings (When Required)

Our Actions	Link to: Material Topics	Link to: Capitals
• 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 • Waste Management	SC NC

● When Required ● Ongoing ● Quarterly ● Semi-annually ● Annually ● Half-yearly

FC Financial Capital · SC Social & Relationship Capital · IC Intellectual Capital · MC Manufactured Capital · NC Natural Capital · HC Human Capital

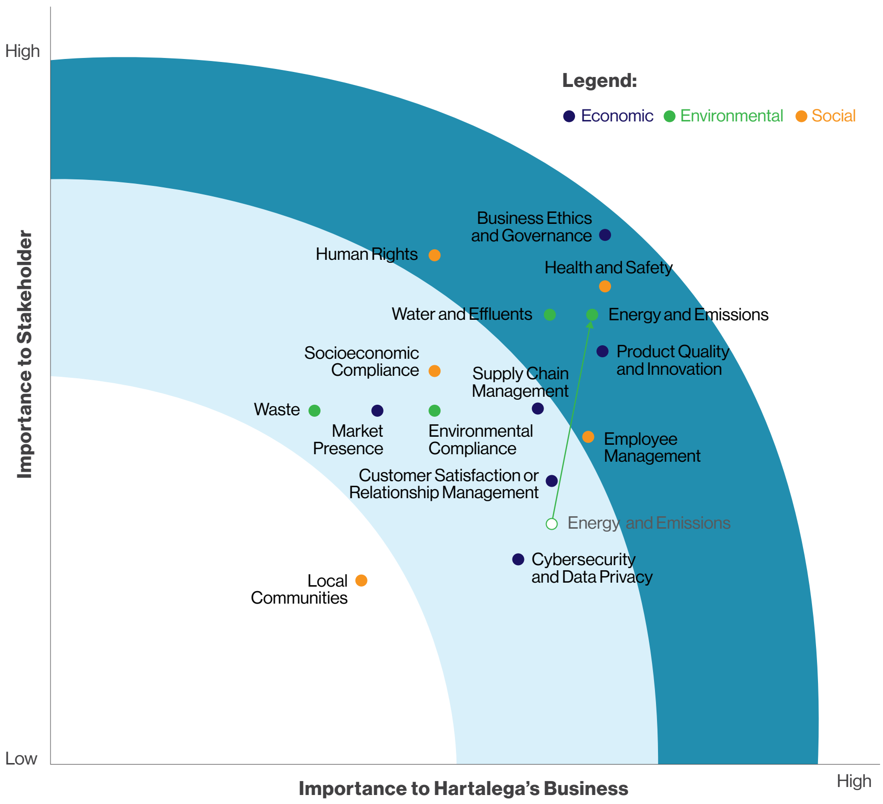
Material Matters

Our sustainability approach is premised on identifying economic, environmental and social topics that matter most to our stakeholders and have the potential to affect our ability to create financial and non-financial value over the short, medium and long term. Aligned with our Sustainability Policy and Framework, we conduct a full materiality assessment every three years and a high-level review on the prioritisation of sustainability material matters every year. Our first full materiality assessment was conducted in FY2021 and we undertook high-level reviews in FY2022 and FY2023. The approach adopted is guided by the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) and GRI Standards. This allows us to prioritise material matters of greatest relevance to our stakeholders and to respond accordingly to the evolving market landscape and external trends.

In FY2023, we carried out a high-level review to ensure that our material matters remained significant to our stakeholders and the Group. This entailed the following process:

- Reviewing and determining material matters based on internal factors, such as 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
- Assessing the priority of each material matter based on importance to stakeholders and Hartalega
- Receiving validation and approval for the materiality matrix from the Sustainability Working Committee (SWC), Risk Management and Sustainability Committee (RMSC) and Board of Directors

Following this review, we determined that while our top 15 material matters continued to be consistent for FY2023, the topic of Energy and Emissions took on greater importance for stakeholders and the Group in comparison to FY2022, as reflected in our materiality matrix. Each material matter is also benchmarked against the relevant UN SDGs.



This diagram depicts our materiality assessment for three years, from FY2021 to FY2023.

FY2021

We conducted a full materiality assessment comprising three steps, namely review and identify, prioritisation, and validation, guided by the Bursa Malaysia Sustainability Reporting Guide (2nd Edition) and GRI Standards.

We organised a materiality assessment workshop attended by key internal stakeholders, including the Group's leadership team and relevant heads of departments.

As a result, 15 material matters were identified in our materiality matrix, which was validated by the Group's leadership team and approved by the Board of Directors.

FY2022

A high-level review was conducted to ascertain that the 15 materiality matters continued to resonate with our stakeholders.

The high-level review took into consideration 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.

As a result, our top 15 material matters remained unchanged. The materiality matrix was validated and approved by the SWC, RMSC and Board of Directors.

FY2023

We carried out a high-level review to ensure that the 15 materiality matters remained relevant to our stakeholders.

Our approach was guided by the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) and GRI Standards.

As a result, while our top 15 material matters were unchanged for FY2023, the topic of Energy and Emissions increased in importance in comparison to FY2022 due to the heightened emphasis on combating climate change and progressing towards our net zero ambition. The materiality matrix was validated and approved by the SWC, RMSC and Board of Directors.

Material Matters and Our Response

No.	Material Matters	Impact on the Group	How We Respond
1.	**Business Ethics and Governance**	Corporate governance is essential to nurture a culture that is rooted in integrity, subsequently driving our sustainable performance and creating long-term value.	1. Ensuring our corporate governance framework is in accordance with the MCCG. 2. Putting in place key policies such as our Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy and Procedure, Supplier Code of Conduct and Code of Conduct for Employees and Directors. 3. Conducting annual refresher training for all employees on the Group's key policies, including our Anti-Bribery and Anti-Corruption Policy. 4. Promoting awareness on our whistleblowing platform managed by a third-party global professional service provider. 5. Conducting risk assessment to identify and assess potential bribery and corruption risks in all departments across the Group's operations.

Stakeholders Affected:

Link to UN SDGs:

Customers Shareholders and investors Employees Government and regulators Suppliers Media NGOs Local communities

No.	Material Matters	Impact on the Group	How We Respond
2.	**Health and Safety**	As the backbone of Hartalega, our passion for care extends to all Hartanians. Their well-being is a foremost priority to ensure the sustainable development of the Group.	1. Ensuring a safe and healthy workplace by implementing best practices across the organisation guided by our Health, Safety and Environment Policy. 2. Adhering to the Occupational Safety and Health Act (1994) and Factories and Machinery Act 1967 to ensure compliance with all applicable laws and regulations. 3. Attaining ISO 45001:2018 certification for our Occupational Safety and Health management system in our facilities. 4. Cultivating a culture of care through various programmes, such as Love Your Hand Mini Campaign, I See I Act, Safety Ambassador, Safety Dojo, Sustainability & Safety Kaizen, One Point Lesson Matrix and Contractor Induction, amongst others.
	Stakeholders Affected:	**Link to UN SDGs:**	
3.	**Energy and Emissions**	Responsible management of our energy consumption and reduction of emissions enables us to minimise our environmental footprint and optimise costs.	1. Implementing energy-saving solutions through efficient energy technologies and equipment. 2. Established two cogeneration power plants to improve energy efficiency through combined heat and power production. 3. Reducing reliance on non-renewable energy by increasing usage of renewable energy such as solar and biomass that generate lower carbon emissions.
	Stakeholders Affected:		**Link to UN SDGs:**
4.	**Water and Effluents**	Water is essential to our manufacturing processes as it has a direct bearing on the high quality of the gloves that we produce.	1. Implementing a sustainable water management system to minimise water consumption, monitor water quality and ensure safe disposal of wastewater and effluents. 2. Reducing consumption of municipal water through installation of an ultrafiltration system for freshwater filtration. 3. Ensuring proper treatment of wastewater by investing more than RM90 million into our state-of-the-art wastewater treatment plants. 4. Retaining the highest Standard A for effluent discharge, surpassing the Standard B benchmark set by the DOE.
	Stakeholders Affected:		**Link to UN SDGs:**

Customers · Shareholders and investors · Employees · Government and regulators · Suppliers · Media · NGOs · Local communities

No.	Material Matters	Impact on the Group	How We Respond
5.	**Human Rights**	Reflecting our commitment to upholding best ESG practices, we are dedicated to safeguarding the rights of all Hartanians and workers in our value chain.	1. Advocating for human rights in line with 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. 2. Founding member of the Responsible Glove Alliance and a member of the Responsible Labour Initiative. 3. Embedding our commitment to respecting human rights in our policies, which are applied across our operations and value chain. 4. Providing first-rate workers' accommodation by investing more than RM98 million to-date. 5. Implementing a fair and ethical recruitment process for our foreign workers. 6. Providing an effective grievance mechanism managed by a third-party to enable employees to safely disclose any misconduct. 7. Instilling a good understanding of human rights within our people and supply chain through training and capacity building.
	Stakeholders Affected:		**Link to UN SDGs:**
6.	**Product Quality and Innovation**	Delivering innovative high-quality products that resonate with the evolving needs of the market and the expectations of our clientele enables us to maintain our competitive edge and enhances business resilience.	1. Implementing a robust Quality Management System in line with international regulatory requirements. 2. Continuous investment in R&D attuned to the needs of the market. 3. Managing our environmental footprint through sustainable packaging solutions.
	Stakeholders Affected:	**Link to UN SDGs:**	
7.	**Employee Management**	Our diverse and strong workforce is the cornerstone of our success. As such, we are dedicated to providing opportunities for all Hartanians to develop their capabilities and excel.	1. Providing competitive remunerative packages and attractive benefits to attract, retain and develop a strong talent pool. 2. Providing upskilling opportunities via talent development and training programmes. 3. Ensuring strong employee engagement to nurture a culture of open dialogue.
	Stakeholders Affected:	**Link to UN SDGs:**	

Customers | Shareholders and investors | Employees | Government and regulators | Suppliers | Media | NGOs | Local communities

No.	Material Matters	Impact on the Group	How We Respond
8.	**Socioeconomic Compliance**	Upholding the trust of our key stakeholders, we implement best practices that are aligned with local and international laws and requirements.	1. Maintaining our SEDEX membership and position as a constituent of FTSE4Good Bursa Malaysia. 2. Performing regular audits by independent social compliance auditors in accordance with internationally recognised standards, including SEDEX Members Ethical Trade Audits (SMETA), amfori BSCI, WRAP and Ethical Trading Initiative Base Code.
	Stakeholders Affected:	**Link to UN SDGs:**	
9.	**Supply Chain Management**	Building a sustainable and responsible supply chain creates value and enhances efficiencies for Hartalega and our partners across the value chain.	1. Cultivating an ethical supply chain which requires all our partners to adhere to our stringent social compliance and ethical policies as indicated in the Supplier Code of Conduct. 2. Supporting local procurement which helps to optimise costs while providing opportunities to local suppliers.
	Stakeholders Affected:	**Link to UN SDGs:**	
10.	**Environmental Compliance**	By adhering to environmental laws and regulations, we ensure that necessary requirements are upheld and reduce the environmental footprint of our operations.	1. Implementing best environmental practices across our operations that strictly comply with the requirements of the DOE and international standards. 2. Retaining ISO 14001:2015 certification for our Bestari Jaya facility.
	Stakeholders Affected:	**Link to UN SDGs:**	
11.	**Market Presence**	By expanding our market presence and capabilities to deliver our high-quality products across the globe, we continue to cater to evolving needs in relevant industries.	1. Building up capacity and capabilities in line with market needs. 2. Integrating key ESG measures in our operations to generate value for local communities and protect the environment. 3. Reinforcing global market presence via MUN, our global distribution arm.
	Stakeholders Affected:	**Link to UN SDGs:**	

Customers | Shareholders and investors | Employees | Government and regulators | Suppliers | Media | NGOs | Local communities

No.	Material Matters	Impact on the Group	How We Respond
12.	**Waste**	The responsible disposal of waste is crucial for environmental preservation. Sustainable waste management enables us to minimise our environmental impact through reducing overall waste and waste disposed to landfills.	1. Implementing a comprehensive waste management programme for hazardous and non-hazardous waste aligned with ISO 14001:2015 standards. 2. Conducting systematic monitoring, operational and resource efficiency as well as recycling initiatives. 3. Instilling a recycling mindset amongst our employees through various programmes and training sessions.
	Stakeholders Affected:	**Link to UN SDGs:**	
13.	**Customer Satisfaction and Relationship Management**	Ensuring a high level of customer satisfaction enables us to maintain sound relationships with our clientele and enhances the trusted reputation of Hartalega.	1. Consistently delivering exceptional services to meet the global demand for high-quality nitrile gloves. 2. Continuous engagement with our customers through various channels. 3. Incorporating the Customer Satisfaction Index as part of our key performance indicators (KPIs).
	Stakeholders Affected:	**Link to UN SDGs:**	
14.	**Cybersecurity and Data Privacy**	As we continue to ramp up digitalisation, a robust cybersecurity system serves as a key line of defence to safeguard the data of the Group and our stakeholders.	1. Adopting Industry 4.0 and Internet of Things technologies to enhance connectivity between key production equipment and our network. 2. Monitoring cybersecurity risks across our operations and implementing proactive measures to prevent security breaches. 3. Upgrading existing hardware and software to strengthen our cybersecurity system. 4. Raising IT security awareness among our employees as part of our efforts to mitigate the risk of cybersecurity breaches.
	Stakeholders Affected:	**Link to UN SDGs:**	
15.	**Local Communities**	As part of our ESG agenda, we strive to contribute positively to society by helping to transform the communities in which we have a presence and reaching out to those in need.	1. Championing community engagements through three pillars, namely Health, Education and Environment. 2. Supporting communities through financial and product donations, as well as volunteer programmes. 3. Providing financial assistance and upskilling opportunities to help address educational inequalities and youth unemployment in Malaysia. 4. Collaborating with local communities and youth groups on environmental conservation activities.
	Stakeholders Affected:	**Link to UN SDGs:**	

Customers Shareholders and investors Employees Government and regulators Suppliers Media NGOs Local communities

Risks We Consider

To drive the sustainable growth of the Group, it is vital to identify emerging and potential risks relevant to our business and industry in order to develop effective risk management strategies. To this end, our key risks and mitigation measures are as follows:

Business Risk

Description of Risk
Challenges in optimising production capacity could exacerbate product oversupply in the market, compounded by heightening price competition impacting the ability to maintain sales and sustain market share.

Mitigation Measures
- Address current supply and demand imbalance within the glove industry with enhanced cost efficiencies and strategic sales tactics.
- Obtain new customers through diversification and entry into emerging markets.
- Pricing strategies to increase sales of standard and specialty products.
- Ongoing initiatives to reinforce our trusted reputation.

Link to:

Material Topics	Capitals	Stakeholders
Market Presence	FC	Customers

Description of Risk
Competitive pricing and the narrower technology gap amongst glove manufacturers.

Mitigation Measures
- Enhance R&D efforts to introduce innovative specialty products in line with evolving market demand.
- Consolidate production lines to enhance cost optimisation.
- Implement cost reduction and cost avoidance projects.

Link to:

Material Topics	Capitals	Stakeholders
Market Presence	FC IC MC	Customers

Market Risk

Description of Risk
Value compression due to volatility of currency movements.

Mitigation Measures
- Implement effective hedging policy to reduce exposure to foreign exchange rate movements.
- Usage of derivative tools to minimise loss.
- Conduct daily monitoring of currency movement.

Link to:

Material Topics	Capitals	Stakeholders
Business Ethics and Governance	FC	Shareholders and investors

Customers | Shareholders and investors | Employees | Government and regulators | Suppliers | Media | NGOs | Local communities

FC Financial Capital | SC Social & Relationship Capital | IC Intellectual Capital | MC Manufactured Capital | NC Natural Capital | HC Human Capital

Operational Risk

Description of Risk

Potential margin depression due to higher operating costs such as energy and raw materials.

Mitigation Measures

- Enhance energy efficiency through increasing use of sustainable alternative energy sources such as solar power and cogeneration plants.
- Undertake energy optimisation projects to improve energy consumption.

Link to:

Material Topics	Capitals	Stakeholders
• Energy and Emissions	MC NC	

Human Resource Risk

Description of Risk

Increased competition for talent resulting in employee turnover and outflow of critical talent.

Mitigation Measures

- Provision of competitive remuneration packages and attractive benefits coupled with conducive working environment.
- Implement HR transformation programme.
- Enhance talent management and development programme.
- Monitor attrition rate for lagging indicators and analyse resignation-related issues.

Link to:

Material Topics	Capitals	Stakeholders
• Employee Management	HC	

Strategic Risk

Description of Risk

The decommissioning exercise undertaken for the Bestari Jaya facility could expose the Group to various risks from key stakeholders such as regulatory bodies, employees, customers and suppliers, as well as potential reputational impact.

Mitigation Measures

- Strategic communications plan to address concerns of key stakeholders and convey clear rationale for consolidation of production lines at the NGC for better efficiency, leveraging higher production speed, lower cost, and more advanced technology and automation.
- Comprehensive product transfer plan to NGC.
- Employee redeployment programme and competitive severance packages.
- Assistance to affected employees including job outplacement programme, HR Helpdesk to address concerns/ queries and HR counselling.

Link to:

Material Topics	Capitals	Stakeholders
• Product Quality and Innovation • Employee Management • Business Ethics and Governance	FC SC IC MC NC HC	

Customers · Shareholders and investors · Employees · Government and regulators · Suppliers · Media · NGOs · Local communities

FC Financial Capital · SC Social & Relationship Capital · IC Intellectual Capital · MC Manufactured Capital · NC Natural Capital · HC Human Capital

ESG / Social Compliance Risk

Description of Risk

Growing scrutiny on ESG matters, including social compliance, emissions reduction, and governance requirements, whereby non-compliance in exporting countries could impact reputation.

Mitigation Measures

- Incorporate ESG best practices across the organisation.
- Continue to uphold strict social compliance practices, surpassing requirements.
- Increase usage of sustainable alternative energy sources.
- Enhance energy optimisation initiatives.

Link to:

Material Topics	Capitals	Stakeholders
• All material matters	SC HC	Employees, NGOs, Media

Cybersecurity Risk

Description of Risk

Continued digitalisation increases the Group's potential exposure to security breaches in information technology and operational technology systems.

Mitigation Measures

- Strengthen IT security system.
- Establish IT Security Policy.
- Boost firewall, antivirus and ransomware.
- Continuously assess robustness of IT infrastructure.

Link to:

Material Topics	Capitals	Stakeholders
• Cybersecurity and Data Privacy	MC	Customers, Suppliers, Employees

Customers | Shareholders and investors | Employees | Government and regulators | Suppliers | Media | NGOs | Local communities

FC Financial Capital | SC Social & Relationship Capital | IC Intellectual Capital | MC Manufactured Capital | NC Natural Capital | HC Human Capital

Sustainability at Hartalega

In times of pressing global challenges and with the ever-increasing demand for responsible business practices, Hartalega firmly believes in accountability in how we operate. As a world-leading nitrile glove manufacturer, we have an obligation to ensure our healthcare products meet global standards. This is coupled with an unwavering commitment to our stakeholders and wider society to take the utmost care possible as a responsible and ethical corporate citizen, as we continue our journey towards becoming the foremost manufacturer of the most superior and innovative gloves worldwide.

Guided by our SHIELD core values, we are cultivating a sustainability-driven mindset and culture that permeates every facet of our operations. As part of this, we adopt a sustainability framework built on economic, environmental, social and governance components. By embracing this holistic perspective, we ensure that our business practices uphold the principles of sustainable development in order to future-proof the Group and create lasting value for all.

In our pursuit for purpose-driven growth, we create positive and enduring impact for the community, environment, marketplace, and workplace. Our comprehensive Sustainability Policy and Framework advocates integrating sustainability practices across all aspects of our operations in keeping with Economic, Environmental, Social and Governance considerations, focusing on four key pillars.

Our commitment to making a meaningful difference in our impact sees us actively supporting the United Nations 2030 Agenda for Sustainable Development by aligning our efforts with global initiatives to address prevailing challenges for people and the planet and forge a path towards a brighter future for generations to come. To this end, Hartalega has determined 11 out of the 17 UN SDGs as a robust framework for our materiality matrix that balances profit with purpose. This approach enables us to focus our resources and initiatives in areas where we can create most significant and lasting impact through transparent reporting and continuous improvement.

	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	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 10 REDUCED INEQUALITIES; 17 PARTNERSHIPS FOR THE GOALS

PILLAR 1

Upholding the Highest Standards In Our Business Practices and Product Quality

In order to deliver quality products that provide protection, we pride ourselves on consistently innovating, adopting digitalisation as well as upholding local and international compliance benchmarks and regulations. We focus on meeting evolving market needs with resilience and best industry practices that foster trust and demonstrate good governance and ethics that ultimately generate sustainable value for all stakeholders.

Key Material Matters

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 FY2023

- **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

Given the increasing scrutiny on ESG matters, maintaining sound business ethics and governance practices is crucial. Hartalega's strict ethical code in tandem with our robust governance structure that spans throughout the organisation enables us to adhere to the highest standards of transparency, accountability and integrity.

Driving Good Corporate Governance

Aligned with the MCCG, we strive to uphold best practices in corporate governance. This is driven by our Executive Chairman, with implementation and oversight of key processes and policies led by the Board of Directors. Relevant Board committees provide the necessary support, with specific responsibilities outlined in their respective Terms of Reference. With varying sets of extensive expertise across industries, our Board members bring a wide range of skills to the Group. This includes Independent Directors who are instrumental in performing checks and balances. Further supporting appropriate governance and oversight is our Enterprise Risk Management framework, which allows us to evaluate and manage potential risks and make well-informed decisions for the business.

More information on our corporate governance framework, practices and disclosure is available on the Hartalega website at https://hartalega.com.my/sustainability/corporate-governance/ and in the Corporate Governance Overview Statement on page 84 of this Report.

Our Core Values and Commitment to Best Practices

Fostering a culture of integrity and guided by our core values, we have strict policies in place which govern ethical behaviour throughout the Group. Our key policies are available in full on the Hartalega website at https://hartalega.com.my/sustainability/corporate-governance/, comprising the following:

- Code of Conduct and Ethics for Directors
- Code of Conduct and Ethics for Employees
- Anti-Bribery and Anti-Corruption (ABC) Policy
- Whistleblowing Policy and Procedure
- Fit & Proper Policy

Reflecting our strong compliance culture, our employees undergo regular training on our ABC Policy and there were zero reported cases of bribery or corruption in FY2023. We also recorded zero cases of non-compliance with our Supplier Code of Conduct or our internal rules and regulations.

Looking Ahead

We remain committed to maintaining exemplary ethical practices and governance standards. To this end, we will continue to review our policies and undertake relevant enhancements where relevant.

Product Innovation and Quality

Key Highlights in FY2023

- **More than 90% of product packaging made from recycled materials.**
- **Implemented a more sustainable advanced dispensing system, Goodpac+, that reduces the risk of cross-contamination and prevents glove wastage.**
- **Achieved 18% of innovation projects focusing on sustainability.**
- **Invested RM9.04 million in product R&D.**
- **Increased full-time R&D manpower by 68%.**

Why This Matters

With several industry-firsts in our portfolio that have been the driving force of our progress, Hartalega understands the fundamental value of harnessing product innovation and quality to cater to the evolving needs of customers worldwide. While high-quality medical-grade nitrile gloves remain pivotal to the healthcare sector, cutting-edge innovation and enhancements to our products enable us to meet diverse requirements and penetrate untapped markets, particularly as hygiene awareness continues to rise.

In our ongoing pursuit of excellence in product quality and innovation, we are single-minded about the significance of investing strategically in R&D as well as technology to elevate our products' relevance and capability as the market changes. By adapting nimbly and fostering a sustainability culture, we enable stakeholders to benefit in tandem with strengthening our business resiliency.

Our Commitment to Quality Control

Our stellar reputation in the glove industry attests to the rigorous quality standards we impose across all our products, services, and operations. We take an uncompromising stand on quality control given the protective role of gloves in healthcare, in order to meet exacting standards and stringent regulatory requirements set by national and international authorities. At Hartalega, our Quality Management System (QMS) is the cornerstone of quality assurance, with regular internal quality audits and management quality review meetings to keep us on track. This enables us to undertake improvements, while we resolve issues in a time-sensitive manner, assuring our quality standards remain reliably high.

As a result of our robust quality protocols, Hartalega retained the following QMS certifications in FY2023:

The Group utilises an exacting quality control (QC) system to ensure our superior, high-performance products continue to serve global needs. The system evaluates the entire product lifecycle, from raw materials to finished products, as well as products under development through various stages that range from comprehensive sampling plans, inspections and testing procedures to criteria for acceptance and rejection. Collectively, the process is key to our ultimate goal of manufacturing gloves that are purposeful and do not cause harm. Other key indicators such as Lot Acceptance Rate and Complaints Per Billion are also utilised to determine product performance, with steps taken to resolve quality defects. Our QC system is managed by our highly capable team, which is provided with training to equip them with the relevant skills.

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 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 further ascertain our product quality, the Group works with the following independent third-party laboratories and global certification bodies:

- 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 view of our strict quality and regulatory standards, there were zero incidents of non-compliance concerning the health and safety impacts of products and services resulting in fines or penalties, warnings, or voluntary codes during FY2023 (FY2022, FY2021 & FY2020: Zero recorded incidents).

Responsible Marketing and Labelling

Strong marketing ethics are essential to how Hartalega continues to play a leading role in the healthcare value chain. Our market presence is premised on responsible healthcare marketing strategies, coupled with stringent adherence to regulatory requirements worldwide. We empower our clientele in how they make purchasing decisions by providing transparent, factual and comprehensive product specifications on the Hartalega website and through engagements with our sales personnel and marketing communications. Given healthcare literacy is increasing rapidly, we continue to ensure our product labelling accurately displays essential information.

As part of the quality assurance process, all information on primary package labels and outer cartons are verified by our regulatory team who also validates any product claims. Through the team's comprehensive efforts, we have strived to uphold the regulatory and safety requirements of each country or region of intended sale.

During FY2023, we experienced the first incident in three years of non-compliance with regulations and voluntary codes in relation to product and service information and labelling. The non-compliance involved product labelling and resulted in an FDA import alert due to underclaiming of pharmaceuticals listed in cleared 510(k) Indication For Use. The Management launched an immediate investigation and took appropriate corrective and preventive action to mitigate impact and avoid future recurrences. In the same year, we recorded zero incidents of non-compliance concerning marketing communications.

Building Employee Competency

Our Quality Assurance (QA) team is integral to how our products are perceived, rated and purchased. We continued to focus on equipping the team with skills and knowledge through our comprehensive in-house training programmes, which incorporate Work Instruction (WI), One Point Lesson (OPL) methodology and our Structured On-the-Job Training Programme (SOJT). In addition to annual training modules on topics such as Unique Device Identification for Medical Devices (UDI) and UK Conformity Assessed (UKCA) Marking, our QA employees are kept abreast of regulatory changes related to product labelling and claims.

With frequent mandatory evaluations and dedicated on-the-job training, we are cultivating highly-skilled QA personnel with the ability to undertake the applicable manufacturing, inspection, and testing procedures in accordance with stringent national and international regulatory standards.

Driving Innovation

R&D and digital tools are critical to how our products continue to showcase cutting-edge innovation as Hartalega invests in product strategies that consistently commit to raising the benchmark in an industry that is also seeing an influx of new players in recent years. With the current oversupply and customer demand evolving in both healthcare and non-healthcare industries, R&D allows the Group to capture new markets with innovative products that enhance safety, comfort and above all represent uncompromising quality. Remaining competitive in the current landscape is key to long-term business sustainability, and our innovative spirit continues to fuel us.

In keeping with our R&D capital expenditure trend in recent years, we continued investing in this area. The fiscal year saw us invest RM9.04 million into various R&D initiatives.

The Group also expanded our full-time R&D team to 69 personnel during the year. Comprising a suite of backgrounds and qualifications, the R&D team continues to support our product portfolio expansion through technological advancements and other methods that contribute towards enhancing the Group's future competencies and presence in the global arena. We have successfully attained 18% completion of our innovation projects on sustainability, surpassing our goal of completing 5% in FY2023. This included reducing the number of resources required in the production process and improving the biodegradability of our products.

Products/Descriptions

COATS® Colloidal Oatmeal Coated Glove

Our patented Colloidal Oatmeal 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 glove, 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.

BDG™ Biodegradable Glove

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 Examination Glove

Our Polychloroprene 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.

In ongoing efforts to protect our intellectual property and competitive edge, the Group has a total of 18 patents in hand, with three patent applications pending in FY2023.

Innovation in Process and Technology

To strengthen our innovation culture, we have established an innovation centre equipped with sophisticated machinery, technology and software. This includes a 3D printer and scanner, 2D to 3D drawing application, flow simulation analysis tool and robotic arms, amongst others.

Apart from this, we have implemented an advanced dispensing system, Goodpac+. By dispensing one glove at a time positioned cuff-first, Goodpac+ enables us to reduce the risk of cross-contamination and prevent glove waste. As 100% fully automated interleaving optimises all available space in glove packing, this allows gloves to be packed more efficiently, thereby reducing cost of storage and transportation. At the same time, it guarantees gloves remain untouched by human hands throughout the entire manufacturing process.

Sustainable Packaging Process and Solution

Being a responsible manufacturer, Hartalega is diligent about reducing our environmental impact and has taken proactive steps to achieve our sustainability targets.

With packaging waste a global concern, we continued to reduce our packaging waste by adopting sustainable packaging solutions, with more than 90% of our packaging made of recycled and sustainable materials in FY2023. We explored packaging innovations to further reduce our environmental impact.

The value of growing sustainably cannot be over-emphasised in times when customers' sustainability expectations are higher than ever. Guided by our SHIELD values and inherent belief that we can enhance our operations by managing our social and environmental impact, Hartalega will continue to focus on improving our environmental footprint.

Looking Ahead

In a world that will continue to rely on gloves for protection, there will be ongoing challenges that the industry will face when dealing with environmental impact. Hartalega is clear about how sustainable practices are pivotal to long-term growth and will continue to be guided by our values in how we deliver high-quality and responsibly-manufactured products.

To amplify our R&D capabilities, the Group intends to complete 10% of total projects focused on sustainability in FY2024. Plans are already underway to grow our R&D team in the new fiscal year to bring new ideas and concepts to life in keeping with our plans to develop an even more diverse product portfolio. We will also be constructing a new R&D production line facility for the purpose of testing new products and technology in a mass production environment.

Supply Chain Management

Key Highlights in FY2023

- **Spending in local procurement stood at 70%.**
- **100% of on-site suppliers were screened for social criteria.**
- **Project UNISON continued to elevate supply chain excellence.**

Why This Matters

With global demand for gloves requiring robust safety, digitalisation and labour practices, a sustainable supply chain is integral for a company's long-term growth. Best industry practices create value for the company and its suppliers, contractors and service providers across the value chain. This has been a key driver for Hartalega's focus on building a quality supply chain, allowing us to remain a member of SEDEX.

Responsible supply chain management is instrumental in supporting customers to make informed decisions and protecting workers' rights. It also ensures ethical procurement and promotes sustainability. By remaining vigilant, transparent and proactive, the Group can actively alleviate potential negative impact on stakeholders as we strive to strengthen our resilience in an ever-changing business environment.

Cultivating a Responsible Supply Chain

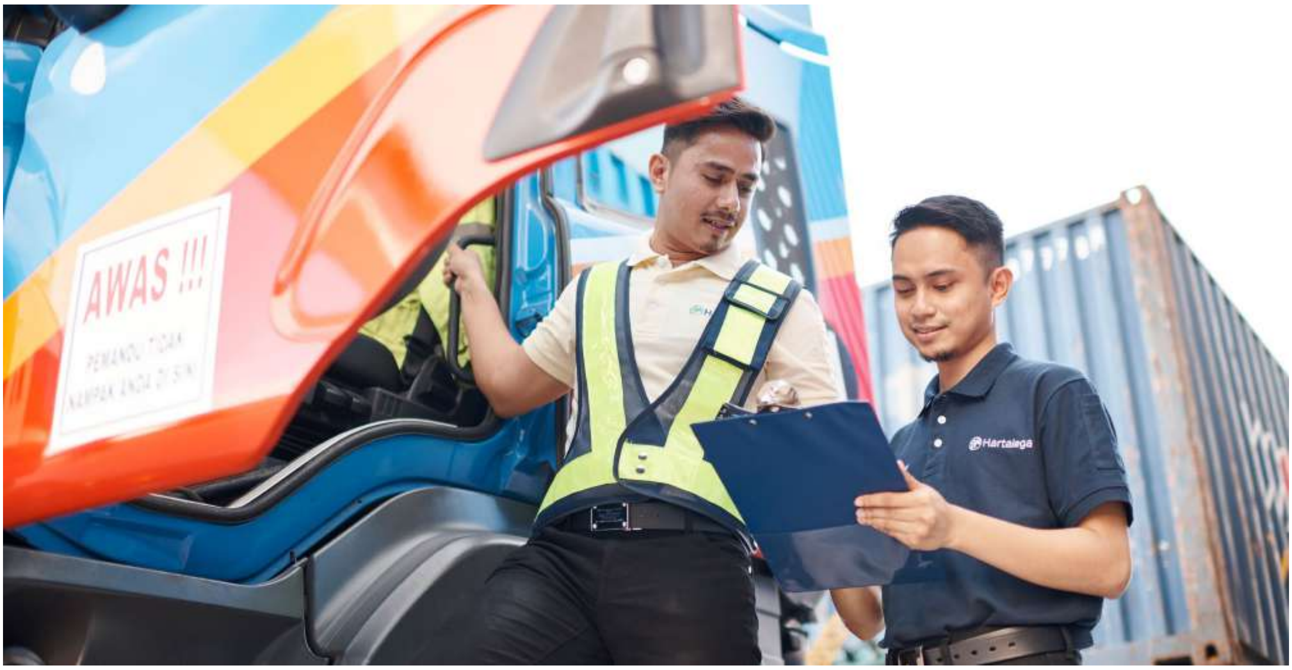
Our relationships with suppliers are premised on ethical conduct and deeply ingrained in our corporate ethos. We continued to maintain this by enhancing our focus on suppliers' compliance with social, environmental and economic practices in keeping with the Group's efforts.

Our comprehensive approach to supply chain management is two-fold, entailing pre-assessment and continuous assessment. Upon engagement, we convey our key policies to suppliers, namely our Social Compliance & ESG Policy and our Supplier Code of Conduct, which must be acknowledged and signed by all suppliers and vendors. Social and environmental clauses are also integrated into supplier contracts and purchase orders. Our Procurement Department works closely with our Social Compliance Department to conduct training and annual refresher courses on best practices in social compliance for all key suppliers.

In addition, we conduct periodical reviews to monitor the performance of key suppliers in both qualitative and quantitative aspects. Supplier surveys on ESG are also conducted to assess their readiness in incorporating ESG practices, as part of our supplier performance evaluation.

In FY2023, we undertook screening of 100% of our on-site suppliers for social criteria. Those suppliers who operate in high-risk categories are now subjected to more stringent screening in certain areas, given the possible negative repercussions. Regular quality inspections on specified materials from suppliers are also conducted to ensure compliance with necessary requirements.

Given the importance of a sustainable supply chain to the Group's long-term growth, there are a variety of red flags that may indicate our suppliers are not the right fit for Hartalega. Indicators such as poor environmental or waste management, discrimination, forced and child labour, as



well as unfair working hours and workers' remuneration are unacceptable to the Group. From our assessments in FY2023, there was no actual or potential negative environmental or social impact that occurred in our supply chain.

Building Supply Chain Resilience

As we strive to enhance the resilience of our supply chain, the implementation of Project UNISON, a transformation strategy and initiative intended to elevate our supply chain management, continued during the fiscal year. This enables us to maintain operational efficiency for the timely delivery of our products to our clientele, alongside building a robust and high-functioning supply chain.

We have reformulated our supply chain strategy to place greater emphasis on adaptability, speed, risk management and sustainability. To this end, Project UNISON is aimed at optimising our supply chain operations with standardised processes, strengthening alignment between sales and operations, enhancing collaboration across the value chain, and maintaining positive relationships with customers and suppliers. In FY2023, various activities were carried out with a focus on sales and operations planning to embrace new ways of working.

Alongside this, we continue to uphold our competitive advantage with one of the world's fastest and most efficient production lines in the glove manufacturing sector. This is complemented by our high automation and operational excellence driven by state-of-the-art manufacturing processes, in-house proprietary technology and good manufacturing practices, ensuring our operations remain highly effective and efficient.

Supporting Local Procurement

The Group's efforts to champion local talent and procurement was amplified during the fiscal year. In addition to promoting cost optimisation and efficiency, the localisation of our supply chain provides a platform for the Group to create employment opportunities, while cultivating partnerships with local suppliers. In FY2023, our local procurement stood at 70% where by contrast, our international procurement spending amounted to 30%.

Looking Ahead

Through active engagement and advocating compliance with global standards in environmental and social practices, Hartalega will continue to build a dynamic supply chain as the post-pandemic recovery process continues. With robust assessments and consistent efforts to achieve the Group's ESG goals, we can maintain a resilient and responsible supply chain that responsibly meets the needs of our customers, stakeholders, and the planet.

Market Presence

Key Highlights in FY2023

- **Total workforce stood at 7,562 Hartanians.**
- **100% of our Senior Management team members are Malaysian.**
- **Continued to reinforce market presence via MUN Global, the global distribution arm for Hartalega to focus on emerging and developing countries.**

Why It Matters

In an increasingly competitive global market landscape, resilience, strategic expansion and best practices are of utmost importance to sustain our substantial market presence. More so given the current market dynamics, Hartalega's position as a leading nitrile glove manufacturer hinges on sustainability-driven measures to retain and attract customers, while we continue to leverage our stellar reputation in the industry and strong ESG values.

Displaying Resilience in A Volatile Market

Throughout FY2023, Hartalega exemplified resilience in the face of challenging market conditions of pricing concerns and oversupply. Despite a reduction in production output, we remained dedicated to meeting high customer expectations, with a heavy focus on automation and innovation to consistently deliver superior quality products. Testament to our efficiency, the Group maintained our track record of one of the world's fastest and most efficient production lines in the sector.

A robust supply chain proved to be a key contributor to our operational cost efficiencies, with our growing emphasis on utilising local suppliers also empowering small and medium business enterprises and boosting the domestic economy as it recovered in the post-pandemic phase. Local suppliers made up 90% of our supply chain in the fiscal year.

Additionally, our skilled and dedicated workforce enabled us to maintain consistently high product quality and develop effective marketing and sales strategies, while we maintained strong relationships with existing customers worldwide. Our commitment to local talent development is demonstrated by the composition of our Senior Management team, comprising 100% Malaysians, while the ratio of the standard entry wage by gender compared to the local minimum wage stood at an equitable 1:1.

Strong ESG principles continued to be a driving force in Hartalega being a responsible manufacturer that also positively impacts communities and the environment. The consequences of ignoring ESG practices can be far-reaching and the Group is taking proactive steps to ensure we grow sustainably.

Strengthening Our Global Presence

The Group continued to hold a prominent market presence internationally through MUN Global. Our distribution arm, MUN Global has also enabled us to increase global market reach for our own brand of gloves, GloveOn. Through MUN Global and other marketing efforts, we were able to safeguard our market share in developed markets while actively expanding our presence in developing and emerging markets. Strategic marketing initiatives will further solidify our position and reputation as a trusted manufacturer in the global landscape.

In keeping with our social responsibility values, we continued to provide critical personal protective equipment (PPE) in the form of high-quality nitrile gloves, to frontline workers in the international markets we serve. By prioritising their safety and well-being, we also uphold our commitment to contributing towards improving global healthcare standards.

Looking Ahead

Market challenges will continue in the new fiscal year. To mitigate this, we are already extending our reach beyond the established developed markets where we have a strong foothold. By tapping the potential in developing and emerging markets with growing populations and low glove consumption per capita, we can reach a wider global audience. Through these proactive efforts, we anticipate enhancing our market presence and reinforcing our pole position as a leader in the industry.

Customer Satisfaction and Relationship Management

Key Highlights in FY2023

- **Maintained a commendable customer satisfaction score of 85%.**
- **Focused on elevating customer satisfaction through impactful ESG initiatives.**

Why This Matters

In today's dynamic glove manufacturing landscape, customer satisfaction is more crucial than ever and goes beyond product quality. Being a customer-centric organisation, Hartalega understands the value of long-term customer relationships rooted in mutual trust and respect. In the face of a challenging environment, we worked on flexibly meeting the shifting needs of customers through consistent engagement, adoption of technology and innovation, as well as sustainable operational standards.

Our commitment to delivering superior quality products in tandem with continuously evolving with the customer allows us to cultivate loyalty, which is critical to future-proofing and attaining Hartalega's long-term growth objectives.

Adapting to the Post-Pandemic Environment Sustainably

In the aftermath of the pandemic, the global market experienced an excess supply of medical examination gloves due to a surge in capacity expansion, new manufacturers entering the market and customers over-purchasing in the previous year. As movement restrictions were eased, the earlier heightened reliance on PPE diminished as the market started to normalise.

We intensified measures to mitigate the impact of market saturation by entering new market segments that were yet to be tapped. In addition to leveraging opportunities offered by emerging markets, the Group continued to amplify our position as the world's leading manufacturer of high-quality nitrile gloves by ensuring our product quality was consistently superior.

With the customers' focus on ESG best practices increasing each year, Hartalega was steadfast in upholding our commitment to sustainable practices in the current economic landscape. Our ESG practices underpinned by our SHIELD values have long differentiated the Group from the competition. The year saw us reviewing and enhancing measures to ensure that our production of gloves met the highest ethical and sustainability standards. This also extended to our stringent, comprehensive, and transparent environmental reporting.

Enhancing Customer Engagement

Hartalega resumed customer-facing activities including on-site visits and industry exhibitions to showcase our products and better understand customer needs through feedback and other means of communications. Customers were also updated on our latest innovations and automation technologies, a testament to the achievements of our sustainability agenda.

With customer expectations rising in times of heightened competition, we re-evaluated customer service initiatives with a focus on improving digitalisation to better manage their needs through a range of measures. Regular dialogue sessions with customers were instrumental in assisting the Group to address changes. To ensure our product development efforts are in line with market requirements, we also sent samples of new products to customers with evaluation forms to provide their feedback.

Meanwhile, timely responses to customer queries and concerns including social compliance and environmental related issues allowed for the development of targeted solutions, which were also supported by the results of our customised bi-annual Customer Service Survey and our ongoing reliance on the Salesforce software. The foremost customer relationship management software in the world has continued to play a role in how the Group manages customer engagement successfully.

Achieving High Customer Satisfaction

We continued to prioritise the customer experience by approaching concerns efficiently and effectively until fully resolved. Through thorough investigation and involvement of each process owner, we identified the cause and undertook corrective and preventive actions (CAPA) to bring issues to a close and prevent recurrence. Furthermore, as part of our monthly Sales & Operations planning process, we reviewed customer complaints such as total complaints, complaint response time, open cases, actions taken, nature of complaints and mitigation steps to make improvements.

Customers also receive transparent reports on our findings and CAPA as part of the resolution process. Our firm commitment to resolutely tackling every complaint in a challenging environment enabled us to maintain our track record of high customer satisfaction as we continued to build long-term relationships based on trust and value.

To measure the effectiveness of our efforts, the Customer Satisfaction Index (CSI) continued to serve as a key tool that takes into account relevant factors. This includes the results of the external customer satisfaction survey as well as internal quality parameters such as Lot Acceptance Rate and Complaints per Billion.

The fiscal year saw Hartalega's customer satisfaction reach a high score of 85% with a response rate of 95% from key customers, demonstrating our commitment to meeting and exceeding customer expectations. Based on feedback via our Customer Satisfaction Survey, to ensure customer satisfaction remains high, we will also focus on strengthening relevant aspects of our customer service, orders and shipping, customer complaints and product quality, including improving our response time, reducing business lead time, as well as ensuring efficient and effective complaint management.

	FY2021	FY2022	FY2023
Customer Satisfaction Score	86%	85%	85%

Looking Ahead

To further elevate the customer experience, we will continue to adapt to our customers' evolving needs through multifaced channels while strategically investing in digitalisation, alongside exploring opportunities to diversify to new market segments. This will enable us to enhance efficiency alongside building thriving relationships founded on trust and superior quality products. Our holistic efforts will contribute towards maintaining high customer satisfaction and strengthen prospects for the Group.

Cybersecurity and Data Privacy

Key Highlights in FY2023

- **Zero incidents of cybersecurity breaches.**
- **RM750,000 invested into cybersecurity upgrades.**
- **Enhanced existing security system for endpoint, server and network.**

Why This Matters

With the glove manufacturing industry's growing reliance on digitalisation in keeping with global market trends, it is imperative to take the necessary steps to protect against cybersecurity issues.

Hartalega has maintained our focus on progressively ramping up digitalisation efforts and adoption of Industry 4.0. However, this current environment can be a double-edged sword, as it also raises the risk of cyber-attacks and data breaches. Fully cognisant of this, the Group undertakes strategic investments to implement advanced cybersecurity measures that protect our data, systems, network, and intellectual property. We can then safeguard the interests of stakeholders and prevent reputational damage, financial losses, and loss of customer trust. By constantly raising the bar in our cybersecurity and data privacy practices, we ensure the continuity and sustainability of our operations in the post-pandemic digital age.

Enhancing Cybersecurity

Risk management plays a pivotal role in our business sustainability and is overseen by the Board of Directors, with the Risk Management and Sustainability Committee conducting periodic reviews of the Group's risk profile and performance, including cybersecurity risks. Our highly-efficient IT team undertakes the development and implementation of all cybersecurity measures for the Group.

In line with our cybersecurity agenda, the fiscal year saw Hartalega investing RM750,000 to upgrade and fortify our security suite. A key initiative was the further upgrading of the existing security system's endpoint to better protect users' devices and emails as well as the company's server and network. We also installed a web application firewall for web services published to the Internet and cloud application security to protect email mailbox users from potential phishing attacks, specifically involving business email compromise (BEC).

We prioritise the security and privacy of personal and confidential information. During the year, we continued to improve IT security awareness among our employees who are well-acquainted with our Information Security Policy, which outlines their roles and responsibilities in ensuring appropriate and ethical usage of our email system while maintaining customer and company data privacy.

Cybersecurity training sessions were held and newsletters were disseminated to keep our employees aware of the potential dangers of BEC and scams that can occur at the workplace, while a dedicated channel was established for employees to report any suspicious emails. Given the positive impact of utilising simulations of possible cybersecurity threats for employees in the previous year, we continued the exercise.

Consequently, we maintained our record of zero incidents of identified leaks, theft, or loss of customer data in FY2023. There were zero substantiated complaints received concerning breaches of customer privacy (FY2022: three substantiated complaints were received and expeditiously resolved by management). In addition, we implemented a Records Management Policy.

The Group maintained our enterprise data backup policy to protect data and business continuity in the event of any unexpected system disruption. Hartanians also strictly complied with the Personal Data Protection Act 2010 (PDPA), while a Non-Disclosure Agreement (NDA) was used to establish confidentiality of sensitive information when working with third parties.

Looking Ahead

With cyber attackers becoming increasingly sophisticated in a digital world that continues to evolve, ensuring the security of IT systems and infrastructure is a priority.

Hartalega is committed to taking appropriate action to consistently enhance our cybersecurity and data privacy efforts through industry best practices and new operational technologies. Additionally, we will intensify cybersecurity awareness and vigilance among our employees through robust training and engagement programmes.

PILLAR 2

Safeguarding the Environment

As an industry leader, we recognise the pivotal role we play in contributing to a sustainable future through preservation of the environment. By preserving natural resources and managing our operations responsibly, we are committed to environmental sustainability.

Key Material Matters

1. Energy and Emissions Management
2. Water and Effluent Management
3. Environmental Compliance
4. Waste Management

Energy and Emissions Management

Key Highlights in FY2023

- **Two cogeneration power plants housed at the NGC.**
- **Recorded an 81% increase in renewable energy generation from solar power.**
- **Installation of an advanced burner at the NGC which enhanced energy efficiency.**
- **Established adjusted baseline target to achieve 25% reduction in carbon emission intensity by FY2026.**

Why This Matters

Environmental impact continues to challenge the industry, with the climate change crisis escalating each year and customers' purchasing decisions increasingly based on sustainable practices. There is an urgent need to collectively bring about change for the greater good of the planet and people by mitigating the effects of greenhouse gas emissions.

Firmly committed to upholding our environmental responsibilities, Hartalega has been at the forefront of industry best practices to progressively reduce our carbon footprint with a focus on driving a circular economy. Given our significant energy requirements, we continue to implement measures that prioritise smart energy consumption and emissions, with a view to enhancing cost efficiencies. Our efforts are also firmly aligned with the nation's target of achieving a 45% reduction in emissions by 2030 and carbon neutrality by 2050.

Promoting Energy Efficiency

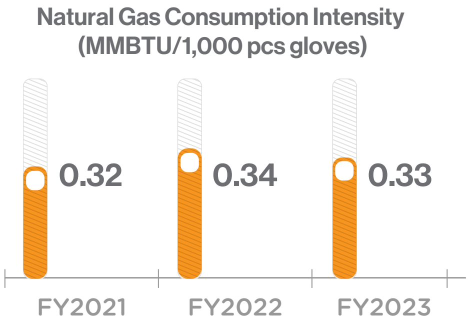
In our journey to minimise our carbon footprint, we actively exercise responsible energy consumption in our production facilities, while offsetting usage with the adoption of alternative and renewable energy sources. During FY2023, we established a dedicated Energy Committee comprising members with the requisite experience to enable us to improve our energy efficiency. The Committee seeks out new opportunities for energy savings, assesses methodology and identifies key areas for improvement to drive our energy management forward with effective solutions across our operations.

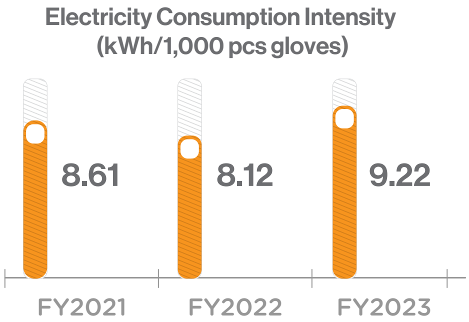
Energy efficiency at the NGC was enhanced with the installation of an advanced burner system to safely maximise thermal efficiency and thermal stress during the manufacturing process, while enabling prompt responses to changes. This resulted in an 11% reduction in energy consumption, alongside lower operating costs and improving flexibility in how the facility is managed.

The installation of two cogeneration power plants at our NGC facility has been instrumental in enabling us to improve our energy efficiency by simultaneously generating electricity while converting otherwise wasted heat to thermal energy. This reflects a pivotal move towards alternative energy sources that generate lower carbon emissions, contributing to our emissions reduction target over the long run.

Our integrated approach led to a significant reduction of 27.5% in natural gas and 16.23% in total electricity consumption during the fiscal year, primarily due to lower fuel and electricity consumption, as well as reduced production volume.

Year	FY2021	FY2022	FY2023
Natural Gas Consumption (MMBTU)	11,816,296	9,831,902	7,126,235
Electricity Consumption (kWh)	313,608,052	234,158,123	195,755,209





In line with this, our natural gas consumption intensity was maintained at 0.33 MMBTU per 1,000 pieces of gloves in FY2023. However, there was an increase in electricity consumption intensity to 9.22 kWh per 1,000 pieces of gloves from 8.12 kWh per 1,000 pieces of gloves in FY2022. This was mainly attributed to lower production output and utilisation rate. We have also taken measures to strengthen our data monitoring and tracking systems to improve natural gas and purchased electricity consumption. Electricity consumption is measured using the standard set by Suruhanjaya Tenaga Malaysia.

The Group continued to tap into opportunities for net-zero commitments, while pursuing other energy-saving initiatives to strengthen cost and manufacturing efficiencies.

Our continued reliance on the ISO 14001:2015 standards and Plan-Do-Check-Act Model has also enabled us to meticulously monitor and enhance energy efficiency. As we progressively adopt more advanced technologies and foster a culture of energy-conscious practices throughout our entire operational framework, the Group has established an adjusted target to lower our carbon emission intensity by 25% by FY2026, using FY2023 as our baseline. Working towards this, we aim to reduce our carbon emissions intensity from 0.023 to 0.017 tonnes CO_2 per 1,000 pieces of gloves by FY2026. Key to our efforts is strengthening awareness among employees on the importance of energy savings both at work and in other areas of life. In addition to training and talks on climate change, the Group with our partners once again took part in the lights-out Earth Hour by the World Wildlife Fund.

Increasing Renewable Energy Usage

As testament to our steadfast commitment to enhancing environmental stewardship, to date, we have invested RM38.9 million in advancing the Group's renewable energy capabilities aimed at further reducing our plants' environmental impact. Our NGC facility's state-of-the-art 1.65 MW solar power system has an installed capacity of 2,284 kWp of renewable energy. In FY2023, we generated 2,532 MWh of solar power, a significant 81% increase from the previous year. Clean energy from our rooftop solar system remains key in elevating operational efficiencies at NGC.

Registered with the United Nations Framework Convention on Climate Change (UNFCCC) or Kyoto Protocol, our biomass energy plant which is fuelled by empty oil palm fruit bunches remained a highly-reliable source of renewable energy. An industry-first when it was installed, our biomass energy plant generated 115,880 MWh of renewable energy during the financial year under review. Since FY2021, the total amount of renewable energy that has been generated is equivalent to power approximately 119,572 households.

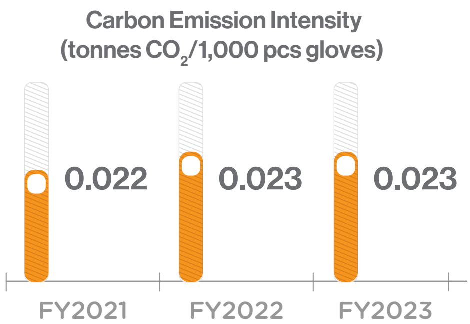
Year	FY2021	FY2022	FY2023
Solar Power System (MWh)	N/A*	474	2,532
Biomass Power Plant (MWh)	204,550	171,595	115,880

* Data tracking and reporting commenced in FY2022

Tracking our Carbon Footprint

In our pursuit of sustainable manufacturing that mitigates climate change, we are conscious of how greenhouse gas emissions must be diligently monitored. Managing our carbon footprint through data and insights remains paramount to implementing effective strategies and policies aimed at reducing our emissions, while contributing towards the nation's sustainability goals.

Although our carbon emissions intensity for the financial year stood at 0.023 tonnes CO_2 per 1,000 pieces of gloves, we remain resolute in our journey to progressively enhance efficiencies.



To determine our environmental impact annually, our calculations are in accordance with the international Greenhouse Gas (GHG) Protocol. Premised on clear parameters and a well-defined framework, this tool enables us to review a pool of collective data involving our suppliers and partners, in addition to the Group's own emissions.

In FY2023, our Scope 1 and Scope 2 emissions saw a 25% drop in total carbon emissions due to lower natural gas and purchased electricity consumption. Through thorough data collection, analysis, and instilling sound values in employees, the Group intends to sustainably reduce our total carbon footprint. As part of our efforts to strengthen our emissions management, we have also started tracking Scope 3 indirect emissions, comprising employee commuting and business travel.

Year	Scope 1 Emissions (tonnes CO_2)	Scope 2 Emissions (tonnes CO_2)	Scope 3 Emission (tonnes CO_2)	Total Emissions (tonnes CO_2)
FY2021	626,972	183,460	N/A*	810,432
FY2022	521,681	136,705	N/A*	658,386
FY2023	378,118	114,517	5,383	498,018

* Data tracking and reporting commenced in FY2023

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.
- Scope 3 emissions cover indirect emissions generated by employee commuting and business travel (flight).
- 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.my/wp-content/uploads/2019/12/2017-CDM-Electricity-Baseline-Final-Report-Publication-Version.pdf] reported by the Malaysian Green Technology Corporation.
- Carbon emissions from employee commuting and business travel (flight) (Scope 3) is calculated based on the emission factors from UK DEFRA, Business Travel – Air, 2019 and Passenger vehicles, 2019 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891105/Conversion_Factors_2020_-_Condensed_set__for_most_users_.xlsx].

Looking Ahead

In the new fiscal year, our focus will be to reduce our carbon emissions intensity by 25% by FY2026 (using FY2023 as baseline), with more investments in energy-efficient technologies and renewable energy sources to minimise our environmental footprint. To this end, we aim to install solar panels on the roof of all our plants. We also embarked on a product lifecycle assessment to measure the carbon emissions associated with the lifecycle of our products.

Decarbonisation efforts enhanced by a strong culture of sustainability and good governance will drive us forward in our goal to cement our competitive advantage and build a circular economy to enhance value for all stakeholders.

Water and Effluent Management

Key Highlights in FY2023

- **Achieved 3% of our 5% reduction target for water consumption intensity by FY2024.**
- **Invested more than RM90 million in strengthening wastewater systems at our plants.**
- **Retained the highest Standard A for effluent discharge, surpassing the Standard B benchmark set by the DOE.**

Why This Matters

Smart water consumption and effluent management are vital for the sustainability of the glove industry, particularly in view of climate change heightening each year.

Given the water-intensive nature of manufacturing our superior quality nitrile gloves, responsible consumption of this precious resource through careful real-time monitoring, among other tracking measures, is paramount to preventing overutilisation. Equally critical is reducing waste and managing effluents to maintain the sustainability of our operations by means of effective treatment and disposal in accordance with global and national regulatory standards. By focusing on environmental targets and proven technologies, Hartalega continues to move towards being a green manufacturer.

Sustainable Water Usage

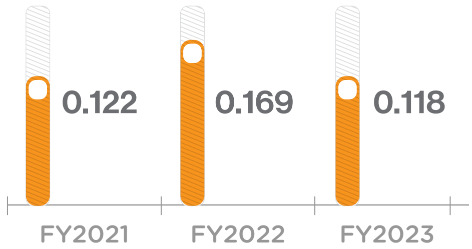
Efficient water consumption practices can bring significant benefit to environmental sustainability and biodiversity conservation, while conserving the country's water sources. As water used during the manufacturing process directly impacts the quality of our products, Hartalega recognises the value of not just monitoring our consumption but to work towards reducing the amount of water used over time.

The Group periodically reviews water management measures across all facilities to maintain optimal usage of water. We regularly monitor our water withdrawal and consumption intensity to track our progress in reducing our water footprint. The real-time monitoring system implemented in the previous fiscal year continued to be instrumental in tracking water distribution throughout our production facilities.

Total water withdrawal for the year saw a reduction to 16.19 million m^3 as a result of our efficiency efforts to enhance water optimisation in our production process. Our primary source for water withdrawal is local rivers, which stood at approximately 98% in FY2023. The remaining 2% was derived from municipal supply. We continued utilising the water ultrafiltration system installed in FY2021 to treat raw water for use at selected production facilities.

In FY2023, our water consumption intensity reduced to 0.118m^3 per 1,000 pieces of gloves, largely due to optimised water usage in our production process. We continued to review our ongoing water reduction projects across our production lines, alongside monthly monitoring of water usage.

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



In FY2023, our total water consumption reduced to 2.50 million m^3, from 4.88 million m^3 in the previous fiscal period. This significant reduction was mainly attributed to production lines operating at a lower capacity during the year. With that, we achieved 3% of our 5% reduction target for water consumption intensity by FY2024, with FY2021 as a baseline. We also continued to encourage stronger values among our workforce on consuming water responsibly with a series of educational and training programmes.

Responsible Wastewater Treatment

Ever-mindful of the consequences of improper treatment and disposal of effluents, Hartalega strictly adheres to environmental guidelines, utilising tracking technologies and innovative measures to alleviate environmental impact.

Our internal team, supported by experts, collaborates with regulatory bodies to ensure our water discharge practices conform to the ISO 14001:2015 framework. All effluent discharge is processed at our state-of-the-art treatment plant before being discharged into the stormwater drainage system. As a result of the collective efforts, we contributed positively towards sustainable water provision, while elevating our operational efficiency.

In FY2023, the total water discharged from our operations amounted to 13.69 million m^3, all of which was treated to the highest standards, and approximately 20% lower than the previous fiscal period. This significant reduction was attributed to a combination of factors, including the lower operational capacity of our production lines and the implementation of water conservation initiatives. We remain dedicated to elevating our water discharge management practices to minimise our water footprint as a responsible manufacturer.

Year	Total Water Withdrawal, million m^3	Total Water Discharged, million m^3	Total Water Consumption, million m^3
FY2021	22.30	18.00	4.30
FY2022	22.00	17.12	4.88
FY2023	16.19	13.69	2.50

As further testament to our unwavering commitment to sustainable wastewater management, the Group recorded zero reported incidents of non-compliance with discharge limits. We once again successfully maintained our Standard A for water quality parameters, including biological oxygen demand (BOD), chemical oxygen demand (COD), and total suspended solids (TSS). This achievement enabled us to exceed the already rigorous Standard B criteria required by the DOE for effluent water discharge.

Looking Ahead

Our dedicated efforts to uphold sound practices in water consumption and wastewater management is reflected in our outstanding track record of regulatory compliance and strong culture of sustainability. The Group is on track to achieving our target of reducing water consumption intensity by 5% by FY2024. Towards this end, we are maintaining our multi-pronged approach that focuses on reducing our dependence on both direct and indirect water withdrawal in our facilities, as well as raising environmental consciousness among our employees.

As we progress sustainably, Hartalega will actively explore innovative ways to optimise our water usage in our production process and ensuring effective wastewater treatment facilities.

Environmental Compliance

Key Highlights in FY2023

- **Retained ISO 14001:2015 certification for our Bestari Jaya facility.**
- **Maintained our track record of zero environmental non-compliance incidents.**

Why This Matters

The role of environmental compliance in sustainable manufacturing practices is undeniable in view of escalating climate change concerns. Mindful of our responsibility, Hartalega is firmly committed to operating in a way that has minimal impact on the environment, while contributing towards global sustainability goals and safeguarding ecosystems for future generations. Our close monitoring, control methods and policies reflect best practices in environmental compliance, from local and international perspectives, as we strive for cost efficiencies and sustainable growth.

Commitment to Environmental Best Practices

In upholding environmental best practices at Hartalega, we ensure uncompromising compliance with the requirements set out by the DOE and our Health, Safety, and Environment (HSE) Policy which serves as a comprehensive guideline, outlining methods to manage and mitigate our environmental impact, while meeting legal and regulatory requirements. We are also guided by the UN SDGs to achieve globally-aligned benchmarks.

Through our collective measures that include implementing ISO 14001 standards, we actively monitored crucial factors such as pollution control, energy consumption, emission quality, waste disposal, and water consumption data during the fiscal year to maintain our solid track record in environmental compliance. As proof of our ethical practices, our effluent discharge was again in compliance with Standard A, which is above the required Standard B by the DOE. Additionally, Hartalega also retained ISO 14001:2015 certification for our Bestari Jaya plant.

Safeguarding Our Environment

In keeping with our HSE Policy, we have implemented a range of technologies and initiatives to minimise the impact of our operations. In FY2023, we expanded our efforts to manage oil and chemical spillage at our facilities by enhancing steps to eliminate spillage into monsoon drains. With training and education of our workers being integral to raising our compliance standards, we conducted rigorous chemical spillage drills to impart knowledge to our chemical handlers. Additionally, we introduced Operating Procedure and Limits specifically tailored to prevent spillage, further ensuring high standards of environmental protection.

Placing tremendous emphasis on compliance with the Environmental Quality Act (EQA) 1974 and related regulations, stringent compliance with all acts and regulations remained a top priority for us. Regular Environmental, Process, and Mechanical Contractors meetings were also conducted to review our environmental performance and identify areas for improvement. During the year, we appointed personnel with the capabilities to ensure optimal functioning of key operations, namely air pollution control equipment, proper treatment and disposal of wastewater, and disposal of scheduled waste in compliance with regulatory requirements.

A total of 27 environmental audits were conducted by independent external parties in FY2023 to keep our strict adherence to related laws and regulations as well as internationally-recognised standards. The Group maintained our track record of zero incidents of non-compliance with environmental laws and regulations during the fiscal year.

Looking Ahead

We are dedicated to safeguarding the environment by acting as responsible stewards of our natural resources. Understanding the long-term value to be gained, we will continue to uphold best practices in environmental compliance across our operations. We target to obtain ISO 14001:2015 certification for our NGC plant by the end of FY2024. With this, 100% of our manufacturing plants will be certified with ISO 14001:2015.

Waste Management

Key Highlights in FY2023

- **Effective practices saw overall waste generated reduced by 30%.**
- **60% of waste generated was recycled.**
- **Recorded zero incidents of non-compliance.**
- **Successfully diverted 1,995 kg of old clothing and fabric from being taken to landfills.**

Why This Matters

Effective waste and resource management remains both a key component and challenge in Hartalega's glove manufacturing operations each year. To minimise disposal to landfills and greenhouse gas emissions, the Group strives to pay close attention to reducing waste generated and increasing recycling efforts to alleviate environmental impact in line with a circular economy approach. By upholding the principles of sustainability, we remain steadfast in our dedication to safeguarding the environment and surrounding communities, while fostering a cleaner, healthier future.

Efficient Waste Management

Every individual plays a part in our environmental performance. Ensuring responsible waste management is practiced throughout the organisation, we continued to implement comprehensive waste reduction strategies and initiatives that adhere to ISO 14001:2015 standards for both hazardous and non-hazardous materials. Our growing focus on enabling a circular economy saw us actively encourage reduction, reuse, and recycling (3R) of resources across our operations during the year, with wide-ranging audits undertaken to enhance waste management compliance.

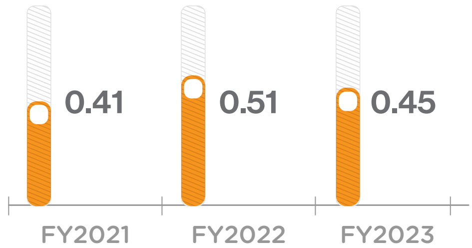
Through stringent monitoring efforts, our total waste output in FY2023 decreased by a significant 30% to 10,278 metric tonnes (MT) from 14,749 MT in FY2022. Also, during the year under review, hazardous waste generation reduced by 23% to 1,657 MT from 2,143 MT in FY2022, while non-hazardous waste decreased by 32% to 8,621 MT from 12,606 MT.

Our three-year waste management data comparison also demonstrated our keen efforts in alleviating environmental impact.

In MT	FY2021	FY2022	FY2023
Hazardous waste	2,113	2,143	1,657
Non-hazardous waste	12,842	12,606	8,621
Total waste recycled	8,310	8,894	6,135
Total landfill disposal	4,531	3,712	2,486

Total waste generated intensity for FY2023 stood at 0.45 kg per 1,000 pieces of gloves, a reduction from the previous fiscal year. During the year, 60% of the total waste generated was recycled and diverted from going to landfill. Our effective practices saw overall waste generated reduced by 30% in FY2023 compared to the previous year.

Total Waste Generated Intensity (kg/1,000 pcs gloves)



Our scheduled waste disposal efforts during the year saw us specifically targeting sludge disposal to minimise associated costs. We also decreased the number of trips for sludge disposal per month, emphasising waste segregation at the source and rigorous auditing processes. Our KPIs also included reducing landfill disposal. In terms of non-scheduled waste, we emphasised awareness and better waste segregation at source. We maintained our 100% recycling rate for broken formers to prevent further landfill disposal.

Hartalega's waste management process adheres to the following protocols, guided by our HSE Department:

1. To track our waste output, we employ computer-generated weighing chits for internal monitoring of all waste materials generated. This allows us to compile accurate data systematically, facilitating effective waste management strategies.
2. Our waste is divided into non-hazardous (primary) and hazardous (secondary).
3. Non-hazardous materials, mainly made up of broken formers, rejected gloves, paper, and plastics among others, are recycled and managed by licensed contractors.
4. Hazardous materials, mainly comprising sludge as a result of wastewater treatment, are managed by licensed contractors approved by the DOE. All hazardous or scheduled waste is handled in accordance with the DOE's Scheduled Wastes Regulations 2005 (EQA 1974).

Audits of the Group's waste management are undertaken at two levels: internally by our HSE Department and externally by independent third-parties. This allows us to regularly and thoroughly assess our waste data to ensure our control systems are effective and leverage possible opportunities to improve waste management. With efficient and effective audits, we maintained internal benchmarks during the year

under review, while upholding regulatory guidelines that reflect local and global standards of care. There were no recorded incidents of non-compliance in relation to waste management in FY2023.

Amplifying Our Recycling Efforts

At the heart of improving an organisation's waste management efforts lies an informed workforce that shares the management's philosophy in how we care for the environment. At Hartalega, we continuously engage with our employees to instil strong recycling values that extend beyond the workplace. To encourage a sustainability mindset, we focused on 3R campaigns for paper, plastic and wooden pallets, supported by the use of Roll-on/Roll-off bins in FY2023. We also encouraged employees to be more conscious of wasteful behaviours that could impact our environmental performance.

Through employee initiatives, we improved our waste management practices as a Group, as we move closer towards building a circular economy.

Recycling of Old Clothing and Fabric

In FY2023, Hartalega collaborated with Life Line Clothing Malaysia, an ISO 14001-certified organisation, to promote circularity through the recycling of old clothing and fabric. This initiative enables Hartanians to donate unwanted uniforms and household generated textile waste for recycling, preventing this from being disposed of in landfills. Through this initiative, we successfully diverted a total of 1,995 kg of old clothing and fabric from being taken to landfills in FY2023. This enabled us to prevent 3,670 kg of carbon dioxide equivalent (CO_2e) being emitted into the environment. On a daily basis, it is estimated that every Malaysian resident emits 21 kg of CO_2e into the atmosphere. As such, our contribution is equivalent to avoiding 175 days of emissions. As a result of our efforts, Hartalega was awarded with a Certificate of Environmental Impact by Life Line Clothing Malaysia.

	FY2023
Weight collected	1,995 kg
CO_2e emissions avoidance	3,670 kg
Days avoiding emissions in Malaysia	175

Looking Ahead

In the new fiscal year, we plan to enhance material utilisation efficiency to curtail the generation of waste per production unit and persist in our exploration of more innovative recycling solutions. As a responsible manufacturer, we will strive to actively address challenges in waste management and positively contribute to a greener future.

PILLAR 3

Caring for Our Employees

Our passion for protecting lives starts with our people. Upholding the strong foundation of trust that we have built amongst both internal and external stakeholders, we are committed to safeguarding the welfare of all Hartanians as well as those in our value chain, in line with local and international best practices.

Key Material Matters

1. Health and Safety
2. Human Rights
3. Socioeconomic Compliance
4. Employee Management

Health and Safety

Key Highlights in FY2023

- **Attained ISO 45001:2018 certification for both our Bestari Jaya and NGC facilities.**
- **Maintained Grade A rating from the Department of Occupational Safety and Health for both our Bestari Jaya and NGC facilities.**
- **Achieved a 23% reduction in recordable work-related injuries.**
- **Recorded lowest Lost Time Injury Frequency Rate in six years at 0.47.**
- **Implemented dedicated mental well-being programmes.**

Why This Matters

Ensuring the safety, well-being and health of every Hartanian at the workplace remains pivotal in our pursuit of responsible manufacturing and sustainable progress. By ensuring employees feel protected at the workplace, this not only heightens contentment but optimises productivity levels, making employees an even greater asset to Hartalega. While potential operational hazards were a primary focus, we also made mental health a part of how we cultivate a mindful and conducive workplace environment post-pandemic.

Upholding HSE Best Practices & Good Governance

Our HSE Policy continued to serve as an essential guide in the measures, collaborations and consultations undertaken to maintain strict adherence to health and safety requirements for the sake of employees as well as contractors, visitors and the community at large. Steered by our HSE Policy, we have established clear guidelines and responsibilities of both employer and employees to foster a culture of safety and care through clear procedures and reporting processes as well as awareness tools. With a strong emphasis on open communications and HSE best practices, we can continue to protect our employees and business operations, while contributing towards global healthcare needs.

Keeping us on track in our HSE management is the HSE Committee, with representatives from both management and employees from both our NGC and Bestari Jaya facilities, covering 100% of our workforce to ensure inclusivity and well-rounded perspectives. Regular meetings are held each quarter to discuss health and safety matters, including near-miss incidents, post-pandemic measures, as well as potentially harmful behaviours and other facility-related concerns.

Guided by the Committee, our HSE Department oversees the day-to-day HSE requirements of our operations. This encompasses vigilant monitoring of regulatory compliance, tracking KPIs, implementing audit recommendations, and ensuring effective internal communications. Testament to our commitment to safety, we view the number of accidents as a KPI to be closely monitored.

Cognisant of the possibly damaging consequences, we manage potential hazard sources by promptly investigating, then implementing remedial action and preventive strategies as outlined in the HSE Policy. Coupled with strict adherence to the Occupational Safety and Health Act (1994) and Factories and Machinery Act 1967, comprehensive protection is provided to 100% of Hartanians under the ISO 45001 Occupational Health and Safety Management System.

To instil a shared sense of accountability, we continued to assign foreign Hartanians with HSE responsibilities. This promotes a deeper understanding of safety best practices within our production facilities among all employees regardless of race or nationality. Selected foreign Hartanians were appointed as safety ambassadors to conduct daily safety walks in production areas. Further awareness was raised through our Safety Dojo programme, alongside the provision of easily-accessible, safety-related communications materials in various languages so they can be understood by all employees. As a result, FY2023 saw a 23% reduction in recordable work-related injuries.

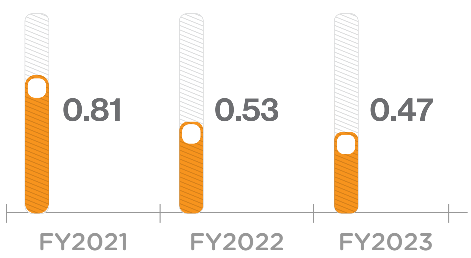
During the fiscal year, we continued to maintain ISO 45001:2018 certification for our occupational health and safety management system and ISO 14001:2015 certification for our environmental management system at the Bestari Jaya plant. In addition, we attained ISO 45001:2018 certification for the NGC facility and are currently in the midst of attaining ISO 14001:2015 certification.

Our HSE commitment also extends to external stakeholders with the Hartalega Vendors HSE Requirements clearly outlining our expectations of vendors and suppliers' HSE management in order to work with us. Among the criteria are regular workplace risk assessments, implementation of robust hazard controls, safe storage and disposal of chemicals, and strong ethical practices that ensure workers' welfare.

In our efforts to maintain consistently high safety compliance, Hartalega's HSE performance undergoes rigorous regular assessments. In addition to internal audits by our HSE Committee and external audits by the Department of Occupational Safety and Health (DOSH) on our plants, we periodically conduct customer and social compliance audits. As a result of our efforts, our Bestari Jaya and NGC facilities were both accredited with a DOSH Grade A rating in FY2023. Hartalega audits are also allied with international standards such as amfori BSCI and SMETA.

Demonstrating the efficacy of our collective HSE initiatives, there has been a consistent downward trend in Lost Time Injury Frequency Rate, reaching a significant six-year low of 0.47 in FY2023. Furthermore, our Group successfully achieved a notable 23% reduction in recordable work-related injuries in FY2023, surpassing the accomplishments of the preceding fiscal year.

Lost Time Injury Frequency Rate



Hazard and Chemical Management

To safeguard against potential harm to people and the environment from the chemicals and hazardous materials used in glove manufacturing, the Plan-Do-Act-Check model continued to be fundamental in our operations. Applicable to all operational sites across NGC and Bestari Jaya, each Process Owner utilises the Hazard Identification, Risk Assessment, and Risk Control (HIRARC) system, with the guidance of the HSE Department to address four possible root causes of a problem: man, machine, method or material.

Our hazard management is further reinforced by a HSE competency list that designates specific tasks to relevant personnel, including safety and health officers, authorised entrants, standby personnel for confined spaces, first aiders, and emergency responders as well as a stand-alone team for the handling of chemicals and wastes generated. All employees involved in hazard and chemical management must undergo comprehensive training and wear the mandatory PPE.

As part of an integrated hazard management approach, we also require site contractors to apply for Safe Work Permits and proactively execute Job Hazard Analysis before their contract with the Group starts. Regular contractor safety inductions and toolbox talks further prioritise external vendors and suppliers' safety.

We advocate diligent storage, labelling, as well as a comprehensive response procedure by the Emergency Response Team (ERT) in case of spillage or leakage incidents. Any incidents that occur are immediately investigated by the HSE Department and Process Owner, with corrective and improvement measures undertaken and documented in our CAPA system. Employees are then informed about the investigation and outcome.

Healthcare Accessibility for Hartanians

At Hartalega, it is imperative that healthcare is easily accessible to every employee and to demonstrate this, we provide a range of services to meet different requirements.

Our Health Management Programme ensures free outpatient and inpatient medical treatment through the company's sickbay, while compulsory medical check-ups are available to targeted groups potentially exposed to certain hazards. To ensure good quality of life for all our people, in FY2023, our Worker Well-Being programme carried out medical screenings of foreign workers for chronic disease. Other initiatives include conducting in-house audiometry tests for new and existing employees.

Additionally, annual medical check-ups are available for Assistant Managers and above. All Hartanians are entitled to insurance coverage including medical treatment costs. The provision of 24-hour on-site ambulance services further ensures immediate medical assistance is within convenient reach.

The Health & Wellness page on Hartanet complements Hartalega's HSE efforts by providing a wealth of resources, including articles on health and wellness, and health procedures. Through various engagements, we also communicate our 10-Life Saving Rules to all employees, contractors and visitors.

During the year, the Group continued to prioritise mental health awareness as a key component of our employees' health. Various initiatives were implemented under the Mental Well-Being programme, including the launch of e-DASS, a Depression, Anxiety and Stress Scale. This self-assessment tool is utilised for screening purposes by the Health and Wellness team in determining one's psychological condition before next steps in care are determined.

Moreover, to manage noise hazards, we conducted hearing conservation training and equipped staff with appropriate hearing protection. Periodic monitoring is undertaken for those who work in high-noise areas designated as Hearing Protection Zones. Proactive measures were also implemented to address heat concerns. This includes the installation of air-cooling systems in working areas and the provision of portable blowers to reduce heat stress and ensure a comfortable working environment.

We also continued to be vigilant in monitoring the incidence of COVID-19 within our operations. Following careful assessment during the fiscal year with no spikes in cases, our COVID-19 Steering Committee allowed for an optional face mask standard operating procedure on Hartalega premises. However, the wearing of face masks is still required for Hartanians utilising Company transportation, as well as for those who are unwell or exhibiting potential flu-like symptoms. We do not take the risk of COVID-19 lightly and the Steering Committee consistently evaluates preventive measures. Regular reminders are also provided to Hartanians to remain vigilant at all times.

Instilling a Safety-First Culture

To reflect our safety-first ethos, we encourage management and employees to share the responsibility and collaborate to achieve a conducive workplace with minimal HSE issues. There was a total of 109 management and worker representatives on the HSE Committee representing 100% of our total workforce during the fiscal year.

Employees also underwent on-site and job-specific training sessions as well as briefings on standard operating procedures to ensure their safety and how to remove themselves from potentially harmful situations. The Group conducted 102 sessions for various levels of employees.

Our safety-first mindset is further instilled through various initiatives and programmes each year. This includes our Safety Dojo, a mock production line established at the Hartalega Academy with safety-related information with key learnings from previous incidents and cautionary lessons. During the fiscal year, 71 new Hartanians were trained under the Safety Dojo programme. We also launched our Love Your Hand Mini Campaign in FY2023 to raise awareness about hand safety. To further elevate HSE best practices, we introduced the I See I Act System, a centralised system to proactively identify and address potential hazards. Alongside this, the OPL methodology communicates expectations for work processes that aids in knowledge sharing.

Our employees can also report work-related concerns without fear of reprisal. We adopt a bottom-up approach in accordance to ISO 45001 standards, with workers able to raise their concerns through multiple channels of communications to supervisors, the Human Resource (HR) Department and worker representatives, among others.

Furthermore, we continued to ensure that our vendors and suppliers comply with our Supplier Code of Conduct, emphasising ethical standards and compliance with health, safety, and environmental guidelines, with SOPs and toolbox briefings conducted prior to receiving an HSE pass which permits access to our premises. Weekly safety inductions are also provided to on-site contractors.

Air Emission and Noise Monitoring

To mitigate air pollution arising from dust and particulate matter, we are fully compliant with DOE's Environmental Quality (Clean Air) Regulations 2014 and undertake air emissions monitoring on an annual basis, with periodical analysis for total particulate matter (PM), sulfur oxides (SO_x), nitrogen oxides (NO_x), chlorine (Cl_2) and ammonia (NH_3) levels. On top of that, we perform site boundary noise monitoring and are compliant with the requirements of the EQA 1974, protecting employees from work-related hazards such as noise. We also have the necessary scrubber system in place to mitigate odours, in accordance with the EQA 1974.

Looking Forward

To amplify our HSE practices, we have set our sights on obtaining ISO 14001 certification for our NGC plant in FY2024. Additionally, we are committed to building a robust HSE compliance programme to complement our existing 10 Life-Saving Rules. This will entail the development and implementation of a comprehensive Behaviour-Based Safety framework that will allow us to proactively address and further mitigate potential risks. Through these initiatives, we will continue to provide a cost-efficient, safe and healthy workplace environment.

Human Rights

Key Highlights in FY2023

- **Attained Gold certification in the WRAP audit.**
- **Achieved A rating by amfori BSCI for the NGC facility.**
- **Received the Gold award for Human Rights and Labour Standards under the Social Category (Large Companies Tier) at ESG Positive Impact Awards 2022.**

Why This Matters

As ESG garners heightened scrutiny globally, organisations are increasingly held accountable to ensure that human rights are protected across the value chain. By cultivating a people-centric culture at Hartalega that prioritises fair and equitable practices, we are committed to creating an environment that safeguards the welfare of all Hartanians and those in our supply chain.

Human Rights Governance and Accountability

All matters pertaining to the governance of human rights are overseen by our CEO, with the support of the Chief of Social Compliance. This includes keeping abreast of relevant changes to local and international laws, audit programme requirements, the social compliance performance of our supply chain, as well as ensuring alignment with the expectations of our clientele and other key stakeholders.

Our governing policies are spearheaded by our Social Compliance Department and Social Compliance Task Force. Working closely with other departments, the Social Compliance Department is responsible for the implementation of effective social compliance practices, in addition to the management of internal and external social compliance audits. This enables us to maintain our rigorous standards, continuously enhance our strategies, and undertake corrective action when necessary.

Alongside this, our Social Compliance Task Force which is helmed by our CEO is charged with assessing potential risks to social compliance and identifying opportunities to enhance our practices across the organisation. The Task Force also undertakes engagements with key stakeholders pertaining to labour practices.

To clearly articulate our firm stance on the protection of human rights to our people and partners in the value chain, we updated our Social Compliance & ESG Policy to communicate the Group's ESG practices and social compliance and human rights standards that all employees and suppliers are required to adhere to.

Respecting Human Rights

We strictly abide by both local and global standards for human rights and social compliance. This includes Malaysian labour laws, the UN Guiding Principles on Business and Human Rights, and the ILO's 11 Indicators of Forced Labour. Our approach is ingrained within our people and throughout our supply chain through relevant policies.

To facilitate effective communication and understanding of our policies amongst our workforce, we have made them available in several languages, including English, Bahasa Malaysia, Burmese, Indonesian, Nepali, and Bengali, via our Employee Handbook which is distributed to all Hartanians. This conveys our Codes of Conduct, grievance mechanisms and other relevant documents, providing our people with guiding principles. To further enhance accessibility, our key policies are also available on our user-friendly intranet portal as well as the Hartalega website at https://hartalega.com.my/sustainability/corporate-governance/ for ease of reference. These include the following:

- Social Compliance & ESG Policy
- Supplier Code of Conduct
- Whistleblowing Policy and Procedure
- Zero Cost Recruitment Policy

Upholding Human Rights Across Our Operations and Supply Chain

Our commitment to advancing our social compliance journey is part of our robust risk management framework and best corporate governance practices. In addition to enforcing strict codes of conduct for both employees and suppliers, we actively evaluate our operations and supply chain and undertake the necessary due diligence to identify potential risks, close gaps, and implement continuous improvements to strengthen our human rights performance. This is supported by regular risk-based assessments and audits that prescribe to international standards such as SMETA and amfori BSCI, as well as corresponding with the requirements of our clientele.

External Social Compliance Audits

We assess our adherence to social compliance standards and relevant human rights regulations through external audit programmes, both customer-appointed and self-initiated. This includes the SMETA and amfori BSCI audit programmes, as well as external audits in line with our customers' Codes of Conduct, covering 100% of our facilities including NGC and Bestari Jaya.

In FY2023, we conducted a total of 19 external audits, maintaining our positive track record with an A rating for our amfori BSCI audit for NGC. We also completed an audit for the ILO's 11 Indicators of Forced Labour for both our NGC and Bestari Jaya facilities, which detected no major or critical findings.

Internal Social Compliance Audits

Our Social Compliance Department regularly carries out internal audit programmes to proactively identify and mitigate social compliance risks within our operations. Along with enhancing the effectiveness of our procedures and policies, this allows us to address internal risks and implement targeted improvements in a timely manner prior to external, regulatory or compliance audits.

In FY2023, we conducted seven internal social compliance audits at our NGC and Bestari Jaya facilities.

Human Rights and Social Compliance Training

To foster a good understanding of human rights and social compliance amongst our workforce, all Hartanians are required to complete e-learning modules on an annual basis.

Our elected worker representatives also disseminate information on our human rights and social compliance practices to employees that do not have access to the e-learning platform. Employees at the management level and key personnel across departments receive additional training to be better equipped in handling human rights matters.

In FY2023, employees recorded a total of 3,190 participation hours of human rights and social compliance training via our e-learning modules.

Supply Chain Management

Extending our commitment to safeguarding human rights to our supply chain, we conduct pre-assessment audits for all new and existing on-site suppliers and sub-contractors. This is undertaken before we enter into any contracts to ensure that suppliers adhere to our social compliance standards and to identify potential human rights risks. We also assess our existing service providers to ensure continued compliance. Following these audits, the management engages with suppliers on CAPA measures, driving continuous improvement and accountability throughout the supply chain.

In FY2023, we conducted 6 pre-assessment audits for new on-site suppliers and contractors to ensure compliance.

Due Diligence Process for Recruitment Agents

Complementing our Zero Cost Recruitment Policy, we have established a robust due diligence process to ensure the integrity of our hiring process for foreign workers via recruitment agents in source countries.

Prior to appointment, proposals must be submitted by licensed recruitment agencies with the necessary ethical resourcing certifications. They then undergo a stringent due diligence assessment by third-party auditors looking at relevant criteria, including recruitment practices and track record, business legality, recruitment costs, relevant certification by social compliance bodies, and availability of grievance mechanism.

Our HR representatives travel to the source countries to provide direct oversight of the recruitment process. Translators and independent legal representatives are utilised to ensure ease of communication with prospective candidates and to brief new recruits on employment contracts.

For further oversight, we have appointed an NGO to review recruitment activities on-site. We have also established a dedicated Suara Kami (Our Voice) hotline which is available for candidates should they have any queries or concerns.

Supplier Capacity Building

To strengthen social compliance within our supply chain, we provide capacity building opportunities for strategic suppliers, as determined by our procurement team. In FY2023, this entailed training and workshops encompassing key topics such as updates to Malaysian laws, amfori BSCI, WRAP, SMETA and the ILO's 11 Indicators of Forced Labour, amongst other areas.

In FY2023, 100% of our key suppliers were covered as part of our Supplier Capacity Building.

Implementing Best Labour Practices

We are dedicated to treating all employees fairly and with respect. To this end, our policies clearly stipulate compliance with local and international laws and regulations, in tandem with putting in place best labour practices.

Prohibiting Forced Labour

Hartalega firmly stands against forced labour, adopting a zero-tolerance approach. This is clearly communicated across our operations and supply chain via our Supplier Code of Conduct, Prohibition of Forced Labour Policy, and Zero Cost Recruitment Policy. We also provide transparent employment terms and ensure the non-retention of personal documents for foreign workers to freely hold their passports and identity documents.

We also established a Modern Slavery Statement in FY2023, articulating our stance against any modern slavery or human trafficking activities. The statement is available in full on the Company's website at https://hartalega.com.my/wp-content/uploads/2021/06/Modern-Slavery-Statement-FINAL-1.pdf.

As we strive to maintain a supply chain that is free of forced labour, it is mandatory for all our suppliers and sub-contractors to acknowledge and comply with our Supplier Code of Conduct which explicitly prohibits forced labour. In FY2023, there were zero incidents of forced labour reported.

Prohibiting Child Labour

We strictly enforce our Child Labour Protection Policy which prohibits child labour across our operations and supply chain. We do not allow the employment of child labour and young workers under the ages of 15 and 18 respectively. All suppliers and sub-contractors must comply with this in accordance with our Supplier Code of Conduct. In the event of non-compliance, suppliers and sub-contractors must enact the necessary CAPA measures, such as education and training. If this does not occur in a timely manner or there are additional incidents of non-compliance, they will face immediate termination of business with Hartalega. As a result of our stringent measures, we recorded zero reported cases of child labour in FY2023.

Worker Representation

Cultivating a culture of open dialogue helps us create a supportive working environment for all Hartanians. To ensure foreign workers have an equal voice, we appoint worker representatives from each dormitory elected by their fellow workers, with diverse nationalities represented.

Worker representatives attend monthly meetings organised by the HR Department, where they can directly interface with the Senior Management Team to express their needs, concerns, and feedback. They are also responsible for handling dormitory-related matters and sit on various committees concerning migrant workers affairs, including hostel management and canteen management. As of FY2023, there are 210 workers representatives.

Grievance Mechanism

We have implemented a robust grievance mechanism that facilitates safe reporting of non-compliance or unethical behaviour. This mechanism provides multiple channels for employees to voice their grievances in a confidential manner, such as via QR code, email, telephone, worker representatives, department managers, the HR Department, and/or security supervisors.

Once a grievance is reported, this will trigger an investigation by our Social Compliance and/or HR Departments. This is carried out in a timely manner, engaging with whistleblowers within two weeks of a report being lodged. The results of the investigation are submitted directly to the Director of the HR Department and CEO to take necessary action. In FY2023, a total of 12 grievances were reported and successfully resolved.

Supporting our grievance mechanism is our multilingual whistleblowing platform, Hartalega Speak Up. Further information on our Whistleblowing Policy and Procedure is available on the Hartalega website at https://hartalega.com.my/sustainability/corporate-governance/.

Regulation of Working Hours

In compliance with the Malaysia Employment Act, we maintain decent working hours and overtime limits that are below the statutory limits. Our standard working days are eight hours per day and one rest day per week for each worker. We have been working towards achieving full implementation of a 60-hour work week, well below the 72-weekly hours permitted locally. Overtime is also lower than the local limit of 104 hours per month. All overtime is closely tracked, regulated and approved, and is on a voluntary basis with fair compensation provided. Digital tools and third-party audits help us accurately monitor, manage and uphold ethical working hours.

Advocating Equal Opportunities

We do not condone discrimination in any form, adopting a fair and equitable approach to treat all Hartanians with dignity and respect. This is supported by key policies and practices, including:

- Our Prohibition of Discrimination Policy that seeks to cultivate an organisation that is free from discrimination.
- An Accelerated Development Programme that provides a pathway for high-performing employees, both local and foreign, to advance their careers, with an equal opportunity requirement set by our HR Department.
- Establishing a promotion process that requires all candidates to undergo rigorous assessment which is reviewed by both their immediate superior and peers from other departments. This ensures a fair and transparent evaluation of their performance and capabilities.
- Maintaining our equal-job-equal-pay principle, whereby entry-level pay for local and foreign workers is equal.
- Equal access to worker facilities for all, including our canteen and sickbay.

Should employees face any discrimination in the workplace, they can safely report this without fear of reprisal as per our Whistleblowing Policy and Procedure and grievance mechanism. Perpetrators of discriminatory acts will be subjected to appropriate disciplinary measures or termination, in accordance with the severity of the act. Relevant cases will also be reported to the authorities if deemed necessary.

In FY2023, there were zero recorded incidents of discrimination.

Prevention of Sexual Harassment

To foster a safe and conducive working environment free from any form of harassment, in FY2023, we established a Sexual Harassment Procedure. This procedure aims to provide an effective mechanism to eradicate any forms of sexual harassment and instil a zero-tolerance mindset against sexual harassment at the workplace. This entailed setting a clear definition of sexual harassment, the roles and responsibilities of employees, Heads of Departments and superiors, and the HR Department, as well as a Sexual Harassment complaint process.

Decent Workplace for Quality of Life

To ensure good quality of life for our foreign Hartanians, we provide first-rate accommodation which adheres to the ILO's regulations and surpasses the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446) stipulated by Malaysian law.

With more than RM98 million invested to-date, our multi-purpose accommodation is fully equipped with facilities and amenities on-site to cater for the comfort and convenience of employees. This includes kitchens with commercial-grade cooking facilities and refrigerators, grocery shops with indirect subsidies, indoor and outdoor leisure and recreational spaces such as game rooms, movie corners, fitness areas and sports courts, prayer rooms and sundry shops. We have also installed free internet access and provide money remittance services available in the hostel area. In addition, 24/7 outpatient and inpatient medical care is available via our on-site sickbay facility, alongside a dedicated 24-hour Emergency Response Team that offers on-site ambulance services.

Further prioritising employee well-being, we have a Health Management Programme in place to support Hartanians in the management of non-communicable diseases. Spearheaded by our sickbay team, services offered include screening for early detection and treatment of health conditions and non-occupational disease. Costs for medical screening tests are borne by the Group.

Freedom of Movement

We recognise the right of our foreign Hartanians to unrestricted movement outside of working hours, free from any curfew limitations. To facilitate their travel, we offer complimentary shuttle services from our hostels to amenities in the vicinity, such as to town for recreational and shopping purposes and mosques for prayer facilities. Visits to local tourist attractions are also organised.

Moreover, for migrant workers who opt to return to their respective home countries prior to or after completion of their contracts, we do not impose any constraints on their movements.

Freedom of Association and Collective Bargaining

In accordance with the Industrial Relations Act 1967 and the Trade Unions Act 1959, all Hartanians have the freedom to create, join or associate with trade unions through legal means, and to bargain collectively.

We uphold this in our supply chain via our Supplier Code of Conduct, requiring our suppliers, contractors and service providers to enable the right to freedom of association and collective bargaining for their workers.

Proactive Stakeholder Engagement and Industry Collaboration

Regular engagements and industry collaborations enable us to transparently communicate on our social compliance performance with stakeholders, while providing the opportunity to contribute to driving positive change in the industry. In FY2023, we continued to engage with government authorities from key markets, customers, suppliers, NGOs, industry participants and academia. Alongside this, we participated in various industry-driven initiatives and forums aimed at strengthening human rights and labour practices within the glove sector.

Transparent Communication on Social Compliance Performance

- Continued to engage consistently with relevant regulatory authorities, embassies, academia and customers on our social compliance journey.
- Organised visits with embassies, including site visits to factory premises and hostels.
- Continuous engagement with our clientele through various platforms.

Driving Positive Change via Industry Collaborations

- Collaborated with the Ministry of Human Resources and the Federation of Malaysian Manufacturers to address the prevention of forced labour in Malaysia.
- Partnered with the ILO, academia, cross-sector industry participants and NGOs for the Decent Work Malaysia Project.
- Participated in the London SEDEX Xplore Forum in which our Chief of Social Compliance served as a panellist.
- Engaged suppliers, foreign labour recruiters and in-house service providers in our Supply Chain Capacity Building Programme through knowledge-sharing sessions, self-assessments and audits.
- As a founding member of the Responsible Glove Alliance and member of the Responsible Business Alliance, we continued to strive for the implementation of best practices within the glove sector and the global supply chain, in collaboration with global industry participants and stakeholders.

Looking Ahead

To remain well-aligned with industry benchmarks and regulatory requirements, we will continue to actively engage with relevant stakeholders and participate in global industry forums. We are also focused on enhancing human rights and social compliance practices in the supply chain through engagement with our suppliers as part of our supplier capacity building initiatives. In tandem, plans are underway to create a social compliance series comprising communication materials to document our progress and achievements in social compliance, which will serve as a benchmark for the industry. In addition, we are developing state-of-the-art accommodation for workers in our upcoming NGC 1.5 facility.

Socioeconomic Compliance

Key Highlights in FY2023

- **Zero recorded incidents of non-compliance with local or international socioeconomic laws and regulations.**
- **Maintained SEDEX membership.**

Why This Matters

Upholding human rights and responsible business practices are integral to Hartalega's ethos. We are committed to achieving high socioeconomic standards that diligently adhere to prevailing local and international laws, regulations and frameworks, thereby enabling our operations to be purposeful and sustainable. With uncertainties continuing to challenge the global marketplace, sound compliance will keep us moving in the right direction to deliver long-term social and economic value for all stakeholders.

Upholding Social Compliance

Our approach to social compliance is underpinned by our SHIELD values and guided by the Group's Social Compliance & ESG Policy. Fundamental to this is the protection of human rights. We are unwavering advocates for fair and ethical treatment of all individuals within our organisation, regardless of gender, background, race, or religion. This is further exemplified by our emphasis on equality, diversity, and inclusivity in how we engage with our workforce and strengthen ties. In outlining socially-compliant ethical practices in human rights, labour matters, and workplace discrimination among other areas, our Social Compliance & ESG Policy also adheres to Malaysian labour laws, the UN Guiding Principles on Business and Human Rights, and ILO guidelines.

To maintain our standards, we are guided by the requirements of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and the MCCG. Audits are key to ensuring best practices are in place at Hartalega. Besides local social compliance audits, assessments are also conducted regularly by independent external auditors who utilise internationally-recognised standards such as SMETA, amfori BSCI, WRAP and Ethical Trading Initiative Base Code. There were 19 external audits undertaken during the fiscal year, providing comprehensive evaluations of our social compliance practices.

As testament to our compliance efforts, Hartalega maintained our SEDEX membership and our position on the FTSE4Good Bursa Malaysia.

We continued implementing other measures, including the mandatory declaration of conflict of interest for employees to prevent unjustified vendor appointments and reduce the likelihood of unethical actions through relationships with external vendors. All new vendors were also required to complete a declaration form before their appointment.

In FY2023, there were zero recorded incidents of non-compliance with local or international socioeconomic laws and regulations for the Group and no significant fines or non-monetary sanctions.

Looking Ahead

The Group is cognisant of the positive impact to be derived from upholding best practices in social compliance.
We will remain committed to implementing robust and relevant policies, benchmarking ourselves through audits that reflect global compliance systems, and striving for socioeconomic conditions that will ultimately sustain our long-term growth.

Employee Management

Key Highlights in FY2023

- **More than 30% female employees in Manager and above positions.**
- **Invested RM1.5 million in training and development.**
- **Invested RM7.6 million in Project LEAP as part of our HR Digitalisation and Transformation Programme.**

Why This Matters

We are committed to empowering all Hartanians to realise their full potential. This enables our employees to perform at their best, directly contributing to the sustainability and resilience of our operations. Underpinned by our SHIELD core values, we cultivate an organisational culture that provides opportunities for all employees to develop their capabilities, both personally and professionally.

Embracing Diversity and Inclusion

As we strive to create a strong, highly-skilled talent pool to drive the Group forward, we embrace diversity and inclusivity in our workforce. Providing equal opportunities to all, we prohibit any form of discrimination or harassment based on factors such as race, colour, religion, gender, age, national origin, disability, marital status, sexual orientation, or military status. In line with our policies, we continued to maintain a zero-tolerance stance, resulting in zero cases of discrimination in FY2023.

While the year saw the decommissioning of our Bestari Jaya facility, we continued to strengthen our talent pipeline strategically in line with our long-term growth objectives, seeking out individuals of diverse backgrounds. This saw approximately 1,500 job opportunities in FY2023. Consistent and unbiased recruitment policies and due diligence mechanisms were adhered to throughout the hiring process. Concurrently, our efforts to recruit local employees yielded approximately 350 job opportunities in FY2023. Our recruitment policies for both local and foreign employees are readily accessible through our intranet platform and are clearly communicated to hiring managers and prospective candidates.

To optimise the orientation process for new recruits, our two-day onboarding programme familiarises them with our organisational culture and key policies, and assists them in developing a good understanding of their roles and responsibilities. Alongside this, we provide opportunities for career progression within the organisation, with lateral career paths available. This also contributes to talent retention.

Our dedicated efforts to build an inclusive and diverse workplace, aligned with our strategic objective for long-term sustainable growth, enabled us to maintain our position as a preferred employer. Reflecting this, our attrition rate stood at 27.9% in FY2023. We aim to reduce our attrition rate by improving on our salary and reward scheme, creating a strong talent pipeline, and continuing to strengthen our talent development programmes.

Total employees:

	FY2021		FY2022		FY2023	
Total Employees	8,548		9,040		7,562	
Permanent employees, by gender						
	FY2021		FY2022		FY2023	
Female	36%		37%		37%	
Male	64%		63%		63%	
By employment contract, by gender						
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Female	955	519	1,582	412	1,109	394
Male	1,730	5,344	2,751	4,295	1,864	4,195
Total	2,685	5,863	4,333	4,707	2,973	4,589
By employment contract, by region						
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Local	N/A*	N/A*	4,333	59	2,973	23
International	N/A*	N/A*	0	4,648	0	4,566
Total	N/A*	N/A*	4,333	4,707	2,973	4,589
By employment type, by gender						
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Female	N/A*	N/A*	1,994	0	1,503	0
Male	N/A*	N/A*	7,046	0	6,059	0
Total	N/A*	N/A*	9,040	0	7,562	0

* Data tracking and reporting commenced in FY2022

Ethnicity diversity:

Ethnicity	FY2021	FY2022	FY2023
Malay	N/A*	36%	28%
Chinese	N/A*	3%	4%
Indian	N/A*	8%	7%
Others	N/A*	53%	61%

* Data tracking and reporting commenced in FY2022

Nationality diversity:

Nationality	FY2021	FY2022	FY2023
Malaysian	N/A*	49%	40%
Bangladeshi	N/A*	15%	15%
Indonesian	N/A*	4%	5%
Nepalese	N/A*	21%	29%
Burmese	N/A*	11%	11%

* Data tracking and reporting commenced in FY2022

Board of Directors' diversity:

	Female		Male	
	Number	%	Number	%
FY2021	3	38	5	62
FY2022	3	33	6	67
FY2023	3	33	6	67

Employee gender diversity:

Employee category	FY2021				FY2022				FY2023			
	Female		Male		Female		Male		Female		Male	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
General Managers and above	N/A*	N/A*	N/A*	N/A*	7	<1	26	<1	8	<1	24	<1
Senior Managers and Managers	N/A*	N/A*	N/A*	N/A*	65	1	118	1	67	1	132	2
Executives and Non-Executives	N/A*	N/A*	N/A*	N/A*	1,922	21	6,902	76	1,428	19	5,903	78
Total	N/A*	N/A*	N/A*	N/A*	1,994	22	7,046	78	1,503	20	6,059	80

* Data tracking and reporting commenced in FY2022

Employee diversity, by age group:

Employee category	FY2021						FY2022						FY2023					
	Under 30		30-50		Above 50		Under 30		30-50		Above 50		Under 30		30-50		Above 50	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
General Managers and above	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	0	0	24	<1	9	<1	0	0	25	<1	7	<1
Senior Managers and Managers	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	10	<1	166	2	7	<1	3	<1	183	2	13	<1
Executives and Non-Executives	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	5,822	64	2,946	33	56	<1	4,016	53	3,241	43	74	1
Total	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	5,832	64	3,136	35	72	1	4,019	53	3,449	46	94	1

* Data tracking and reporting commenced in FY2022

New Hires:

	FY2021	FY2022	FY2023
Total New Hires	1,785	4,084	1,912
New hire rates	21%	45%	25%

	FY2021		FY2022		FY2023	
By age group						
Age Group	Number	Rate of New Hires (%)	Number	Rate of New Hires (%)	Number	Rate of New Hires (%)
Under 30	N/A*	N/A*	3,370	37	1,312	17
30-50	N/A*	N/A*	709	8	599	8
Over 50	N/A*	N/A*	5	<1	1	<1
By gender						
Gender	Number	Rate of New Hires (%)	Number	Rate of New Hires (%)	Number	Rate of New Hires (%)
Female	N/A*	N/A*	1,554	17	459	6
Male	N/A*	N/A*	2,530	28	1,453	19
By region						
Region	Number	Rate of New Hires (%)	Number	Rate of New Hires (%)	Number	Rate of New Hires (%)
Local	N/A*	N/A*	4,068	45	902	12
International	N/A*	N/A*	16	<1	1,010	13

* Data tracking and reporting commenced in FY2022

Promoting Fair Remuneration

To attract and retain the right talent, we have equitable and competitive remuneration policies in place providing fair compensation and attractive benefits for our workforce. Advocating pay transparency, the salary range for each job grade is accessible through our intranet as well as highlighted during townhall sessions. In FY2023, we effectively communicated remuneration variables through emails and townhall sessions. Demonstrating our commitment to pay equality, we maintained a consistent 1:1 ratio of basic salary and remuneration for male and female employees at all job levels throughout FY2023.

Bonuses, increments and benefits are provided to employees benchmarked against set KPIs. This is determined through regular performance reviews, which include employee self-assessments and subsequent evaluations by direct superiors and Senior Management. These performance reviews also enable us to implement better performance management strategies to support capacity building and skill set development across the organisation. During the year, 100% of our confirmed employees underwent regular performance and career development reviews.

Furthermore, for employees with a monthly salary of below RM4,000 who work overtime or exceed normal working hours, overtime pay is provided in accordance with Malaysian labour laws. Executives working on rest days are also granted replacement leave to maintain work-life balance.

Ensuring Employee Well-Being and Wellness

We place great emphasis on the well-being of our employees. Testament to this, we offer a wide range of benefits such as comprehensive insurance coverage, encompassing Group personal accident insurance, Group hospitalisation and surgical insurance, and Group term life insurance. Employees are also entitled to annual leave, sick leave, hospitalisation leave, compassionate leave, marriage leave, maternity leave, paternity leave, and examination leave. Alongside this, we provide annual health screenings, dental care benefits, and gym subsidies, as well as nursing rooms for breastfeeding mothers in our facilities.

In addition to physical health, we prioritise the mental well-being of our employees. Our ongoing Employee Assistance Programme and Hartalega Mental Well-Being Programme offer mental health support. Moreover, our newly launched e-Dass system equips employees with tools to identify signs and symptoms of depression, anxiety and stress.

Under the Movement Control Order by the Government of Malaysia during the pandemic, the Group introduced our Work From Home Policy as an alternative arrangement to equip Hartanians with greater flexibility to better manage their personal and professional responsibilities. We have continued to maintain this policy whereby Hartanians are able to apply as needed.

Reflecting our conducive work environment, in FY2023, we maintained our 100% return to work rate for employees who took parental leave.

Parental Leave:

	FY2021	FY2022	FY2023
Total employees entitled to parental leave, by gender			
Female	979	1,611	630
Male	1,734	2,741	1,572
Total	2,713	4,352	2,202
Total employees that took parental leave, by gender:			
Female	15	54	77
Male	11	101	141
Total	26	155	218
Total employees that returned to work in the reporting period after parental leave ended, by gender			
Female	15	54	77
Male	11	101	141
Total	26	155	218
Total employees that returned to work after parental leave ended that were still under our employment 12 months after their return to work, by gender			
Female	9	49	75
Male	10	97	139
Total	19	146	214
Return to work rates of employees that took parental leave, by gender			
Female	100%	100%	100%
Male	100%	100%	100%
Total	100%	100%	100%

Investing in Our People

Recognising the importance of an adaptable and skilled workforce in a dynamic and ever-evolving market, we firmly believe that providing ample training, education, empowerment, and growth opportunities is crucial for Hartanians to achieve their career aspirations while collectively working towards our business objectives. In line with this, we invested more than RM1.5 million towards these endeavours in FY2023.

Spearheaded by our in-house training department, we have established comprehensive internal training programmes to empower all our employees with the relevant knowledge and skills. This is supported by our HartaLearns e-learning platform and our dedicated hub, the Hartalega Academy, which also features a mock production line for practical training and is equipped with the necessary facilities to upskill our workforce. A total of RM2.4 million was invested in the Hartalega Academy, which is set to be an innovation hub for Hartalega, generating solutions for future challenges. In FY2023, we offered 123 e-learning modules via HartaLearns and conducted 490 sessions at the Hartalega Academy.

Complementing this, employees have opportunities to take part in external training modules. To encourage employees to boost their professional growth, development programmes are also integrated into employee KPIs.

Our extensive talent development and structured training programmes include the following:

- Competency Development Programme curated for each employee, enabling them to hone relevant functional and leadership capabilities in line with their respective roles.
- Systematic training methodology via our SOJT Programme, with a database of over 300 SOJT modules to equip employees with pertinent skills and instil best practices.
- Accelerated Development Programme focusing on on-the-job training and leadership skills, targeted for high performers including foreign Hartanians who demonstrate potential for advancement. During the year, this resulted in the promotion of a total of 111 employees, of which 75 were foreign workers.
- Technical Ladder Programme enabling technical employees in our Engineering Department to become Technical Specialists.
- For non-technical employees, the Supervisory Development Programme enhances soft skills in managing the operational workforce.
- Other programmes such as First Time Manager Development and Learn and Teach also support further career progression.
- Recognising the importance of succession planning, the Hartalega High Potentials Programme accelerates the development of senior leaders and high-performing employees to build a strong leadership pipeline.
- Hartalega Graduate Readiness Internship and Young Professional Programmes provide opportunities for young Malaysians, preparing them to become the leaders of tomorrow.

Meanwhile, our Employee Education Scheme offers all Hartanians the opportunity to further their formal education, ranging from diploma to doctorate studies. To date, a total of 67 Hartanians have benefited from this programme.

To strengthen our employee management processes, following the implementation of our SAP Success Factor and iNet systems, we initiated Project LEAP in May 2022 as part of our HR Digitalisation and Transformation Programme to streamline and digitise our HR operations. Project LEAP, which stands for Leadership, Experience, Agility and Performance, aims to provide a seamless experience throughout the employee lifecycle and upskill the HR function to better support our workforce, focusing on enriching the lives and the careers of Hartanians. Throughout FY2023, several HR modules, including Employee Profile, Leave Management, Manpower Planning, Onboarding, Performance Management, and Recruitment, were successfully implemented. To date, a total of RM7.6 million has been invested into Project LEAP.

With a diverse range of dedicated training and talent development programmes, we recorded a total of 145,778 training hours in FY2023. These efforts reflect our unwavering commitment to empowering our employees, recognising their pivotal role in driving our sustainable growth.

Total training hours & investment:

	FY2021	FY2022	FY2023
Total Training Hours	154,540	390,520	145,778
Total Investment	RM1.5 million	RM1.85 million	RM1.5 million

Average training hours:

By gender	FY2021	FY2022	FY2023
Female	N/A*	45.8	30.0
Male	N/A*	42.5	16.6
Overall	N/A*	43.2	19.3
By employee category	**FY2021**	**FY2022**	**FY2023**
General Managers and above	N/A*	135.0	44.0
Senior Managers and Managers	N/A*	136.7	69.9
Executives and Non-Executives	N/A*	40.9	17.8

* Data tracking and reporting commenced in FY2022

Engaging with Our People

We firmly believe that highly engaged employees are better motivated to perform at their best and work collaboratively to achieve the Group's aspirations. Through our employee engagement activities, we convey our core values, goals,

policies, and strategies utilising effective communication channels. We strive to facilitate open communication that encourages all our people to voice their ideas and opinions. This enables a mutually beneficial engagement, cultivating a strong sense of involvement and ownership.

To enhance employee engagement with our employees, we implemented several initiatives in FY2023. Driven by our SHIELD values, every Hartanian is strongly encouraged to challenge the norm in the quest to continuously stay ahead through innovation. We launched the Innovation Ecology – an inclusive system that amalgamates, governs, and rewards all innovative ideas produced by Hartanians. From cost optimisation measures to operational enhancements, this provides a catalyst for Hartanians to generate innovative ideas for improvement and be rewarded with incentives, promoting employee engagement.

Other engagement initiatives included an annual dinner as well as festive celebrations at our foreign worker hostels, which served as platforms to foster a spirit of teamwork and camaraderie, strengthening our bond as a unified workforce.

To keep a pulse on employee sentiment, we conduct our employee engagement survey on an annual basis. In FY2023, we achieved an overall score of 66%. We recognise our lower engagement score is a global phenomenon post-pandemic due to separation and isolation in conducting work. Based on the survey results, we undertook a thorough analysis and are developing strategies to continuously improve on employee engagement, including encouraging all employees to return to the office, generating a departmental engagement score to identify gaps, as well as conducting a 360-degree assessment for Managers.

Employee engagement score:

	FY2021	FY2022	FY2023
Employee Engagement Score (%)	74	74	66

Looking Ahead

Building on our HR Digitalisation and Transformation Programme, we are focused on establishing robust succession planning, learning and performance management systems.

We are currently enhancing and digitalising our performance management system, incorporating key components such as goal alignment, periodic performance, and a rewards and recognition structure. By imbuing the organisation with the ethos of 'Purpose, Learning, and Results,' we aim to foster a culture of continual growth and self-improvement.

PILLAR 4

Contributing to the Well-Being of Local Communities

We actively seek to enrich lives by making a lasting impact on the communities we operate in. Our social responsibility efforts aim to create a ripple effect of positive change through multifaceted outreach programmes and initiatives.

Local Communities

Key Highlights in FY2023

- **Contributed more than RM2.7 million in enriching the lives of 26,365 individuals through our CSR initiatives.**
- **Employees volunteered 1,215 hours towards a range of worthy causes spearheaded by Yayasan Hartalega.**

Why This Matters

Creating value and positive impact for the communities we operate within is paramount to Hartalega as a socially-responsible glove manufacturer. We actively seek to enrich the lives of people from all walks of life by continuously investing in their welfare with financial aid, educational support and other corporate social responsibility (CSR) initiatives through our philanthropic arm Yayasan Hartalega.

Our employees volunteered a total of 1,215 hours towards supporting CSR initiatives under the Health, Education and Environment pillars, spearheaded by Yayasan Hartalega during the fiscal year. This epitomises our unwavering commitment to nurturing the advancement and quality of life of local communities, especially with many of the underserved and less fortunate still dealing with post-pandemic socioeconomic conditions. Lasting positive societal and environmental impact is vital to enhancing the long-term value of our operations for stakeholders and to enable us to grow sustainably as the communities around us thrive.

Giving Back

In the aftermath of the COVID-19 pandemic, our CSR efforts centred around uplifting vulnerable communities and individuals as the nation worked towards achieving a sense of normalcy. We also continued to contribute towards the betterment of the environment. For wider impact, Yayasan Hartalega collaborated with like-minded organisations and companies that shared our values. Ranging from spreading festive cheer, healthcare awareness and product giveaways to building a home, and providing educational support and financial assistance, we opened our hearts to make a difference and elevate quality of life.

With our CSR Team taking the lead and supported by employee volunteers, we positively impacted the lives of 26,365 individuals during the year under review.

Uplifting Local Communities

Driven by our commitment to alleviate poverty and tackle social issues that resonated with our CSR philosophy, we continued to engage and give back to surrounding communities and society through the following initiatives:

Kongsi Rezeki Programme

Through a series of dedicated and inclusive initiatives, our Kongsi Rezeki programme continued to spread goodwill and contribute towards the betterment of the surrounding communities in the vicinity of our plants in Sepang and Bestari Jaya.

Kongsi Rezeki Ramadan dan Raya

- We distributed dates during Ramadan to over 2,000 recipients.
- To support the underprivileged during Raya, we distributed grocery vouchers to 2,000 beneficiaries.
- Together with employee volunteers, we prepared and distributed 1,000 packs of bubur lambuk in Kampung Labu Lanjut, Sepang. Duit raya was distributed to 481 B40 households there too.

Kongsi Rezeki Chinese New Year

We provided 110 senior citizens in Taman Suria, Bestari Jaya, and Jashiera Old Folks Home with financial aid to enable them to purchase necessities for the festive celebration.

Kongsi Rezeki Deepavali

We continued to spread festive cheer by distributing groceries and cash vouchers to underserved families in Taman Suria, Bestari Jaya, and Jashiera Old Folks Home. As a result, we assisted 110 households comprising 440 individuals through this initiative.

Better Amenities for Orang Asli with Global Peace Foundation

Yayasan Hartalega together with the Global Peace Foundation collaborated in the construction of seven washrooms, complete with solar panels, water pumps, LifeStraw water filters and solar-powered lighting in Kampung Kepesoh in Rompin, Pahang. Aimed at sustainably elevating hygiene among the community, this initiative benefitted 120 people and the environment.

Epic Home Programme for Orang Asli

Hartanians accomplished a heartwarming achievement of constructing a home for a family of five in dire need. A first-of-its-kind experience for the Group, we collaborated with Epic Homes and the supportive villagers of Kampung Orang Asli at Sungai Kelubi, Rawang, to make this home a reality.

SAMABANTU in collaboration with Rotary Club of Kuala Lumpur DiRaja & MyKasih Foundation
Committed to improving the lives of the under-privileged, Yayasan Hartalega partnered with the MyKasih Foundation and Rotary Club of Kuala Lumpur DiRaja to provide financial aid to 2,155 beneficiaries across Malaysia. Through this collaborative initiative, we could help families in need purchase necessities at participating retail outlets.

Collaboration with Women's Aid Organisation
During the year, we supported the Women's Aid Organisation (WAO) in their mission to continue providing free and confidential services to survivors of domestic violence and other forms of violence. WAO services are guided by the belief that every woman has the right to live free from violence, and the right to make decisions over her life.

Hartalega Night Run
We organised a Neon Run for Hartanians, where the first 30 to reach the finishing line had the opportunity to donate RM500 to any charitable organisation of their choice. This activity fostered a culture of giving back to the community, benefitting 870 individuals at various charities.

Sukan Rakyat Carnival
We collaborated with Rukun Tetangga from Kota Puteri in Batu Arang to organise a mini Sukan Rakyat Carnival, which included games, a Zumba session, and delicious refreshments. Strengthening ties with the local community, more than 100 people from the Kota Puteri area attended the carnival.

Empowering Young Malaysians

Making a difference in the lives of youth, whether through financial aid, educational support or upskilling, has been instrumental to how we create positive change for the betterment of people through knowledge and skills. Among the initiatives undertaken by Hartalega in our pursuit of empowering young Malaysians during the year include:

MyKasih Student Aid
We supported the MyKasih Student Aid, an ongoing project by the MyKasih Foundation since 2012, that helps students from low-income families in Bestari Jaya receive healthy meals and to purchase school books, stationery and back-to-school supplies including uniforms and shoes. Our direct and non-transferrable aid distribution benefitted 600 children.

Learning Box Project with Teach For Malaysia (TFM)
Our ongoing partnership with TFM to change educational inequities continued in FY2023 with the zero-connectivity learning box solution supporting 5,792 children. Children in rural areas with low or no connectivity can utilise the self-directing resource box containing engaging activities and materials to enhance their abilities to learn. Our programme has been jointly supported by members of the local community and teachers to facilitate community-based learning since 2018. Our contributions for the financial year amounted to RM1.2 million.

Discover Muay Thai (DMT)
In FY2023, Yayasan Hartalega contributed to DMT for the fourth year by partnering with the DMT Academy to benefit 349 youth. Together, we aim to empower at risk and underprivileged youth to obtain a second chance in life via the DMT Academy that imparts positive values such as Discipline, Respect, Unity and Honor. The Academy extends further support by providing financial and moral support for the duration of six months post-graduation for alumni, and places them with dedicated employment partners for a minimum of three months post-graduation.

Safety and Protect First with Majlis Perbandaran Sepang
We supported Majlis Perbandaran Sepang's Safety and Protect 1st programme in collaboration with Tadika Kemas Bandar Baru Salak by sponsoring prizes for a safety-themed colouring contest that had a total of 90 participants aged five to six years old.

ADIWIRA
We organised a learning session for children from Tadika Kemas Mawar Jaya Setia, PraSekolah SK Jaya Setia as well as five primary schools in Bestari Jaya to promote the importance of road safety among children. Hartanians shared important road safety information to help the young children understand how to be more careful on their way to school, when taking public transportation, as well as while playing outside. All children were also given free helmets. This programme benefitted 1,080 children.

Supporting Community Health and Well-Being

To encourage good health and well-being in our surrounding communities, we undertook the following initiatives in FY2023:

Athena Empower
To raise awareness on menstrual hygiene among young girls, we continued to partner with Athena Empower to spread information on menstrual health to girls aged between 11 to 17 years old. This was supported by our distribution of more than RM120,000 worth of washable cloth sanitary pads to underprivileged teenagers.

Hospis Malaysia
Yayasan Hartalega continued to support Hospis Malaysia with our gloves, as well as medication and medical supplies. Our contribution assisted 2,000 patients under the organisation which provides palliative care for those in need in the Klang Valley.

Participation in School Sporting Events
Promoting healthier lifestyles, our community engagement extended to our participation in school sporting events for SK Jaya Setia and SMK Sultan Sulaiman Shah. We also officiated at the cross-country run and sports day at the respective schools.

Mental Health Awareness with IDEAS Autism Centre

We collaborated with IDEAS Autism Centre in Rawang and Nilai on a running project aimed at addressing the mental health of children with autism, including mental health interventions for parents, teachers and children with autism. With the participation of 44 parents, 13 teachers, and 40 autistic children as well as 100 members of the public, this initiative enabled us to shine the spotlight on the mental health of those with autism.

Giving Back to the Environment

Given the importance of taking care of the environment in our operations, Hartalega continued to focus on initiatives to raise our collective environment consciousness through the following key initiatives, contributing to creating a more sustainable future for all.

River Cleaning Initiative with Inspirasi KAWA

For the fifth year, we collaborated with youth environmental social enterprise Inspirasi KAWA on a river cleaning and nursery watering project at Firefly Jetty Kg Kuantan in Kuala Selangor. Over 30 Hartanians collected a total of 260 kg of waste, consisting of plastic bottles, food packaging, broken chairs, polystyrene, and more. Additionally, we planted over 100 palm trees.

Hari Tanpa Kenderaan Programme by Majlis Perbandaran Sepang

To instil good environmental values from a young age, we supported Majlis Perbandaran Sepang's Hari Tanpa Kenderaan Programme, sponsoring prizes for a children's colouring contest for 60 participants aged between six to 12 years old.

Hari Alam Sekitar Peringkat Selangor

Our efforts to encourage good environmental values among the younger generation saw us team up with Jabatan Alam Sekitar Selangor to provide colour pencils, drawing papers and cash vouchers for other necessities for a children's colouring contest. This enabled 100 children aged between six to 12 years old to participate in the Hari Alam Sekitar Peringkat Selangor.

Looking Ahead

At Hartalega, our deep passion to make a positive difference for communities, society at large and the environment will continue to be driven by values and a strong sense of responsibility. By doing so, we aim to bring meaningful change while we progress sustainably.

How We Are Governed

Board of Directors Profile

KUAN KAM HON @ KWAN KAM ONN
EXECUTIVE CHAIRMAN

Age **76** Gender **Male** Malaysian

Date Appointed to the Board | 7 May 2007
Attended Board Meetings | 5/5

Experience and Expertise

Mr. Kuan Kam Hon 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. During his tenure as Managing Director, he established a set of management values that is quality-driven and encourages creativity and innovation to produce highly-skilled personnel.

He stepped down as Managing Director on 16 November 2012, and continues to play an integral role in the Group as Executive Chairman. He is primarily responsible for the overall business, strategic planning and entire operations of the Group, including research and development. He presently sits on the Board of several other private limited companies.

Directorships in Other Listed Companies:

NIL

KUAN MUN LEONG
CHIEF EXECUTIVE OFFICER

Age **47** Gender **Male** Malaysian

Date Appointed to the Board | 7 May 2007
Attended Board Meetings | 5/5

Experience and Expertise

Mr. Kuan 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. 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 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.

Directorships in Other Listed Companies:

NIL

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

Age **48** Gender **Male** Malaysian

Date Appointed to the Board | 4 July 2008
Attended Board Meetings | 5/5

Experience and Expertise

Mr. Kuan Mun Keng holds a Bachelor's Degree in Business (Accounting) and a Bachelor's Degree in Computing from Monash University, Australia. Upon graduation, he joined Kassim Chan Business Services as an Analyst in the Information Technology Consultation Division in 1997. In 1998, he left to join Hartalega as a Production Executive. He then worked in the Accounts and Management Information Services Departments implementing various beneficial changes before he was promoted to Deputy Operations Manager in 2003. His long experience in operations 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. He was subsequently promoted to the position of Sales and Marketing Director in 2008. During his tenure as Sales and Marketing Director, Hartalega's sales grew from RM257 million in FY2008 to more than RM6 billion in FY2021.

On 31 March 2021, he was re-designated as the Chief Business Officer.

Directorships in Other Listed Companies:

NIL

AC RC NC RMSC

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

Age **79** Gender **Male** Malaysian

Date Appointed to the Board | 31 December 2011
Attended Board Meetings | 5/5

Experience and Expertise

Dato' Tan 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.

Dato' Tan was appointed as an Independent Non-Executive Director on 31 December 2011. On 5 July 2022, he was re-designated as a Non-Independent Non-Executive Director.

Directorships in Other Listed Companies:

- Malayan Cement Berhad

Chairman/ Chairperson | Member | AC Audit Committee | RC Remuneration Committee | NC Nomination Committee | RMSC Risk Management and Sustainability Committee

AC RC NC RMSC

DATO' RAZMAN HAFIDZ BIN ABU ZARIM
INDEPENDENT NON-EXECUTIVE DIRECTOR

Age 68 Gender Male Malaysian

Date Appointed to the Board | 2 March 2015
Attended Board Meetings | 5/5

Experience and Expertise

A Chartered Accountant by qualification, Dato' 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.

He is currently the Chairman of MAINS (Majlis Agama Islam Negeri Sembilan) Corporation, established under the MAINS Corporation Enactment No. 17, passed by the Negeri Sembilan State Assembly in October 2021. MAINS Corporation's role is to assist MAINS to manage its investments, businesses and commercialisation of its assets.

Directorships in Other Listed Companies:

NIL

AC RC NC RMSC

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

Age 65 Gender Female Malaysian

Date Appointed to the Board | 23 August 2016
Attended Board Meetings | 5/5

Experience and Expertise

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.

Directorships in Other Listed Companies:

- Sunway Berhad
- Eco World International Berhad
- Dialog Group Berhad

Chairman/ Chairperson | Member | AC Audit Committee | RC Remuneration Committee | NC Nomination Committee | RMSC Risk Management and Sustainability Committee

AC RC RMSC

DATUK SERI NURMALA BINTI ABD RAHIM
INDEPENDENT NON-EXECUTIVE DIRECTOR

Age **68** Gender **Female** Malaysian

Date Appointed to the Board | 23 August 2016
Attended Board Meetings | 5/5

Experience and Expertise

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 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).

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).

Directorships in Other Listed Companies:

- DPI Holdings Berhad

NC

DATUK LOO TOOK GEE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Age **67** Gender **Female** Malaysian

Date Appointed to the Board | 5 November 2019
Attended Board Meetings | 5/5

Experience and Expertise

Datuk Loo 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. She 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.

Datuk Loo 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.

Since March 2023, she also serves as a Commission Member at Suruhanjaya Perkhidmatan Air Negara (SPAN), the regulatory body for the water services industry of Malaysia.

Directorships in Other Listed Companies:

- YTL Power International Berhad

Chairman/ Chairperson | Member | AC Audit Committee | RC Remuneration Committee | NC Nomination Committee | RMSC Risk Management and Sustainability Committee

AC

MR. YAP SENG CHONG
INDEPENDENT NON-EXECUTIVE DIRECTOR

Age **62** Gender **Male** Malaysian

Date Appointed to the Board | 5 July 2022
Attended Board Meetings | 3/3

Experience and Expertise

Mr. Yap graduated with a Bachelor's Degree in Accounting from University Malaya in 1986. He 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.

Directorships in Other Listed Companies:

- Malaysia Smelting Corporation Berhad
- United Plantations Berhad
- Apex Healthcare Berhad
- Malayan Cement 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.

Senior Management Profile

KUAN EU JIN

Chief Operating Officer

Age **52** 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 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 **48** Gender **Male** Malaysian

Date of Appointment: 10 Feb 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 (FCCA) 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 Netherland 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.

YOON SIEW FEI

Chief Human Resources Officer

Age **45** Gender **Male** Malaysian

Date of Appointment: 13 March 2023

Experience:
Yoon Siew Fei is primarily responsible for the Human Resources department of the Company. He possesses a Bachelor's Degree in Engineering from University Malaya.

He brings with him over 20 years of experience primarily in the semiconductor manufacturing industry with collective experience in Engineering and Human Resources.

Prior to joining Hartalega, he was with Texas Instruments as a Country HR Director overseeing a full suite of HR functions, including HR Business Partners, Compensation and Benefits, Talent Development, Factory Training, Talent Acquisition, HR Operations, Employees Relations as well as Ethics and Compliance.

JOSEPH CHAN HEAN CHIEK

Deputy Chief Operating Officer

Age **45** Gender **Male** Malaysian

Date of Appointment: 8 June 2021

Experience:
Joseph Chan is primarily responsible for 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.

LEANG WAH CHOON

Director of Information Technology

Age **48** Gender **Male** Malaysian

Date of Appointment: 1 April 2022

Experience:
Leang Wah Choon is primarily responsible for the Information Technology department of the Company. He possesses a Bachelor of Science (Hons) in Electronic and Information Technology from Sheffield Hallam University, United Kingdom.

He brings with him over 25 years of experience in managing all aspects of IT systems and has a proven track record of assuming senior management roles across multiple industries. He possesses vast knowledge in various related frameworks and methodologies including Lean Six Sigma, Information Risk Management, Information Technology Infrastructure Library, Project Management Professional Certification, Cisco Certified Network Associate, Cisco Certified Network Professional, Control Objectives for Information and Related Technology, IT Management, IT Governance, and other relevant disciplines.

Prior to joining Hartalega, he worked in various industries including financial services, oil and gas and telecommunications.

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.

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 Board of Directors ("Board") of Hartalega Holdings Berhad (the "Company" or "Hartalega") remains committed in maintaining the highest standards of Corporate Governance ("CG") within the Company and adhering to the principles and best practices of CG, through observing and practising the core values of Malaysian Code on Corporate Governance 2021 ("MCCG") and the Corporate Governance Guide issued by Bursa Securities. The commitment from the top paves the way for Management and all employees to ensure the Company's businesses and affairs are effectively managed in the best interest of all stakeholders.

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 31 July 2023. Shareholders may obtain this CG Report by accessing the Company's website under the Corporate Governance segment at https://hartalega.com.my/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 https://hartalega.com.my/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 for 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 https://hartalega.com.my/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 discharge of their duties and responsibilities that will be in the best interest of the Group. The Code of Conduct and Ethics has been uploaded on the Company's website under the Corporate Governance segment at https://hartalega.com.my/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 https://hartalega.com.my/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 with 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 https://hartalega.com.my/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 the 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.

Sustainability Measures to Support Long-Term Strategy

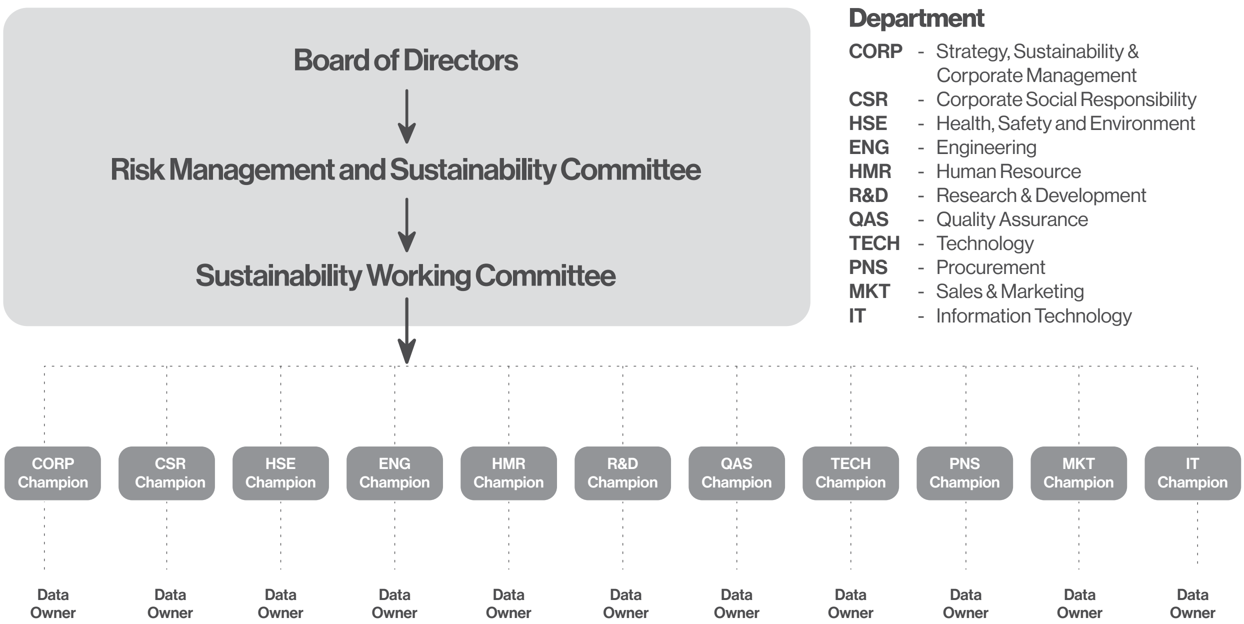
The Board provides oversight on the Group's sustainability agenda and is assisted by the Management who oversee implementation of the Group's sustainability measures.

The Board recognises its responsibility to set the "tone from the top" and ensure good governance within the Group. In this regard, the Board continues to play an active role in providing oversight on all Environmental, Social and Governance ("ESG") topics disclosed in the Sustainability Report. Aside from strategic guidance for management on identified sustainability material matters and climate-related risks, the Board is also committed to advancing the ESG agenda across the organisation.

Sustainability Governance

To drive the Group's sustainability agenda which incorporates ESG practices, we have a structured and comprehensive framework in place that is applied across the organisation. This allows us to propel the Group forward in our sustainability journey in a holistic manner, while ensuring transparency and accountability.

Sustainability Governance Structure



Risk Management and Sustainability Committee

Sustainability governance is spearheaded at the Board level by the Risk Management and Sustainability Committee (RMSC). Ensuring that sustainability is deeply rooted throughout the organisation and embedded in decision-making processes, the key responsibilities of the RMSC include formulating relevant strategies, identifying priorities and setting targets in relation to ESG goals and sustainability risks and opportunities of material importance to the Group.

The RMSC convenes at least twice a year and when deemed necessary. The RMSC also evaluates sustainability reporting and provides recommendations to the Board for approval.

Sustainability Working Committee

The RMSC is supported by the Sustainability Working Committee (SWC). Chaired by the Chief Executive Officer (CEO), members of the C-Suite and Senior Management from relevant departments also sit on the committee, namely the Health & Safety, Social Compliance and Strategy, Sustainability & Corporate Management Departments. The primary responsibilities of the SWC include driving proper business conduct and putting in place the necessary management processes which integrate relevant ESG practices. Alongside this, the SWC closely tracks sustainability related KPIs and guides the execution of initiatives to ensure progress is achieved as per defined goals and objectives.

The Strategy, Sustainability & Corporate Management Department was also established as a dedicated team led by the CEO to facilitate the management of material sustainability matters.

Sustainability Champions and Data Owners

To cultivate a culture premised on sustainability, employees are empowered as Sustainability Champions and Data Owners to be responsible for respective initiatives across departments and functions. Champions are charged with execution of initiatives and ensuring targets are met, in addition to furnishing the necessary information for sustainability reporting. Complementing this, Data Owners are tasked with collating data in a timely manner and ensuring records are well-managed and maintained.

Directors' Commitment

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
Dato' Razman Hafidz bin Abu Zarim	5/5
Datuk Seri Nurmala binti Abd Rahim	5/5
Datuk Loo Took Gee	5/5
Mr. Yap Seng Chong (Appointed on 5 July 2022)	3/3

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 2023, the external training programmes and seminars attended by the Directors are as follows:

Conferences / Trainings / Seminars	Date	Attendees
Business and Leadership		
LEAP - HRA Visioning Workshop	1 July 2022	Kuan Mun Leong
Earning Employees' Trust In An Era of Hyper-Competition	13 August 2022	Yap Seng Chong
STARS Model for Effective Strategy Execution by Asia Pacific Institute for Strategy	30 August 2022	Kuan Mun Keng

Conferences / Trainings / Seminars	Date	Attendees
Streamlining Healthcare Expo & Business Exchange	20 September 2022	Kuan Mun Keng
CIO Live: How to read the market post China's 20th Party Congress	26 October 2022	Kuan Kam Hon
ABAC Singapore and SGTech: Closed-door ABAC roundtable on CBPR	27 October 2022	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
ISEAS-Yusof Ishak Institute: 37th ASEAN Roundtable	1 November 2022	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Designing Fiscal Policy for a Post-Covid World	1 November 2022	Datuk Loo Took Gee
ISEAS: Regional Outlook Forum	10 January 2023	Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria
Re-establishing trust: Crypto crimes and risk management considerations	27 March 2023	Yap Seng Chong
Sustainability		
An Effective Holistic Approach to Establishing Effective ESG Culture and Successful Implementation	6 April 2022	Dato' Tan Guan Cheong Datuk Loo Took Gee
SEC's Climate Proposal	8 April 2022	Yap Seng Chong
Successful Implementation of the 4 ESG Pillars, Metrics and Disclosures	11 April 2022	Dato' Tan Guan Cheong Datuk Loo Took Gee
Steward Leadership for Sustainability	12 April 2022	Datuk Loo Took Gee
EU-Malaysia Dialogue: Fighting Climate Change with Market Mechanisms	25 May 2022	Datuk Loo Took Gee
PwC Quarterly ESG Webcast	5 June 2022	Yap Seng Chong
Corporate Governance & Remuneration Practices for the ESG World	6 September 2022	Datuk Loo Took Gee
Global Green Finance Leadership Forum	30 November 2022	Datuk Loo Took Gee
Bursa Malaysia Advocacy Dialogue: Enhanced Sustainability Reporting Framework	12 December 2022	Datuk Loo Took Gee
Briefing by EY Consulting Sdn Bhd on recent developments on ESG	17 February 2023	Yap Seng Chong
Navigating ESG Data into Decisions	21 March 2023	Dato' Tan Guan Cheong
Innovation and Technology		
Changing the Game of Digital Ecosystem	22 April 2022	Yap Seng Chong
Director's Guide to Machine Learning and Artificial Intelligence	3 April 2023	Datuk Loo Took Gee
Governance		
Audit Oversight Board (AOB) – Conversation With Audit Committee	7 April 2022 17 November 2022	Datuk Seri Nurmala binti Abd Rahim Dato' Tan Guan Cheong
PwC Webcast - Is Your Audit Committee Prepared In The Event Of An Unexpected Investigation	4 September 2022	Yap Seng Chong
Enterprise Risk Management	6 October 2022	Kuan Mun Keng Kuan Mun Leong

Conferences / Trainings / Seminars	Date	Attendees
Deloitte's Global Boardroom Programme Launch	17 November 2022	Dato' Razman Hafidz bin Abu Zarim
Integrated Reporting Workshop	7 February 2023	All members of the Board of Directors
Earning Trust through Data Privacy and Protection	12 March 2023	Yap Seng Chong
Finance and Investor Relations		
Practical Approaches to Accounting Principles and Practice Series	21 April 2022	Datuk Seri Nurmala binti Abd Rahim
Navigating The Digital Economy: Unlocking The New Global Frontiers	16 June 2022	Dato' Razman Hafidz bin Abu Zarim
PwC Global - Quarterly Accounting Webcast Q2 2022	15 July 2022	Yap Seng Chong
The Economic Consequences of Sanctions on Russia	9 September 2022	Datuk Loo Took Gee
PwC Global - Quarterly Accounting Webcast Q3 2022	18 December 2022	Yap Seng Chong
PwC Global - Health Industries Year-End Accounting And Reporting Hot Topics	8 January 2023	Yap Seng Chong
PwC Global - Quarterly Accounting Webcast Q4 2022	22 January 2023	Yap Seng Chong
IFRS Year End Accounting Webcast	23 January 2023	Yap Seng Chong
Regulatory		
Advocacy Session for Directors and Senior Management of Main Market Listed Issuers	13 September 2022	Datuk Seri Nurmala binti Abd Rahim
ISSB Corporate Reporting Webinar Series - Better Information for Better Decision	27 January 2023	Yap Seng Chong

II. Board Composition

The Directors' Fit and Proper Policy was adopted by the Company to ensure a formal, rigorous and transparent process for the appointment/election of candidates as Directors of the Company and for the re-election of Directors. The Board Charter and Fit and Proper Policy have been uploaded on the Company's website under the Corporate Governance segment at https://hartalega.com.my/sustainability/corporate-governance/.

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 77 to 81 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") and all the Board had attended Mandatory Accreditation Programme (MAP). 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.

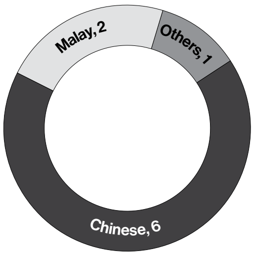
Annually, the Nomination Committee would review the independence of the Independent Directors. Criteria for assessment of independence is based on the requirements and definition of "independent director" as set out in the MMLR. Independent Directors are required to confirm their independence by giving 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.

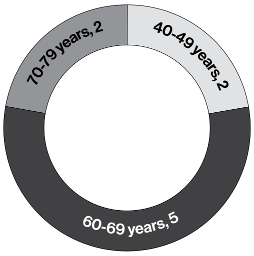
In accordance with the Board Charter, the maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine (9) years from the date of first appointment as Director or upon the expiry of the ongoing term of appointment as Director, whichever is later. Any extension 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.

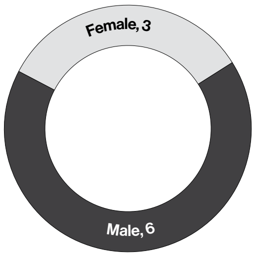
Diversity on Board

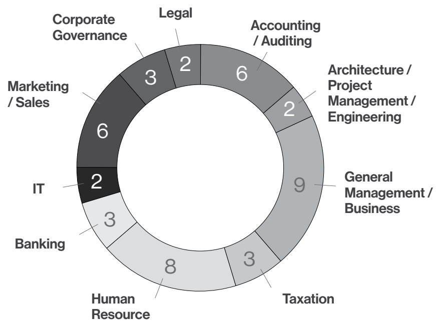
The appointment of the Board is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Gender Diversity Policy has been adopted to set out the approach to diversity on the Board of Directors and uploaded on the Company's website under the Corporate Governance segment at https://hartalega.com.my/sustainability/corporate-governance/.

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	Chairman	Senior Independent Non-Executive Director
Dato' Razman Hafidz bin Abu Zarim	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.

Identification of New Candidates for Appointment of Directors

The Board has entrusted the Nomination Committee with the responsibility to consider, review and recommend the appointment of potential candidates to the Board proposed by Management, any Director or shareholder, taking into consideration the candidates' skills, knowledge, expertise and experience, time commitment, character, professionalism and integrity based on the 'Fit and Proper' standards for Directors as prescribed in the Board Charter.

During the financial year, the Nomination Committee reviewed and recommended the appointment of Mr. Yap Seng Chong as an Independent Non-Executive Director of the Company for the Board's approval.

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. An external consultant is engaged once every three years to assist the Nomination Committee to facilitate an objective and candid Board Effectiveness Evaluation (BEE). As such, our Company engaged Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia"), an external consultant to conduct the BEE for the period of 1 April 2022 to 31 March 2023.

The BEE questionnaires which comprised the Board and Board Committee effectiveness assessments and Directors and Board Committee members' self and peer assessments, were issued to the Board and Board Committee members, and the questionnaires were also issued to the Senior Management respectively.

The analysis of the BEE results and feedback from the external consultant were presented for the Nomination Committee's consideration in developing action plans for enhancing the Board's overall effectiveness. The overall results of the BEE indicated that the Board is cohesive and functioning effectively, has a good mix of skills and experience especially with a majority of Independent Non-Executive Directors. There is good chemistry amongst the Board members and the Board's Executive Chairman. Overall, all categories were rated three (3) and above on a 5-point scale, with an average score of 4.34 points. Tricor Axcelasia concluded that the Board effectiveness rating was moderate, with room for improvement. The Nomination Committee's recommendation was subsequently presented to the Board.

Based on the BEE carried out during the financial year, the Nomination Committee concluded that continuous improvement is essential for the Board succession process.

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. Further to Bursa Malaysia listing requirements, all Directors of the Company must not hold more than five (5) directorships in listed issuers. The detailed Terms of Reference of the Nomination Committee is available on the Company's website under the Corporate Governance segment at https://hartalega.com.my/sustainability/corporate-governance/.

III. Remuneration

The Remuneration Committee consists of the following members:

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

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 for Non-Executive Directors, including the 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.

The detailed Terms of Reference of the Remuneration Committee is available on the Company's website under the Corporate Governance segment at https://hartalega.com.my/sustainability/corporate-governance/.

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 remuneration of the Executive Directors is linked to sustainability-related KPIs, including aspects of sustainable income and revenue stream, customers, employees and safety.

The Directors' remuneration paid and payable or otherwise made available to all Directors of the Group and the Company for the financial year ended 2023 are disclosed in the Corporate Governance Report which is available on the Company's website at https://hartalega.com.my/investor-relations/reports/.

Principle B: Effective Audit and Risk Management

I. Audit Committee

The Audit Committee consists of the following members:

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

The Chairman of the Audit Committee is not the Chairman of the Board. The Terms of Reference of the Audit Committee of the Company has been revised to include a policy that requires a former partner of an external audit firm of the Company to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. 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 https://hartalega.com.my/sustainability/corporate-governance/.

Transparency and Professional Relationship with the External Auditors

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

The Audit Committee is empowered by the Board to review any matters concerning the appointment, re-appointment, resignations or dismissals of external auditors and review and evaluate factors relating to the independence of the external auditors. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval. Feedback based on the assessment areas is obtained from the Audit Committee, the Executive Directors, the Internal Auditors and Senior Management, where applicable.

Audit Committee carries out annual assessment on the performance, suitability and independence of the external auditor based on four (4) key areas, namely quality of service, sufficiency of resources, communication and interaction, independence, objectivity, and professional scepticism.

In evaluating the suitability and effectiveness of the external auditors, the Audit Committee reviewed the overall comprehensive of the external audit plan, the audit approaches, the timelines and quality of deliverables and the competency, capability, and adequacy of the resources to achieve the scope outlined in the audit plan. The Audit Committee reviewed and assessed the independence of the external auditors, including but not limited to any relationships with the Company or any other person or entity that may impair or compromise, or appear to impair or compromise, the external auditors' independence.

The External Auditor Policy was established and published on the Company's website under the Corporate Governance segment at https://hartalega.com.my/sustainability/corporate-governance/.

II. Risk Management and Internal Control Framework

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

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

The Risk Management and Sustainability Committee comprises a majority of Independent Non-Executive Directors. The Risk Management and Sustainability Committee Report is set out separately in this Annual Report. Driven from the top, the Board of Directors through the RMSC, holds the highest authority to provide oversight and governance on the Group's sustainability strategies, implementation and performance across all business operations.

Full details of the RMSC's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website under the Corporate Governance segment at https://hartalega.com.my/sustainability/corporate-governance/.

Quarterly RMSC meetings were held in the financial year 2023 to discuss the Group's risk agenda. The key deliberations of risk and compliance activities in the year include:

- Establishment of an internal COVID-19 Escalation Plan for monitoring and case management;
- Ensuring continuous leadership in the pipeline to support business growth and sustainability;
- Continuous assessment over bribery and corruption risks throughout all departments by reviewing the internal audit and external audit findings, as well as assessment by respective risk owners and Heads of Departments; and
- Hedging policy established to manage forward currency contracts.

The Board is committed to maintaining 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 on page 100 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 interact with them. The Group has a website on 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 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 MCCG.

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.

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to 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 4 July 2023.

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 2023.

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 2023 are as follows:

Composition of the Committee	Attendance
Dato' Razman Hafidz bin Abu Zarim (Chairman / Independent Non-Executive Director)	5/5
Tan Sri Datuk Dr. Rebecca Fatima Sta. Maria (Senior Independent Non-Executive Director)	5/5
Datuk Seri Nurmala binti Abd Rahim (Independent Non-Executive Director)	5/5
Mr. Yap Seng Chong (Independent Non-Executive Director) *Appointed on 5 July 2022*	3/3
Dato' Tan Guan Cheong (Non-Independent Non-Executive Director)	5/5

B. **Composition Compliance**

The Audit Committee consists of five (5) members, four (4) of whom are Independent Non-Executive Directors and one (1) a Non-Independent Non-Executive Director, fulfilling the requirements that the majority should be independent and all members should be Non-Executive Directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience approved by Bursa Securities. 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 is chaired by Dato' Razman Hafidz bin Abu Zarim. He is a member of the Malaysian Institute of Accountants, which accordingly complies with paragraph 15.09(1)(c)(i) of the MMLR. The Audit Committee members are financially literate, competent and possess a wide range of skills necessary to discharge their duties.

C. **Terms of Reference**

The written Terms of Reference of the Audit Committee are consistent with the 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 the Company's website under the Corporate Governance segment at https://hartalega.com.my/sustainability/corporate-governance/ 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 2023, attended by the Audit Committee members. The Audit Committee meetings held were also attended by the appointed secretary and 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 the 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 audit;
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 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 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 IAD functionally reports to the Board through the Audit Committee to allow an appropriate degree of independence from the operations of the Group. As of 1 April 2023, the acting head of the IAD, Mr. Liew Kin Mun, possesses six (6) years of relevant internal audit experience in the manufacturing industry and is supported by four (4) internal auditors. Mr. Liew Kin Mun is a qualified accountant, a member of the Association of Chartered Certified Accountants and a Chartered Member of the Institute of Internal Auditors.

The IAD is guided by the International Professional Practices Framework ("IPPF") and the 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 2023, the IAD conducted a total of five (5) audit reviews on key business processes and management focus areas, which included audit on procure to pay, corporate social responsibilities, health, safety and environment, related party transactions, and inventory management. 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 2023 was RM703,017 (2022: RM820,083).

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.

In terms of Sustainability, 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 Group considers the integration of ESG factors as a component of the Board's fiduciary responsibility, and accountable therefore to the oversight and management of sustainability.

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, a Risk Management Working Committee ("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's activities are guided by the Internal Audit Charter approved by the Audit Committee and the latest requirements in the International Professional Practices 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 2023, 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 2023 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 2023

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

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
(Loss)/Profit for the financial year	(238,810)	23,299
Attributable to:		
Owners of the Company	(235,136)	23,299
Non-controlling interests	(3,674)	-
	(238,810)	23,299

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 other than the impairment of assets and subsequent event as disclosed in Notes 8, 9 and 33 to the financial statements.

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 3.50 sen per share amounting to RM119,611,000 in respect of the financial year ended 31 March 2022, declared on 10 May 2022 and paid on 9 June 2022;

(ii) final single tier exempt dividend of 3.50 sen per share amounting to RM119,611,000 in respect of the financial year ended 31 March 2022, approved by shareholders at the last Annual General Meeting on 1 September 2022 and paid on 29 September 2022.

The directors do not recommend a final single tier exempt dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

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 provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision 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 render the amount written off for bad debts or the amount of provision 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 the 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
DATO' 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 the date of this report are:

KUAN KAM PENG
KUAN EU JIN
MUHAMMAD HAKIMI TAN BIN ABDULLAH (RESIGNED ON 31.3.2023)
DAVID TENG WEE TZE
WANG YUE
LOH KEAN WOOI
MANOJ KUMAR BANSAL

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:

Shareholdings in the Company

	Number of ordinary shares			
	At 1.4.2022	**Bought**	**Sold**	**At 31.3.2023**
Direct interests				
Kuan Kam Hon @ Kwan Kam Onn	100,284,462	-	-	100,284,462
Kuan Mun Leong	15,954,000	-	-	15,954,000
Kuan Mun Keng	10,900,800	-	-	10,900,800
Datuk Loo Took Gee	10,000	-	-	10,000
Indirect/Deemed interests				
Kuan Kam Hon @ Kwan Kam Onn [(1) (2) (3)]	1,482,523,754	-	-	1,482,523,754

(1) Shares held through 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 held shares or had beneficial interest in the shares of the Company or its related corporation during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company or related corporations as disclosed below) 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.

	Group RM'000	Company RM'000
Directors:		
- Fees	1,524	1,380
- Other emoluments	12,100	41
- Benefits-in-kind	103	72
	13,727	1,493

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 RM129,000.

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

SUBSEQUENT EVENTS

Significant events subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

AUDITORS

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

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors of the Group and of the Company for the financial year ended 31 March 2023 amounting to RM435,000 and RM75,000, respectively.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the directors dated 4 July 2023.

KUAN KAM HON @ KWAN KAM ONN KUAN MUN LEONG

Kuala Lumpur in Federal Territory
4 July 2023

Statement by Directors

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

We, the undersigned, being two of the directors of Hartalega Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 114 to 172, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 2023 and of their financial performance and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the directors dated 4 July 2023.

KUAN KAM HON @ KWAN KAM ONN

KUAN MUN LEONG

Kuala Lumpur in Federal Territory
4 July 2023

Statutory Declaration

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

I, Kuan Kam Hon @ Kwan Kam Onn, being the director primarily responsible for the financial management of Hartalega Holdings Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements as set out on pages 114 to 172 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 by the abovenamed Kuan Kam Hon @ Kwan Kam Onn at Kuala Lumpur in Federal Territory, this 4 of July 2023.

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 2023 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 114 to 172.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, 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 as follows are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group for 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 comprises 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.

Key audit matters	*How the scope of our audit responded to the key audit matters*
Impairment of Property, Plant and Equipment and Capital Work-in-Progress **(Refer to Notes 8 and 9 to the financial statements)** During the financial year, the Group temporarily shut down certain manufacturing plants and deferred construction and commissioning of new production plants due to soft market demand and paradigm shift in the glove industry. With the indications of impairment, the Group performed impairment assessment on the carrying amounts of property, plant and equipment and capital work-in-progress, and recognised impairment losses of RM343,136,000 and RM3,756,000, respectively. The recoverable amounts were determined by management based on value in use. The value in use was assessed and estimated based on future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The key bases and assumptions used in the estimation of the recoverable amounts are disclosed in Note 2 (d) (v).	We have performed the following audit procedures in relation to impairment of property, plant and equipment and capital work-in-progress: • Obtained an understanding of the management control process in respect of valuation of property, plant and equipment and capital work-in-progress, and evaluated the design and implementation of relevant controls; • Obtained management assessment on indications of impairment and tested whether impairment indicators are present through external sources of information and/or internal sources of information; • Performed site visit and observed the physical condition of property, plant and equipment and capital work-in-progress; and • Obtained management impairment assessment and challenged the reasonableness of the key bases and assumptions, including pre-tax discount rate, revenue growth rate, reliability of management's forecast and appropriateness of sensitivity analysis performed by management.

We have determined that there is no key audit matter in the audit of the 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 true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 (AF 0080)

LAI CAN YIEW
Partner - 02179/11/2024 J
Chartered Accountant

Kuala Lumpur in Federal Territory
4 July 2023

Statements of Profit Or Loss

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	4	2,409,618	7,888,286	-	2,988,723
Cost of sales		(2,090,736)	(3,093,143)	-	-
Gross profit		318,882	4,795,143	-	2,988,723
Other income		61,820	95,271	33,993	28,175
Distribution expenses		(26,785)	(65,294)	-	-
Administrative expenses		(134,970)	(159,752)	(3,543)	(3,278)
Other operating expenses		(425,762)	(23,712)	-	(2)
		(587,517)	(248,758)	(3,543)	(3,280)
(Loss)/Profit from operations		(206,815)	4,641,656	30,450	3,013,618
Finance costs		(7,583)	(4,774)	-	-
(Loss)/Profit before tax	5	(214,398)	4,636,882	30,450	3,013,618
Tax expense	6	(24,412)	(1,394,604)	(7,151)	(3,550)
(Loss)/Profit for the financial year		(238,810)	3,242,278	23,299	3,010,068
Attributable to:					
Owners of the Company		(235,136)	3,234,453	23,299	3,010,068
Non-controlling interests		(3,674)	7,825	-	-
		(238,810)	3,242,278	23,299	3,010,068
(Loss)/Earnings per ordinary share attributable to owners of the Company:					
Basic (loss)/earnings per ordinary share (sen)	7	(6.88)	94.63		

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 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(Loss)/Profit for the financial year		(238,810)	3,242,278	23,299	3,010,068
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation, representing other comprehensive loss for the financial year, net of tax		(8,479)	(1,877)	-	-
Total comprehensive (loss)/income for the financial year		(247,289)	3,240,401	23,299	3,010,068
Attributable to:					
Owners of the Company		(242,024)	3,232,868	23,299	3,010,068
Non-controlling interests		(5,265)	7,533	-	-
		(247,289)	3,240,401	23,299	3,010,068

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 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	1,943,114	2,367,032	-	-
Capital work-in-progress	9	951,864	743,728	-	-
Intangible assets	10	42,614	30,801	-	-
Right-of-use assets	11	4,681	4,923	-	-
Investments in subsidiaries	12	-	-	590,619	566,619
Deferred tax assets	13	2,251	3,566	-	-
Amount owing by subsidiaries	24	-	-	731,135	710,451
Total Non-Current Assets		2,944,524	3,150,050	1,321,754	1,277,070
Current Assets					
Inventories	14	232,390	396,947	-	-
Trade and other receivables	15	323,465	418,606	3,045	23,092
Tax assets	16	80,070	2,090	-	-
Derivative financial assets	17	-	1,576	-	-
Amount owing by subsidiaries	24	-	-	14	152
Cash, bank balances and short-term investments	18	1,724,468	2,378,127	512,293	751,333
Total Current Assets		2,360,393	3,197,346	515,352	774,577
TOTAL ASSETS		5,304,917	6,347,396	1,837,106	2,051,647
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	2,948,000	3,429,246	143,257	359,180
		4,640,061	5,121,307	1,835,318	2,051,241
Non-controlling interests		18,302	23,567	-	-
Total Equity		4,658,363	5,144,874	1,835,318	2,051,241

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Non-Current Liabilities					
Loans and borrowings	21	62,302	136,658	-	-
Lease liabilities	22	1,979	3,190	-	-
Deferred tax liabilities	13	228,152	245,839	-	-
Total Non-Current Liabilities		292,433	385,687	-	-
Current Liabilities					
Trade and other payables	23	252,749	378,182	217	121
Loans and borrowings	21	87,269	102,110	-	-
Lease liabilities	22	2,848	1,829	-	-
Derivatives financial liabilities	17	80	160	-	-
Tax liabilities	16	11,175	334,554	1,571	285
Total Current Liabilities		354,121	816,835	1,788	406
Total Liabilities		646,554	1,202,522	1,788	406
TOTAL EQUITY AND LIABILITIES		5,304,917	6,347,396	1,837,106	2,051,647

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 2023

		← Attributable to Owners of the Company →						
		Non-distributable			Distributable			
Group	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Translation reserve RM'000**	**Retained earnings RM'000**	**Sub-total RM'000**	**Non-controlling interests RM'000**	**Total equity 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 (loss)/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

Group	Note	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Attributable to Owners of the Company →						
		Non-distributable			Distributable			
At 1 April 2022		1,692,061	(97,474)	4,753	3,521,967	5,121,307	23,567	5,144,874
Comprehensive loss								
Loss for the financial year		-	-	-	(235,136)	(235,136)	(3,674)	(238,810)
Other comprehensive loss								
Foreign currency translation		-	-	(6,888)	-	(6,888)	(1,591)	(8,479)
Total comprehensive loss for the financial year		-	-	(6,888)	(235,136)	(242,024)	(5,265)	(247,289)
Transactions with owners								
Dividends	25	-	-	-	(239,222)	(239,222)	-	(239,222)
At 31 March 2023		1,692,061	(97,474)	(2,135)	3,047,609	4,640,061	18,302	4,658,363

Company	Note	Share capital RM'000	Non-distributable Treasury Shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
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
At 1 April 2022		1,692,061	(97,474)	456,654	2,051,241
Profit for the financial year, representing total comprehensive income for the financial year		-	-	23,299	23,299
Transactions with owners					
Dividends	25	-	-	(239,222)	(239,222)
At 31 March 2023		1,692,061	(97,474)	240,731	1,835,318

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 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(214,398)	4,636,882	30,450	3,013,618
Adjustments for:					
Depreciation of property, plant and equipment		152,143	143,193	-	-
Depreciation of right-of-use assets		2,978	2,098	-	-
Impairment of assets		346,892	-	-	-
Fair value loss/(gain) on:					
Derivative financial instruments		1,496	(75,964)	-	-
Short-term investments		(4,549)	(15,167)	(2,372)	(5,192)
Amortisation of intangible assets		7,903	6,572	-	-
Interest expenses		7,583	4,774	-	-
Gain on disposal of property, plant and equipment		(612)	(284)	-	-
Property, plant and equipment written off		3,819	-	-	-
Unrealised loss on foreign exchange		9,495	37,274	-	-
Inventories written down to net realisable value		17,515	-	-	-
Income from fixed income fund		(501)	(25,663)	(181)	(7,975)
Interest income		(42,792)	(10,491)	(31,438)	(14,821)
Dividend income from subsidiaries		-	-	-	(2,988,723)
Operating Profit/(Loss) Before Working Capital Changes		286,972	4,703,224	(3,541)	(3,093)
Decrease in inventories		147,042	236,508	-	-
Decrease in receivables		96,483	658,791	138	64
(Decrease)/Increase in payables		(124,951)	(712,614)	96	(89)
Cash Generated From/(Used In) Operations		405,546	4,885,909	(3,307)	(3,118)
Tax paid		(442,308)	(1,169,506)	(5,865)	(3,398)
Net Cash (Used In)/From Operating Activities		(36,762)	3,716,403	(9,172)	(6,516)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		1,051	1,076	-	-
Additions to:					
Property, plant and equipment		(18,505)	(57,354)	-	-
Intangible assets		(900)	(81)	-	-
Capital work-in-progress		(287,840)	(789,823)	-	-
Income received from fixed income fund		501	25,663	181	7,975
Interest received		39,285	10,491	27,801	14,821
Dividends received from subsidiaries		-	-	-	2,988,723
Investment in subsidiaries		-	-	(24,000)	(8,619)
Net Cash (Used In)/From Investing Activities		(266,408)	(810,028)	3,982	3,002,900
CASH FLOWS USED IN FINANCING ACTIVITIES					
Acquisition of treasury shares		-	(97,474)	-	(97,474)
Net changes in borrowings		(102,082)	(108,786)	-	-
Dividends paid		(239,222)	(2,988,987)	(239,222)	(2,988,987)
Dividends paid to non-controlling interests by a subsidiary		-	(8,178)	-	-
Interest paid		(7,393)	(4,636)	-	-
Repayment of lease liabilities	(b)	(3,110)	(2,218)	-	-
Repayment of advances from subsidiaries		-	-	3,000	47,000
Net Cash Used In Financing Activities		(351,807)	(3,210,279)	(236,222)	(3,039,461)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS		(654,977)	(303,904)	(241,412)	(43,077)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,378,127	2,668,741	751,333	789,218
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(3,231)	(1,877)	-	-
FAIR VALUE LOSS ON SHORT-TERM INVESTMENTS		4,549	15,167	2,372	5,192
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 18)		1,724,468	2,378,127	512,293	751,333

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
2023				
Loans and borrowings (Note 21)	238,768	(102,082)	12,885	149,571
Lease liabilities (Note 22)	5,019	(3,110)	2,918	4,827
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

(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	
	2023 **RM'000**	**2022** **RM'000**
Included in net cash used in financing activities		
Payment for the principal portion of lease liabilities	2,919	2,080
Interest paid in relation to lease liabilities	191	138
	3,110	2,218

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 2023

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 4 July 2023.

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 ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Adoption of 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 mandatorily effective for annual financial periods beginning on or after 1 April 2022.

Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Costs of Fulfilling a Contract

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.

Standard 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:

MFRS 17	Insurance Contracts[2]
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9[1]
Amendments to MFRS 17	Insurance Contracts[2]
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information[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 112	International Tax Reform - Pillar Two Model Rules[2]
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[3]
Amendments to MFRS 101	Non-current Liabilities with Covenants[3]
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements[3]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective immediately for annual periods beginning before 1 January 2023, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.
4 Effective date deferred to a date to be determined and announced.

The directors anticipate that abovementioned Standard and Amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective. The adoption of these Standard and Amendments to MFRSs may have an impact on the financial statements of the Group and of the Company in the period of initial application. However, it is not practicable to provide a reasonable estimate of these effects from the adoption of the said Standard and Amendments to MFRSs until the Group and the Company undertake a detailed review.

(b) Basis of accounting

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 below. 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 if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated 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) Critical judgements and key sources of estimation uncertainty

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 critical judgements and estimation uncertainty 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 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.

(v) Impairment of property, plant and equipment (Note 8) and capital work-in-progress (Note 9) - The Group carries out impairment assessment based on value in use of the property, plant and equipment and capital work-in-progress. In estimating value in use, the Group assesses and makes an estimate of the expected future cash flows from the assets by applying appropriate pre-tax discount rate in order to calculate the present value of the cash flows. Possible changes in these estimates could result in revisions to the valuation of property, plant and equipment and capital work-in-progress.

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 made up to 31 March each year. Control is achieved when the Company:

- has the 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 considers that 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, the results of subsidiaries acquired or disposed of during the year are included in the statement of profit or loss and statements of 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 the 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 the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to the acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's interests in subsidiaries that do not result in the Group in a loss of control are accounted for as equity transactions. The carrying amount 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, the gain or loss on disposal recognised in profit or loss 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), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable MFRS Accounting Standards).

The fair value of any investment retained in the subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

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

(b) Business combinations

Acquisitions of 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 values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest 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 the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or 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 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 the 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 a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in 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 of the 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. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) 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 that interest were disposed of.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of 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 on the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are re-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 translated 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 on 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 reclassified 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 transfers control of goods 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 performs;

(b) the Group's or the Company's performance creates or enhances 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 has 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 and of the Company. 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, i.e. 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 makes a corresponding adjustment to the related right-of-use asset whenever:

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

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

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received, 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 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 depreciation.

Leasehold land recognised as prepaid lease payments are depreciated 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. An impairment loss 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 profit for the year, using tax rates enacted or substantially enacted by the end of the reporting period, and any adjustments recognised for prior years' current 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 at the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable profits 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 and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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, less any recognised impairment loss.

No depreciation is provided on capital work-in-progress and upon completion of construction that is ready for their intended use, 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 reporting date 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

(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) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(u) 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.

(v) 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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Revenue from contracts with customers:				
At a point in time:				
- Sales of goods	2,409,618	7,888,286	-	-
Revenue from other sources:				
- Dividend income from subsidiaries	-	-	-	2,988,723
	2,409,618	7,888,286	-	2,988,723

5. **(LOSS)/PROFIT BEFORE TAX**

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

(a) Staff costs (including executive directors as disclosed in Note 5(b))

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Staff costs	369,373	430,618	480	480
Included in staff costs are:				
Contributions to defined contribution plan	22,385	24,817	-	-

(b) Directors' remuneration

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Directors of the Company				
Executive Directors:				
- Fees	552	552	480	480
- Other emoluments	6,813	6,679	-	-
Non-Executive Directors:				
- Fees	900	768	900	768
- Other emoluments	41	28	41	28
	8,306	8,027	1,421	1,276
Directors of the subsidiaries				
Executive Directors:				
- Fees	72	72	-	-
- Other emoluments	5,246	5,836	-	-
	5,318	5,908	-	-
	13,624	13,935	1,421	1,276

The estimated monetary value of benefits-in-kind of the Group received by the directors of the Company and of the subsidiaries are RM72,000 (2022: RM136,000) and RM31,000 (2022: RM35,000), respectively.

(c) Other items

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation of:				
- property, plant and equipment (Note 8)	152,143	143,193	-	-
- right-of-use assets (Note 11)	2,978	2,098	-	-
Impairment loss on:				
- property, plant and equipment (Note 8)	343,136	-	-	-
- capital work-in-progress (Note 9)	3,756	-	-	-
	346,892	-	-	-
Expected credit loss on asset upon liquidation of a foreign subsidiary company (Note 12)	21,321	-	-	-

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Fair value loss/(gain) on:				
- derivative financial instruments (Note 17)	1,496	(75,964)	-	-
- short-term investments	(4,549)	(15,167)	(2,372)	(5,192)
Interest expenses in respect of:				
- term loans	7,282	4,600	-	-
- lease liabilities	191	138	-	-
- others	110	36	-	-
	7,583	4,774	-	-
Loss on foreign exchange:				
- realised	34,891	23,352	-	-
- unrealised	9,495	37,274	-	-
Amortisation of intangible assets (Note 10)	7,903	6,572	-	-
Auditors' remuneration:				
Audit services by auditors of the Company	435	382	75	70
Audit services by other auditors	195	56	-	-
Other services by member firms of auditors of the Company	369	636	87	49
Gain on disposal of property, plant and equipment	(612)	(284)	-	-
Property, plant and equipment written off	3,819	-	-	-
Inventories written down to net realisable value (Note 12 & 14)	17,515	-	-	-
Interest income in respect of:				
- deposits with licensed banks	(42,792)	(10,491)	(13,412)	(443)
- advances to subsidiaries	-	-	(18,026)	(14,378)
	(42,792)	(10,491)	(31,438)	(14,821)
Income from fixed income fund	(501)	(25,663)	(181)	(7,975)

6. TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax				
Malaysia income tax				
Current year	13,833	1,336,078	7,138	3,550
Under/(Over) provision in prior years	8,150	(10,492)	13	-
Overseas income tax				
Current year	18,966	21,474	-	-
Under provision in prior years	-	7	-	-
	40,949	1,347,067	7,151	3,550
Deferred tax				
Origination and reversal of temporary differences	(32,855)	51,438	-	-
Under/(Over) provision in prior years	16,318	(3,901)	-	-
	(16,537)	47,537	-	-
Tax expense	24,412	1,394,604	7,151	3,550

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(Loss)/Profit before tax	(214,398)	4,636,882	30,450	3,013,618
Tax at the Malaysian statutory income tax rate of 24% (2022: 24%)	(51,456)	1,112,852	7,308	723,268
Effect of different tax rate of foreign subsidiaries	3,412	4,208	-	-
Effect of Prosperity Tax	-	350,304	-	-
Tax effects of:				
Non-deductible expenses	10,064	6,152	400	778
Non-taxable income	(4,581)	(20,086)	(570)	(720,496)
Utilisation of tax incentives	(1,066)	(44,440)	-	-
Deferred tax assets not recognised	43,571	-	-	-
Under/(Over) provision in prior years:				
Current tax	8,150	(10,485)	13	-
Deferred tax	16,318	(3,901)	-	-
Tax expense	24,412	1,394,604	7,151	3,550

The Finance Act 2021 gazetted on 31 December 2021 enacted 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. (LOSS)/EARNINGS PER ORDINARY SHARE

	Group	
	2023	**2022**
Basic (loss)/earnings per ordinary share		
(Loss)/Profit attributable to owners of the Company (RM'000)	(235,136)	3,234,453
Number of ordinary shares in issue as at beginning of the financial year ('000)	3,417,899	3,427,606
Effect on acquisition of treasury shares ('000)	-	(9,707)
Number of ordinary shares in issue/Weighted average number of ordinary shares in issue ('000)	3,417,899	3,417,899
Basic (loss)/earnings per ordinary share (sen)	(6.88)	94.63

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. As such, the Group has no dilution in its (loss)/earnings per ordinary share as the Group does not have dilutive financial instruments.

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 2022	26,721	100,082	778,949	1,989,249	394,940	12,467	5,058	3,307,466
Additions	-	1,024	2,341	13,081	2,057	-	2	18,505
Disposals	-	-	(4)	(32)	(392)	(1,800)	-	(2,228)
Write-off	-	-	-	(5,028)	(700)	-	-	(5,728)
Transfer from capital work-in-progress (Note 9)	11,578	-	4,363	23,154	17,024	393	620	57,132
Translation differences	-	(1)	-	-	(90)	-	-	(91)
At 31 March 2023	38,299	101,105	785,649	2,020,424	412,839	11,060	5,680	3,375,056
Accumulated depreciation								
At 1 April 2022	-	7,376	86,318	626,761	210,639	6,442	2,898	940,434
Charge for the financial year (Note 5)	-	1,080	15,609	96,143	36,998	2,027	286	152,143
Disposals	-	-	(4)	(4)	(336)	(1,445)	-	(1,789)
Write-off	-	-	-	(1,266)	(643)	-	-	(1,909)
Translation differences	-	(1)	-	-	(72)	-	-	(73)
At 31 March 2023	-	8,455	101,923	721,634	246,586	7,024	3,184	1,088,806
Accumulated impairment								
At 1 April 2022	-	-	-	-	-	-	-	-
Impairment loss (Note 5)	-	-	118,063	209,295	13,788	-	1,990	343,136
At 31 March 2023	-	-	118,063	209,295	13,788	-	1,990	343,136
Net carrying amount								
At 31 March 2023	38,299	92,650	565,663	1,089,495	152,465	4,036	506	1,943,114

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

(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 RM552,985,000 (2022: RM689,889,000) is pledged as security by way of legal charge and specific debenture for banking facilities granted to the Group as disclosed in Note 21.

(c) During the financial year, as the result of the operational rationalisation measures of manufacturing plants, the Group carried out a review of the recoverable amount of manufacturing plant and machinery, and the related building and equipment of Hartalega Sdn. Bhd., a wholly-owned subsidiary company. Given the competitive business environment, the operational rationalisation measures focus on consolidating operations through advanced facilities and production lines at Hartalega NGC Sdn. Bhd., a wholly-owned subsidiary company.

The Group estimated the recoverable amount based on value in use and the review led to the recognition of an impairment loss of property, plant and equipment amounting to RM343,136,000. The impairment losses have been included in the profit and loss in the other operating expenses line item as disclosed in Note 5.

The discount rate used in measuring value in use was 7.41% per annum. No impairment assessment was performed in 2022 as there was no indication of impairment.

9. CAPITAL WORK-IN-PROGRESS

	Group	
	2023 RM'000	**2022 RM'000**
At beginning of year	743,728	255,897
Additions	287,840	789,823
Transfer to property, plant and equipment (Note 8)	(57,132)	(297,291)
Transfer to intangible assets (Note 10)	(18,816)	(4,701)
Impairment loss (Note 5)	(3,756)	-
At end of year	951,864	743,728

The capital work-in-progress is mainly in respect of construction of new factory building and set up of new production plant and machinery.

During the financial year, the Group has recognised an impairment loss of RM3,756,000 and the details are disclosed in Note 8(c).

10. INTANGIBLE ASSETS

Group	IT software RM'000	Patent rights RM'000	Golf club memberships RM'000	Total RM'000
Cost				
At 1 April 2022	50,460	10,838	175	61,473
Additions	900	-	-	900
Transfer from capital work-in-progress (Note 9)	18,816	-	-	18,816
At 31 March 2023	70,176	10,838	175	81,189
Accumulated amortisation				
At 1 April 2022	25,501	5,125	46	30,672
Amortisation during the financial year (Note 5)	7,196	703	4	7,903
At 31 March 2023	32,697	5,828	50	38,575
Net carrying amount				
At 31 March 2023	37,479	5,010	125	42,614
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

11. RIGHT-OF-USE ASSETS

Group	Land RM'000	Factory equipment RM'000	Premises RM'000	Total RM'000
Cost				
At 1 April 2022	1,294	6,033	3,245	10,572
Additions	441	206	2,104	2,751
Disposals	(606)	-	(2,319)	(2,925)
At 31 March 2023	1,129	6,239	3,030	10,398
Accumulated depreciation				
At 1 April 2022	1,163	2,502	1,984	5,649
Charge during the financial year (Note 5)	377	1,208	1,393	2,978
Disposals	(606)	-	(2,304)	(2,910)
At 31 March 2023	934	3,710	1,073	5,717
Net carrying amount				
At 31 March 2023	195	2,529	1,957	4,681
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

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. In the previous financial year, the expired contracts were replaced by new leases for identical underlying assets which resulted in additions to right-of-use assets amounting to RM1,487,000.

12. INVESTMENTS IN SUBSIDIARIES

	Company 2023 RM'000	Company 2022 RM'000
Unquoted shares, at cost		
At beginning of year	566,619	558,000
Additional investment in subsidiaries	24,000	8,619
At end of year	590,619	566,619

The particulars of subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interests and voting rights held by the Group 2023	2022
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.)	Malaysia	Leasing of property, research and development of automation systems	100%	100%
Subsidiaries of Hartalega Sdn. Bhd.				
MUN (Australia) Pty Limited [(1)]	Australia	Retail and wholesale of gloves	82%	82%
Yancheng MUN Medical Equipment Co. Ltd. [(1)] [(2)]	People's Republic of China	Retail and wholesale of gloves	70%	70%
MUN Health Product (India) Pvt Ltd [(1)]	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 [(1)] [(3)]	People's Republic of China	Export and trading of medical products	70%	70%

Subsidiary of MUN (Australia) Pty Limited				
MUN (New Zealand) Limited [(1)]	New Zealand	Retail and wholesale of gloves	82%	82%

(1) Audited by a firm of auditors other than Deloitte PLT.

(2) Yancheng MUN Medical Equipment Co. Ltd. ("MUN China") is in the process of liquidation as of the financial year end. As MUN China is dormant and has insignificant transactions in the current and previous financial years, thus the results of discontinued operations and effect on liquidation are not presented separately. As of the financial year end, the Group has written down inventories as disclosed in Note 14 and made allowance of expected credit loss for asset of MUN China amounting to RM8,007,000 and RM21,321,000, respectively.

(3) 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 results 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**	
		2023	**2022**
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**	
		2023	**2022**
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 ("NCI"):

	Percentage of ownership interests and voting powers held by NCI	Profit/(Loss) allocated to non-controlling interests RM'000	Accumulated non-controlling interests RM'000
2023			
MUN (Australia) Pty Limited	18%	7,167	25,728
Other individually immaterial subsidiaries	19% - 30%	(10,841)	(7,426)
		(3,674)	18,302
2022			
MUN (Australia) Pty Limited	18%	8,861	20,028
Other individually immaterial subsidiaries	19% - 30%	(1,036)	3,539
		7,825	23,567

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	
	2023 RM'000	2022 RM'000
Non-current assets	2,502	3,617
Current assets	167,676	161,580
Non-current liabilities	(134)	(122)
Current liabilities	(20,044)	(53,806)
Net assets	150,000	111,269
Equity attributable to owners of the Company	124,272	91,241
Non-controlling interests	25,728	20,028
	150,000	111,269
Revenue	177,164	408,059
Profit for the year	39,817	49,225
Profit attributable to:		
Owners of the Company	32,650	40,364
Non-controlling interests	7,167	8,861
	39,817	49,225

13. DEFERRED TAX ASSETS AND LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Deferred tax assets		
At beginning of year	3,566	3,256
Recognised in profit or loss	(1,142)	316
Translation differences	(173)	(6)
At end of year	2,251	3,566
Deferred tax liabilities		
At beginning of year	245,839	197,986
Recognised in profit or loss	(17,679)	47,853
Translation differences	(8)	-
At end of year	228,152	245,839

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

	Group	
	2023 RM'000	2022 RM'000
Deferred tax assets		
Temporary differences in respect of deductible expenses	10,354	24,028
Unabsorbed capital allowances	12,751	-
Unutilised tax incentives	1,470	-
Unrealised foreign exchange losses	1,519	7,981
Others	1,057	-
	27,151	32,009
Offsetting	(24,900)	(28,443)
Deferred tax assets (after offsetting)	2,251	3,566
Deferred tax liabilities		
Temporary differences between the carrying amount of property, plant and equipment and its tax base	251,938	274,159
Temporary differences in respect of taxable income	86	123
Others	1,028	-
	253,052	274,282
Offsetting	(24,900)	(28,443)
Deferred tax liabilities (after offsetting)	228,152	245,839

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

	Group 2023 RM'000	Group 2022 RM'000
Temporary differences in respect of:		
- The carrying amount of property, plant and equipment and its tax base	113,008	-
- Unrealised foreign exchange losses	27,535	-
- Deductible expenses	14,169	-
- Others	18	-
Unabsorbed capital allowances	26,816	-
Unused tax losses	300	300
	181,846	300

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.

14. INVENTORIES

	Group 2023 RM'000	Group 2022 RM'000
Raw materials	55,615	87,357
Work-in-progress	28,865	24,937
Finished goods	113,033	214,608
Goods-in-transit	17,457	14,301
Formers	5,532	29,102
Spare parts and consumables	11,888	26,642
	232,390	396,947

The cost of inventories recognised as expenses included cost of sales and inventories written down during the financial year amounted to RM2,088,668,000 and RM17,515,000 (2022: RM3,090,808,000 and Nil), respectively.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade				
Trade receivables	200,250	339,017	-	-
Less: Allowance for expected credit losses ("ECL")	(94)	(281)	-	-
Trade receivables, net	200,156	338,736	-	-
Non-trade				
Other receivables	34,764	20,390	3,040	218
Deposits	30,213	24,983	5	22,874
Prepayments	58,332	34,497	-	-
	123,309	79,870	3,045	23,092
	323,465	418,606	3,045	23,092

(a) Credit term of trade receivables

The Group's normal trade credit terms extended to customers range from 30 to 90 days (2022: 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	
	2023 RM'000	2022 RM'000
Neither past due nor impaired	161,486	291,983
1 to 30 days past due not impaired	35,900	36,798
31 to 60 days past due not impaired	1,147	7,484
61 to 90 days past due not impaired	1,523	1,229
91 to 120 days past due not impaired	100	367
More than 121 days past due not impaired	-	875
	38,670	46,753
Impaired - More than 121 days past due	94	281
	200,250	339,017

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 RM38,670,000 (2022: RM46,753,000) 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	
	2023 RM'000	**2022 RM'000**
Trade receivables (nominal amounts)	94	281
Less: Allowance for impairment losses	(94)	(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	
	2023 RM'000	**2022 RM'000**
At beginning of year	281	281
Write-off	(176)	-
Translation differences	(11)	-
At end of year	94	281

(c) Trade receivables denominated in foreign currency are as follows:

	Group	
	2023 RM'000	**2022 RM'000**
United States Dollar	169,754	314,127

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 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	21,650	777,710	(80)	(160)

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 2023.

During the financial year, the Group recognised a loss of RM1,496,000 (2022: gain of RM75,964,000) 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed income fund with licensed fund management companies (redeemable upon 1 day notice)	-	1,549,506	-	745,230
Deposit with licensed bank	1,250,000	-	500,000	-
Cash at banks and on hand	474,468	828,621	12,293	6,103
Cash and cash equivalents	1,724,468	2,378,127	512,293	751,333

Deposit with licensed bank of the Group and of the Company earn interest at effective interest rates ranging from 1.85% to 4.00% and 2.05% to 4.00%, with maturity periods ranging from 2 weeks to 90 days.

Included in cash at banks of the Group and of the Company are amounts of RM329,277,000 (2022: RM692,749,000) and RM12,293,000 (2022: RM6,103,000), respectively which earn interest at effective interest rates ranging from 0.05% to 3.50% (2022: 0.25% to 2.20%) per annum.

Cash and cash equivalents of the Group denominated in foreign currency are as follows:

	Group 2023 RM'000	Group 2022 RM'000
United States Dollar	228,447	350,079

19. SHARE CAPITAL

	Group/Company Number of shares 2023 '000	Number of shares 2022 '000	Amount 2023 RM'000	Amount 2022 RM'000
Issued and fully paid shares with no par value classified as equity instrument:				
At beginning/end of year	3,427,606	3,427,606	1,692,061	1,692,061

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.

20. RESERVES

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Distributable				
Retained earnings	3,047,609	3,521,967	240,731	456,654
Non-distributable				
Translation reserve	(2,135)	4,753	-	-
Treasury shares	(97,474)	(97,474)	(97,474)	(97,474)
	(99,609)	(92,721)	(97,474)	(97,474)
	2,948,000	3,429,246	143,257	359,180

(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

In the previous 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

Group	Short-term borrowings within 1 year RM'000	Long term borrowings 1 to 2 years RM'000	2 to 3 years RM'000	Sub-total RM'000	Total RM'000
2023					
Secured variable rate instruments					
Term loans					
- United States Dollar	87,269	58,264	4,038	62,302	149,571
2022					
Secured variable rate instruments					
Term loans					
- United States Dollar	102,110	90,792	45,866	136,658	238,768

The term loans of the Group include the following:

Term Loan 1
The Term Loan 1 is repayable over 47 monthly principal repayment of USD300,000 each with 1 final month principal repayment of USD900,000 commencing 19th month from the date of first drawdown.

Term Loan 2
The Term Loan 2 is repayable over 47 monthly principal repayment of USD1,042,000 each commencing 8th month from the date of first drawdown.

Term Loan 3
The Term Loan 3 is repayable over 35 monthly principal repayment of USD304,800 each with final month principal repayment of USD304,400 commencing 1st month from the date of first drawdown.

Term Loan 4
The Term Loan 4 is repayable over 48 monthly principal repayment of USD406,250 commencing 9th month from the date of first drawdown. The amount has been fully repaid during the financial year.

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 2023 RM'000	Group 2022 RM'000
Lease liabilities payments:		
- not later than 1 year	3,261	1,951
- later than 1 year and not later than 5 years	2,065	3,304
	5,326	5,255
Future finance charges on lease liabilities		
- not later than 1 year	(413)	(122)
- later than 1 year and not later than 5 years	(86)	(114)
	(499)	(236)
Principal amount relating to lease liabilities	4,827	5,019
Principal amount relating to lease liabilities:		
- not later than 1 year	2,848	1,829
- later than 1 year and not later than 5 years	1,979	3,190
	4,827	5,019

The incremental borrowing rates applied to the lease liabilities are:

	Group 2023 %	Group 2022 %
Interest rate per annum	1.24 - 6.10	1.01 - 1.96

23. TRADE AND OTHER PAYABLES

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade				
Trade payables	88,645	117,910	-	-
Non-trade				
Other payables	51,836	95,592	30	43
Accruals	112,268	164,680	187	78
	164,104	260,272	217	121
	252,749	378,182	217	121

Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days).

Trade payables denominated in foreign currency are as follows:

	Group	
	2023 RM'000	2022 RM'000
United States Dollar	43,320	52,543

Other payables

Included in other payables of the Group are amounts of RM16,055,000 and RM17,232,000 (2022: RM63,036,000 and RM3,328,000) 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.

Other payables denominated in major foreign currency are as follows:

	Group	
	2023 RM'000	2022 RM'000
United States Dollar	33,306	54,902
Australian Dollar	5,539	13,760

Accruals

Included in accruals of the Group is an amount of RM64,918,000 (2022: RM43,942,000) in respect of accrued expenses for natural gas and purchase of raw materials.

24. RELATED PARTY TRANSACTIONS

The non-current portion of amount owing by subsidiaries arose from advances amounting to RM731,135,000 (2022: RM710,451,000) which bear interest rates ranging from 2.00% - 2.75% (2022: 2.00%) 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 subsidiaries, key management personnel and companies related to directors.

Related party transactions

	Group	
	2023 RM'000	2022 RM'000
Received and receivable from subsidiaries:		
- Dividend income	-	2,988,723
- Interest income	18,026	14,378

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors' fees	1,524	1,392	1,380	1,248
Short term employee benefits	11,029	11,472	41	28
Post-employment benefits	1,071	1,071	-	-
Estimated monetary value of benefits-in-kind (including ESOS)	103	171	72	136
	13,727	14,106	1,493	1,412

25. **DIVIDENDS**

	Group/Company	
	2023 RM'000	2022 RM'000
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
Third interim single tier exempt dividend of 3.50 sen per share in respect of the financial year ended 31 March 2022	119,611	-
Final single tier exempt dividend of 3.50 sen per share in respect of the financial year ended 31 March 2022	119,611	-
	239,222	2,988,987

The directors do not recommend a final single tier exempt dividend in respect of the current financial year.

26. CAPITAL COMMITMENT

In respect of acquisition of property, plant and equipment:

	Group	
	2023 RM'000	2022 RM'000
Approved and contracted for	472,163	889,736

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	
	2023 RM'000	2022 RM'000
North America	1,195,647	4,256,394
Europe	544,660	1,854,112
Asia (excluding Malaysia)	417,941	1,067,346
Australia	180,589	412,184
South America	21,097	148,503
Middle East	14,114	66,272
Malaysia	15,035	29,752
Others	20,535	53,723
	2,409,618	7,888,286

Non-current assets which do not include deferred tax assets analysed by geographical location of the assets are as follows:

	Group	
	2023 RM'000	2022 RM'000
Malaysia	2,941,419	3,145,841
Australia	391	154
China	196	203
India	267	286
	2,942,273	3,146,484

Information about major customers

The following is a major customer with revenue equal or more than 10% of Group revenue:

	Geographical location	Group 2023 RM'000	Group 2022 RM'000
Customer A	North America	529,848	2,176,006

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 2023 RM'000	Group 2023 % of total	Group 2022 RM'000	Group 2022 % of total
By country:				
United States of America	115,584	57.6	200,171	59.0
Germany	27,733	13.9	62,305	18.4
United Kingdom	4,388	2.2	874	0.3
Australia	9,515	4.8	17,870	5.3
The Netherlands	820	0.4	13,791	4.1
Spain	2,322	1.2	3,249	1.0
Others	39,794	19.9	40,476	11.9
	200,156	100.0	338,736	100.0

At the reporting date, approximately 48.1% (2022: 47.1%) of the Group's trade receivables was due from three (2022: two) major customers. Trade receivable balances from those major customers amounted to RM96,179,000 (2022: RM159,400,000).

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 RM149,571,000 (2022: RM238,768,000) 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 RM'000	Contractual cash flows RM'000	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000
2023					
Group					
Financial liabilities:					
Trade and other payables	252,749	252,749	252,749	-	-
Lease liabilities	4,827	5,326	3,261	1,817	248
Loans and borrowings	149,571	155,226	90,513	60,478	4,235
Company					
Financial liabilities:					
Trade and other payables	217	217	217	-	-
Financial guarantee contracts	-	149,571	149,571	-	-
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	-	-

The table below summarises the maturity profile of the Group's derivative financial liabilities as at 31 March 2023 based on contractual undiscounted repayment obligations. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

	Group			
	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 month RM'000	1 to 12 months RM'000
2023				
Financial liabilities				
Forward foreign currency contracts	80	80	80	-
2022				
Financial liabilities				
Forward foreign currency contracts	160	160	(769)	929

(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 RM149,571,000 (2022: RM238,768,000) 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.

Sensitivity analysis for interest rate risk

At the reporting date, a change of 75 (2022: 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 RM853,000 (2022: RM1,361,000), 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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD exchange rate against RM, with all other variables held constant.

	Group	
	2023 RM'000	**2022 RM'000**
USD/RM		
- strengthened 5%	6,533	12,138
- weakened 5%	(6,533)	(12,138)

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables

The carrying amounts of these financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values due to the short maturities of these financial instruments.

(ii) Amount owing by subsidiaries

The fair value of the long-term financial asset is determined by the present value of future cash flows estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair value and carrying value of the asset at the end of the reporting period.

(iii) Derivative financial instruments

Forward currency contracts are valued using a valuation technique with market observation inputs. The fair value of the forward foreign currency contracts is determined by reference to discounting the difference between the contracted rate and the current forward price at the reporting date for the residual maturity of the contracts using risk-free interest rate (based on government bonds).

(iv) Lease liabilities and borrowings

The fair values of lease liabilities and variable rate loans and borrowings, which are estimated using discounted cash flow analysis, based on current lending rate for similar types of lease and borrowing arrangements, are as follows:

	Group	
	Carrying amount RM'000	Fair value RM'000
2023		
Financial Liabilities		
Lease liabilities	4,827	5,326
Loans and borrowings	149,571	155,226
2022		
Financial Liabilities		
Lease liabilities	5,019	5,255
Loans and borrowings	238,768	241,792

30. FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting date

	Group			
	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
2023				
Foreign currency forward contracts				
Derivative financial liabilities	(80)	-	(80)	-
2022				
Foreign currency forward contracts				
Derivative financial assets	1,576	-	1,576	-
Derivative financial liabilities	(160)	-	(160)	-

During the financial years ended 31 March 2023 and 2022, there was no transfer between fair value measurement hierarchy.

Fair value of financial instruments that are not measured at fair value in the statements of financial position at the end of the reporting date (but fair value disclosures are required)

	Group			
	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
2023				
Financial Liabilities				
Lease liabilities	5,326	-	-	5,326
Loans and borrowings	155,226	-	-	155,226
2022				
Financial Liabilities				
Lease liabilities	5,255	-	-	5,255
Loans and borrowings	241,792	-	-	241,792

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets				
FVTPL:				
Short-term investments	-	1,549,506	-	745,230
Derivative financial assets	-	1,576	-	-
At amortised costs:				
Trade receivables and other receivables	265,133	384,109	3,045	23,092
Amount owing by subsidiaries	-	-	731,149	710,603
Cash and bank balances	1,724,468	828,621	512,293	6,103
Financial liabilities				
FVTPL:				
Derivative financial liabilities	80	160	-	-
At amortised costs:				
Trade and other payables	252,749	378,182	217	121
Lease liabilities	4,827	5,019	-	-
Loans and borrowings	149,571	238,768	-	-

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 2022.

As at 31 March 2023, the total capital managed by the Group which comprises shareholders' equity, amounted to RM4,640,061,000 (2022: RM5,121,307,000).

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 ratios as at 31 March 2023 and 2022, which are within the Group's and the Company's objectives of capital management are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash, bank balances and short-term investments	1,724,468	2,378,127	512,293	751,333
Less: Total interest bearing borrowings	(149,571)	(238,768)	-	-
Total net cash	1,574,897	2,139,359	512,293	751,333
Total equity	4,658,363	5,144,874	1,835,318	2,051,241
Gearing ratio (%)	N/A	N/A	N/A	N/A

33. SUBSEQUENT EVENT

In the current financial year, the Group recognised an impairment loss of its property, plant and equipment and capital work-in-progress amounting to RM343,136,000 and RM3,756,000, respectively as disclosed in Note 8 and 9.

Subsequently, on 8 May 2023, the Group announced its formal plan to decommission four productions plants located in Bestari Jaya, under its subsidiary, Hartalega Sdn. Bhd. as part of its ongoing operational rationalisation measures to improve its competitiveness in view of the current challenging operating landscape. Following the decommissioning exercise, the Group is expected to recognise further provision for retrenchment costs and contract obligation expenses amounting to approximately RM70,000,000 in the next financial year ending 31 March 2024.

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	Non-Independent Non-Executive Director
Dato' 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	Independent Non-Executive Director

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

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

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

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

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

FACTORY LOCATION 1

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

REGISTERED OFFICE

B-25-2, Block B, Jaya One
No. 72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: +603-7955 0955 Fax: +603-7955 0959

FACTORY LOCATION 2

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

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

PRINCIPAL BANKERS

Hong Leong Bank Berhad

Standard Chartered Bank Malaysia Berhad

CIMB Bank Berhad

Sumitomo Mitsui Banking Corporation Malaysia Berhad

Cathay United Bank, Labuan Branch

AUDITORS

DELOITTE PLT (LLP0010145-LCA) (AF0080)
Level 16, Menara LGB
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INVESTOR RELATIONS

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Tel: +603-6277 1733
URL: www.hartalega.com.my
Email: info@hartalega.com.my

STOCK EXCHANGE

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

Additional Compliance Information

A. Utilisation of Proceeds Raised from Corporate Proposals

During the financial year ended 31 March 2023, 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 2023 is set out on page 162 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 2023 is set out under Note 5(c), page 143 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 by the Company and/or its subsidiaries, involving the interests of the Directors and substantial shareholders.

List of Properties

AS AT 31 MARCH 2023

Location Address	Existing Use	Approximate Age of Building	Tenure	Date of Acquisition	Area (m^2)	NBV (RM'000)
H.S.(D) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Factory and office building	Between 4 to 8 years	Leasehold expiring on 9 October 2110	2015 to 2019	277,936 (build-up area)	484,923
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	88,814
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	3,555
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) 36055, P.T. No. 5785 Mukim of Labu Daerah Sepang Selangor Darul Ehsan	Hostel building	Between 4 to 8 years	Leasehold expiring on 9 October 2110	2015 to 2019	75,146 (build-up area)	80,740
GRN 193487, Lot 4864 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Industrial land	N/A	Freehold	1993 and 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 and 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 and 2011	45,220	11,671
GRN 332891, Lot 10459 Pekan Bestari Jaya Daerah Kuala Selangor Selangor Darul Ehsan	Vacant	N/A	Freehold	2023	41,700	11,578
H.S.(M) 1742, P.T. No. 2965 Mukim of Batang Berjuntai Daerah Kuala Selangor Selangor Darul Ehsan	Vacant land	N/A	Leasehold expiring on 14 March 2090	1998	3,237	125
No.2A, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	19 years	Freehold	2009	143	24

No.6, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	19 years	Freehold	2009	144	24
No.8, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	19 years	Freehold	2009	145	23
No.10, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	19 years	Freehold	2009	146	23
No.12, Jalan Seri Bestari 3 Taman Seri Bestari 45600 Bestari Jaya Selangor Darul Ehsan	Single-storey house-hostel	19 years	Freehold	2010	147	24

Analysis of Shareholdings

AS AT 30 JUNE 2023

Number of Total Issued and Paid Up Share Capital	: 3,417,461,863 (excluding 10,145,000 share buy back)
Class of Shares	: Ordinary Share
Voting Rights	: One vote per ordinary share
Number of Shareholders	: 39,566

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	333	7,009	0.00
100 - 1,000	13,464	8,127,980	0.24
1,001 - 10,000	18,777	77,644,683	2.27
10,001 to 100,000	5,954	172,047,440	5.03
100,001 to 170,873,092 (*)	1,036	1,689,399,477	49.44
170,873,093 and above(**)	2	1,470,235,274	43.02
	39,566	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 Shareholders	No. of Shares	%
Hartalega Industries Sdn Bhd	1,175,317,618	34.39
Budi Tenggara Sdn Bhd	294,917,656	8.63

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Kuan Kam Hon @ Kwan Kam Onn	100,284,462	2.93	1,482,523,754*^#+	43.38
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 2023

No.	Name of Shareholders	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	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	109,669,780	3.21
4	KUAN KAM HON @ KWAN KAM ONN	98,695,862	2.89
5	KUAN KAM PENG	92,987,480	2.72
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	60,607,700	1.77
7	WONG KIN SENG @ WONG KIM SENG	50,000,000	1.46
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	46,012,085	1.35
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 CBNY FOR ORBIS SICAV EMERGING MARKETS EQUITY FUND	33,645,447	0.98
11	ANG WEE WEE	28,665,400	0.84
12	KUAN EU JIN	25,959,400	0.76
13	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	23,202,210	0.68
14	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	22,565,494	0.66
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	21,643,500	0.63
16	JASON TEN JHIA SEENG	20,681,432	0.61

No.	Name of Shareholders	No. of Shares	%
17	ANDY TEN	20,680,436	0.61
18	KEVIN TEN	20,640,436	0.60
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AHAM AM)	20,193,100	0.59
20	CHCSA SDN BHD	20,000,000	0.59
21	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	18,425,700	0.54
22	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	17,497,100	0.51
23	KINETIC REGION SDN. BHD	16,306,880	0.48
24	KUAN MUN LEONG	15,954,000	0.47
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	15,000,000	0.44
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	14,977,500	0.44
27	LEMBAGA TABUNG HAJI	13,298,000	0.39
28	CITIGROUP NOMINEES (ASING) SDN BHD CB SPORE GW FOR GOVERNMENT OF SINGAPORE (GIC C)	12,529,900	0.37
29	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	12,000,000	0.35
30	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	11,702,300	0.34

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventeenth (17th) Annual General Meeting of the Company will be held at Ballroom 2 & 3, 1st Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 5 September 2023, at 9.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To table the Audited Financial Statements for the financial year ended **31 March 2023** together with the Reports of the Directors and Auditors thereon.

(Please refer to Note A)

2. To approve the payment of Directors' Fees of RM1,380,000 and benefits of RM40,750 for the financial year ended **31 March 2023**.

(Resolution 1)

3. To approve the payment of Directors' Fees of up to RM2,196,000 and benefits of up to RM69,500 from 1 April 2023 until the next Annual General Meeting.

(Resolution 2)

4. To re-elect the following Directors retiring in accordance with Clause 91 of the Constitution of the Company:

   (a) Mr. Kuan Mun Leong **(Resolution 3)**
   (b) Dato' Tan Guan Cheong **(Resolution 4)**
   (c) Datuk Loo Took Gee **(Resolution 5)**

5. To re-appoint DELOITTE PLT (LLP0010145-LCA) (AF0080) as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 6)

AS SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 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 Sections 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.

   THAT pursuant to Section 85 of the Companies Act 2016, read together with Clause 13(d) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 & 76 of the Companies Act 2016."

(Resolution 7)

7. **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 8)

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

31 July 2023

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 Registrars 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 Seventeenth (17th) 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 30 August 2023 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 7

Ordinary Resolution – Authority to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act 2016

The proposed Ordinary Resolution 7 is a renewable mandate for the issue of shares under Sections 75 & 76 of the Companies Act 2016. If passed, 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.

THAT pursuant to Section 85 of the Companies Act 2016, read together with Clause 13(d) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 & 76 of the Companies Act 2016.

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 1 September 2022 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 8

Ordinary Resolution – Proposed renewal of authority for purchase of own shares by the Company

The proposed Ordinary Resolution 8 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 Mun Leong **(Resolution 3)**
   (b) Dato' Tan Guan Cheong **(Resolution 4)**
   (c) Datuk Loo Took Gee **(Resolution 5)**

2. The detailed profiles of the above Directors who are standing for re-election are set out in the Directors' Profiles set out on pages 77 to 81 of the Annual Report and their securities holdings in the Company are set out in the Analysis of Shareholdings on page 178 to 181.

3. Board Meetings held in the financial year ended 31 March 2023

   There were five (5) Board Meetings held during the financial year ended 31 March 2023. 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
DATO' RAZMAN HAFIDZ BIN ABU ZARIM	5/5
TAN SRI DATUK DR. REBECCA FATIMA STA. MARIA	5/5
DATUK SERI NURMALA BINTI ABD RAHIM	5/5
DATUK LOO TOOK GEE	5/5
YAP SENG CHONG (Appointed on 5/7/2022)	3/3

5. Place, Date and Time of Meeting

   The Seventeenth (17^{th}) Annual General Meeting of the Company will be held at Ballroom 2 & 3, 1^{st} Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 5 September 2023, at 9.30 a.m.

GRI Content Index

GRI Standards	Disclosure		Page(s) and/or URL reference
General Disclosures			
GRI 2: General Disclosures 2021	**The organisation and its reporting practices**		
	2-1	Organisational details	Page 173-174
	2-2	Entities included in the organisation's sustainability reporting	Page 2
	2-3	Reporting period, frequency and contact point	Page 2
	2-4	Restatements of information	There are no restatements in this report.
	2-5	External assurance	Page 2
Activities and workers			
	2-6	Activities, value chain, and other business relationships	Page 5-8
	2-7	Employees	Page 65
	2-8	Workers who are not employees	Number of on-site workers: 212
Governance			
	2-9	Governance structure and composition	Page 77-81
	2-10	Nomination and selection of the highest governance body	Page 90
	2-11	Chair of the highest governance body	Page 77
	2-12	Role of the highest governance body in overseeing the management of impacts	Page 86
	2-13	Delegation of responsibility for managing impacts	Page 86-87
	2-14	Role of the highest governance body in sustainability reporting	Page 86
	2-15	Conflict of interest	Page 81, 83 and 90
	2-16	Communication of critical concerns	Page 86-87
	2-17	Collective knowledge of the highest governance body	Page 87-89
	2-18	Evaluation of the performance of the highest governance body	Page 92
	2-19	Remuneration process	Page 92-93
	2-20	Process to determine remuneration	Page 92-93
Strategy, policies and practices			
	2-22	Statement on sustainable development strategy	Page 14-19
	2-23	Policy commitments	Page 39, 55, 58 and 60
	2-24	Embedding policy commitments	Page 27-31
	2-25	Processes to remediate negative impacts	Page 39, 59, 61
	2-26	Mechanisms for seeking advice and raising concerns	Page 39, 59, 61
	2-27	Compliance with laws and regulations	Page 52, 63-64
	2-28	Membership associations	1. Malaysian Rubber Glove Manufacturers Association (MARGMA) 2. Federation of Malaysian Manufacturers (FMM) 3. Responsible Glove Alliance (RGA)

GRI Standards	Disclosure		Page(s) and/or URL reference
Stakeholder engagement			
	2-29	Approach to stakeholder engagement	Page 22-25
	2-30	Collective bargaining agreements	Page 62
GRI 3: Material Topics 2021			
Disclosure on material topics	3-1	Process to determine material topics	Page 26-27
	3-2	List of material topics	Page 27-31
	3-3	Management of material topics	Page 27-31
Topic-Specific Standard: Economic			
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Page 44
	202-2	Proportion of senior management hired from the local community	Page 44
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Page 44
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risk related to corruption	Page 94
	205-2	Communication and training about anti-corruption policies and procedures	Page 39
	205-3	Confirmed incidents of corruption and actions taken	Page 39
GRI 301: Materials 2016	301-2	Recycled input materials used	Page 42
Topic-Specific Standard: Environmental			
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Page 48-49
	302-3	Energy intensity	Page 49
	302-4	Reduction of energy consumption	Page 48-49
GRI 303: Water and Effluents 2018	303-1	Interactions with water as shared resource	Page 50-51
	303-2	Management of water discharge-related impacts	Page 51
	303-3	Water withdrawal	Page 50-51
	303-4	Water discharge	Page 51
	303-5	Water consumption	Page 50-51
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Page 50
	305-2	Energy indirect (Scope 2) GHG emissions	Page 50
	305-3	Other indirect (Scope 3) GHG emissions	Page 50
	305-4	GHG emissions intensity	Page 49
	305-5	Reduction of GHG emissions	Page 49-50
	305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x) and other significant air emissions	Page 57
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Page 53
	306-2	Management of significant waste-related impacts	Page 53-54
	306-3	Waste generated	Page 53
	306-4	Waste diverted from disposal	Page 53-54
	306-5	Waste directed to disposal	Page 53
Topic-Specific Standard: Social			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Page 64-67
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 67-68
	401-3	Parental leave	Page 67-68

GRI Standards	Disclosure		Page(s) and/or URL reference
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Page 55-56
	403-2	Hazard identification, risk assessment, and incident investigation	Page 56
	403-3	Occupational health services	Page 56-57
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 55-56
	403-5	Worker training on occupational health and safety	Page 57
	403-6	Promotion of worker health	Page 56-57
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 55-57
	403-8	Workers covered by an occupational health and safety management system	Page 55
	403-9	Work-related injuries	Page 56
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Page 70
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 68-70
	404-3	Percentage of employees receiving regular performance and career development reviews	Page 67
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Page 65-66, 90-91
	405-2	Ratio of basic salary and remuneration of women to men	Page 67
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Page 61
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 62
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Page 60
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Page 60
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Page 72-76
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Page 43
	414-2	Negative social impacts in the supply chain and actions taken	Page 43
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and services categories	Page 40-41
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 41
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information labelling	Page 41
	417-2	Incidents of non-compliance concerning product and service information and labelling	Page 41
	417-3	Incidents of non-compliance concerning marketing	Page 41
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 47

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PROXY FORM

Hartalega

HARTALEGA HOLDINGS BERHAD
Registration No. 200601022130 (741883-X)
(Incorporated in Malaysia)

*I/ *We ....
(Full name in block letters)

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 letters)
Address: .... No. of Shares Represented: ....

Mobile Number: .... Email Address: ....

2) Name of proxy: .... NRIC No.: ....
(Full name in block letters)
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 **Seventeenth (17th) Annual General Meeting** of **Hartalega Holdings Berhad** to be held at Ballroom 2 & 3, 1st Floor, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 5 September 2023, 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 Directors' Fees of RM1,380,000 and benefits of RM40,750 for the financial year ended 31 March 2023.		
2.	To approve the payment of Directors' Fees of up to RM2,196,000 and benefits of up to RM69,500 from 1 April 2023 until the next Annual General Meeting.		
3.	To re-elect Mr. Kuan Mun Leong as Director		
4.	To re-elect Dato' Tan Guan Cheong as Director		
5.	To re-elect Datuk Loo Took Gee as Director		
6.	To re-appoint DELOITTE PLT (LLP0010145-LCA) (AF0080) as Auditors of the Company and to authorise the Directors to determine their remuneration.		
7.	**Special Business** - Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016.		
8.	**Special Business** - Authority for purchase of own shares by the Company		

(Please indicate with an "X" in the appropriate space above how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

Number of shares held	
CDS Account No.	

Dated this _____ day of ___________ 2023

Signature / Seal of Shareholders: ____________________
[* Delete if not applicable]
Notes:

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

(1) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company 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 Registrars 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 Seventeenth (17th) 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 30 August 2023 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.

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HARTALEGA HOLDINGS BERHAD
Registration No. 200601022130 (741883-X)

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200, Petaling Jaya
Selangor Darul Ehsan

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Hartalega

Corporate Office

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