COMFORT GLOVES BERHAD
(852-D)

EXPANSION OF SUSTAINABILITY

Annual Report 2019

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EXPANSION OF SUSTAINABILITY

Since 1993, Comfort Gloves Berhad has been growing steadily, providing excellent and innovative products to their customers. Despite the Company strives to accelerate their growth, they too preserve the environment within their capability, allowing them to advance to a great future. As Comfort Gloves Berhad is advancing towards a greater vision, the Company has a solid foundation allowing them to move forward, improving and overcome any demands.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventy-Eighth Annual General Meeting ("78th AGM") of the Company will be held at Hotel Grand Baron, No.8, PT7861, Jalan Bukit Larut, 34000 Taiping, Perak Darul Ridzuan on Wednesday, 17 July 2019 at 9.00 a.m.

AGENDA

As **ORDINARY BUSINESS:**

1. To receive the Audited Financial Statements for the financial year ended 31 January 2019, together with the Directors' and Auditors' Reports thereon. **(Please refer to Note 2)**

2. To approve the payment of a final single tier dividend of 1.5 sen per share in respect of the financial year ended 31 January 2019. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' Fees of RM223,000 in respect of the financial year ended 31 January 2019. **(Ordinary Resolution 2)**

4. To approve the payment of Directors' benefits (excluding Directors' Fees) to Non-Executive Directors up to an amount of RM85,000 from 18 July 2019 until the next AGM of the Company. **(Ordinary Resolution 3)**

5. To re-elect the following Directors retiring by rotation in accordance with Article 77 of the Company's Articles of Association:

   5.1 Cheang Phoy Ken **(Ordinary Resolution 4)**
   5.2 Sean Kar Seng Cheang **(Ordinary Resolution 5)**

6. To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company for the financial year ending 31 January 2020 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

As **SPECIAL BUSINESS**, to consider and, if thought fit, pass the following Resolutions:-

7. **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016** **(Ordinary Resolution 7)**

   "That, subject to the Companies Act 2016 and the Company's Articles of Association and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities"), Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act 2016 to allot and issue shares in the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the Annual General Meeting of the Company held next after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier."

8. **PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY** **(Ordinary Resolution 8)**

"That, subject to the Companies Act 2016 the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary 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 ("the Proposed Share Buy Back") provided that:

a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

b) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back. Based on its latest audited financial statements as at 31 January 2019, the Retained Profits of the Company is RM45,965,462.

c) approval and authority be and are given to the Directors of the Company, in their absolute discretion:

   i) to deal with the shares so purchased in the following manner:

      (A) to cancel such shares;
      (B) to retain such shares as treasury shares;
      (C) to retain any part of such shares as treasury shares and cancel the remainder of such shares; and/or
      (D) in any other manner as may be prescribed by applicable law and/or the regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force,

   and such authority to deal with such shares shall continue to be valid until all such shares have been dealt with by the Directors of the Company; and

   ii) to deal with the existing treasury shares of the Company in the following manner:

      (A) to cancel all or part of such shares;
      (B) to distribute all or part of such shares as dividends to shareholders permitted pursuant to Section 127 of the Companies Act 2016 and in accordance with the relevant rules of Bursa Securities;
      (C) to resell all or part of such shares on Bursa Securities in accordance with the relevant rules of Bursa Securities;
      (D) to transfer all or part of such shares for the purposes of or under an employees' share scheme;
      (E) to transfer all or part of such shares as purchase consideration; and/or
      (F) in any other manner as may be prescribed by applicable law and/or any other relevant authority for the time being in force,

   and such authority be deal with such shares shall continue to be valid until all such shares have been dealt with by the Directors of the Company.

8. **PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY (Cont'd)** **(Ordinary Resolution 8)**

That any authority conferred by this resolution may only continue to be in force until:

i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

iii) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever occurs first;

And that authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase 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 the fullest 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 purchased shares) in accordance with the Companies Act 2016, the provisions of the Memorandum and Articles of Association of the Company and the Main LR and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

9. **PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY** **(Special Resolution)**

"That approval be and is hereby given for the Company to revoke its existing Memorandum and Articles of Association with immediate effect and in place thereof, the proposed new Constitution as set out in the Circular to Shareholders dated 31 May 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

FURTHER NOTICE IS HEREBY GIVEN THAT only members whose names appear on the Record of Depositors as at 10 July 2019 shall be entitled to attend the AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

By Order of the Board

CHAN YOKE YIN (MAICSA 7043743)
CHAN EOI LENG (MAICSA 7030866)
Chartered Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
31 May 2019

NOTES:

1. PROXY

A member (other than an exempt authorised nominee) entitled to attend and vote at the Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him. A proxy must be 18 years and above and need not be a member of the Company.

Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds but the proportion of holdings to be represented by each proxy must be specified.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.

The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.

Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of AGM will be put to vote on a poll.

For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original identity card of that other person.

The registration for the above Meeting will commence on Wednesday, 17 July 2019 at 8.00 a.m.

Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019

Agenda 1 is meant for discussion only as Section 340(1)(a) of the Companies Act 2016 only requires the Audited Financial Statements to be laid before the Company at the Annual General Meeting and does not require shareholders' approval. Hence, Agenda 1 will not be put forward for voting.

NOTES: (Cont'd)

3. FINAL DIVIDEND

Section 131 of the Companies Act 2016 states that a Company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. The Board of Directors having considered the available profits has decided to recommend the proposed final single tier dividend for the shareholders' approval.

The Board of Directors is satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

The final single tier dividend of 1.5 sen per share in respect of the financial year ended 31 January 2019, if approved by the shareholders, will be paid on 26 September 2019 to depositors who are registered in the Record of Depositors at the close of business on 12 September 2019.

A depositor shall qualify for entitlement to the dividend only in respect of:

a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 September 2019 in respect of ordinary transfers; and

b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

4. DIRECTORS' FEES AND BENEFITS

Section 230(1) of the Companies Act 2016 provides amongst others, that "fee" of the directors and "any benefits" payable to directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for these payments in two separate resolutions as follows:

Resolution 2: Payment of Directors' Fees

The Directors' fees include fees payable to the Chairman and members of the Board.

Based on the Remuneration Committee's recommendation, the Board decided that the Directors' fees in respect of the financial year ended 31 January 2019 shall remain unchanged.

Resolution 3: Payment of Directors' Benefits

The Directors' benefits (excluding Directors' Fees) comprises the Meeting Allowances payable to the Chairman and members of the Board and are calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees.

5. RE-ELECTION OF DIRECTORS

Cheang Phoy Ken and Sean Kar Seng Cheang are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this 78th AGM.

The Board has via the Nominating Committee conducted an assessment on the effectiveness and contributions of the said retiring Directors including their skills, experience and strength in qualities and time commitment and has recommended for them to be re-elected to the Board. The profile of the retiring Directors is set out in the Profile of Directors on pages 10 to 11 of the Annual Report 2019.

6. RE-APPOINTMENT OF AUDITORS

The Audit Committee ("AC") has on 25 March 2019 carried out an assessment of the suitability and independence of the External Auditors, Baker Tilly Monteiro Heng PLT and was satisfied with the suitability of Baker Tilly Monteiro Heng PLT based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC in its assessment also found Baker Tilly Monteiro Heng PLT to be sufficiently objective and independent.

The Board therefore approved the AC's recommendation on the re-appointment of Baker Tilly Monteiro Heng PLT as External Auditors of the Company for the financial year ending 31 January 2020 be put forward for the shareholders' approval at the 2019 AGM.

7. AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016

The Ordinary Resolution proposed under item 7 if passed, will empower the Directors of the Company, from the date of the above AGM until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten percent (10%) of the issued share capital of the Company ("Share Mandate"). This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an Extraordinary General Meeting ("EGM") to approve such issuance of shares should be eliminated. The Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

This Share Mandate is a renewal of the mandate obtained from the shareholders of the Company at the AGM held on 9 July 2018. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

8. PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY

The Ordinary Resolution proposed under item 8, if passed, will empower the Directors to purchase the Company's shares through Bursa Malaysia Securities Berhad up to 10% of the issued shares of the Company. Details of the Proposed Share Buy Back is set out in the Share Buy Back Statement of the Company, which is sent out together with the Company's 2019 Annual Report.

9. SPECIAL RESOLUTION - PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

The Special Resolution proposed under item 9, if passed, will bring the Company's Constitution in line with the Companies Act 2016 and Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad and to enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 31 May 2019.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The details of Directors standing for re-election are set out in the Profile of Directors and the details of their interests in the securities of the Company are disclosed in this Annual Report.

CORPORATE INFORMATION

DIRECTORS

Lau Chee Meng
Chairman – Independent Non-Executive Director

Cheang Phoy Ken
Managing Director

Sean Kar Seng Cheang
Executive Director

Lau Joo Yong
Executive Director

Lau Joo Pern
Non-Independent Non-Executive Director

Ng Seik Wah
Independent Non-Executive Director

AUDIT COMMITTEE

Ng Seik Wah *(Chairman)*
Lau Chee Meng
Lau Joo Pern

NOMINATING COMMITTEE

Lau Chee Meng *(Chairman)*
Ng Seik Wah
Lau Joo Pern

REMUNERATION COMMITTEE

Ng Seik Wah *(Chairman)*
Lau Chee Meng
Lau Joo Pern

COMMITTEE TO REVIEW PRESS OR PUBLIC ANNOUNCEMENTS

Cheang Phoy Ken
Sean Kar Seng Cheang

CORPORATE/OPERATIONAL OFFICE

Comfort Rubber Gloves Industries Sdn Bhd
Lot 821, Jalan Matang
34750 Matang
Taiping, Perak, Malaysia
Tel No. : +605-8472 777
Fax No. : +605-8479 108

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd (378993-D)
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No. : +603-7849 0777 (Helpdesk)
Fax No. : +603-7841 8151
Website: www. boardroomlimited.com
Email: BSR.Helpdesk@boardroomlimited.com

REGISTERED OFFICE

55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh, Perak Darul Ridzuan, Malaysia
Tel No. : +605-5474 833
Fax No. : +605-5474 363

SECRETARIES

Chan Yoke Yin (MAICSA 7043743)
Chan Eoi Leng (MAICSA 7030866)

AUDITORS

Baker Tilly Monteiro Heng PLT
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur, Malaysia
Tel No. : +603-2297 1000
Fax No. : +603-2282 9980

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad
Hong Kong and Shanghai Banking Corporation (HSBC) Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 2127
Stock Short Name: COMFORT

COMFORT GLOVES BERHAD

(Incorporated in Malaysia) (852-D)

- 100% — **COMFORT RUBBER GLOVES INDUSTRIES SDN. BHD.**
  - 100% — **GALLANT QUALITY SDN. BHD.**
- 100% — **I QUALITY RUBBER INDUSTRIES SDN. BHD.**
- 100% — **PBT SDN. BHD.**
- 100% — **PACEWELL ASIA SDN. BHD.**

PROFILE OF DIRECTORS

LAU CHEE MENG
Chairman, Independent Non-Executive Director
Malaysian, aged 64, Male

Date of Appointment

1 July 2016

Length of Services (as at 31 May 2019)

2 years 11 months

Date of Last Re-Election

21 June 2017

Board Meeting Attended

5/5

Board Committees Memberships

Audit Committee
Nominating Committee
Remuneration Committee

Academic/Professional Qualifications

- Chartered Accountant, The Malaysian Institute of Accountants (MIA)

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointment(s)/Working Experience:

He has nine years working experience in the field of external auditing and corporate advisory and more than sixteen years of extensive experience in the area of finance in the corporate environment including plantations, properties and manufacturing sector.

Family Relationship/Conflict of Interest

He does not have any family relationship with any Director and/or major shareholder of the Company.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

CHEANG PHOY KEN
Managing Director
Malaysian, aged 66, Male

Date of Appointment

11 January 2013

Length of Services (as at 31 May 2019)

6 years 4 months

Date of Last Re-Election

23 June 2016

Board Meeting Attended

5/5

Board Committees Memberships

N/A

Academic/Professional Qualifications

- Bachelor of Business Administration, University of Houston

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointment(s)/Working Experience:

He has more than twenty years' experience in manufacturing and marketing of medical examination gloves industry. He was the Founder and Chief Executive Officer of Disposable Medical Product, Inc from 1987 to 1994, a medical glove marketing and distribution company focused on the dental and medical industry. From 1994 to 2007, he was involved in the management of Pacewell Asia Sdn. Bhd., subsidiary of Seal Polymer Industries Berhad. From 2007 to present, he conducts medical examination glove consulting and sourcing initiatives on behalf of select clients. He was the Managing Director of Seal Polymer Industries Berhad from 1996 to 2007. He was involved in acquiring Seal Polymer Industries, which manufacture and markets medical examination gloves. He also led the Company's Initial Public Offering exercise in 2004, which resulted in Seal Polymer Industries being the first glove company to be listed on the Main Board of Bursa Malaysia Securities Berhad. In 2007, he divested Pacewell Asia Sdn Bhd's interest in Seal Polymer Industries Berhad.

Family Relationship/Conflict of Interest

He is the father to Sean Kar Seng Cheang, a Director of the Company.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

	SEAN KAR SENG CHEANG *Executive Director* *American, aged 31, Male*	**LAU JOO YONG** *Executive Director* *Malaysian, aged 32, Male*
Date of Appointment	11 January 2013	9 September 2014
Length of Services (as at 31 May 2019)	6 years 4 months	4 years 8 months
Date of Last Re-Election	23 June 2016	21 June 2017
Board Meeting Attended	4/5	5/5
Board Committees Memberships	N/A	N/A

SEAN KAR SENG CHEANG

Academic/Professional Qualifications

- Bachelor of Arts, George Washington University

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointment(s)/Working Experience:

He was a Foreign Markets Analyst with Homeland Security Intelligence, Inc, responsible for producing weekly global markets impact review. From 2011 to 2012, he was in Management Consultant for Operations with Accenture, conducting strategic sourcing exercises at a major global airline. From 2012 until 2013, he was the Marketing Manager of Pacewell International Inc, establishing strategic marketing initiative focused on state, local and federal government Integrated Delivery Networks and Group Purchasing Organisation's purchasing.

Family Relationship/Conflict of Interest

He is the son of Cheang Phoy Ken, who is a Director and substantial shareholder of the Company.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

LAU JOO YONG

Academic/Professional Qualifications

- Bachelor of Business Administration, East London University

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointment(s)/Working Experience:

He was the Chief Operating Officer for Peninsular Forest Management Sdn. Bhd., a Business Development Manager for Alam Muhibah Sdn. Bhd. and a Business Development Manager for Ikatan Kanyangan Sdn. Bhd.. He is also a trustee of Lau Eng Guang Dialysis Charitable Foundation.

Family Relationship/Conflict of Interest

He is the son of both Dato' Lau Eng Guang and Datin Goh Kim Kooi and also brother of Lau Joo Kien, Brian, who are the substantial shareholders of the Company.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

LAU JOO PERN
Non-Independent Non-Executive Director
Malaysian, aged 38, Male

Date of Appointment

30 January 2015

Length of Services (as at 31 May 2019)

4 years 4 months

Date of Last Re-Election

9 July 2018

Board Meeting Attended

4/5

Board Committees Memberships

Audit Committee
Nominating Committee
Remuneration Committee

Academic/Professional Qualifications

- Bachelor of Accounting and Financial Management, University of Sheffield, United Kingdom
- Fellow of the Association of Certified Accountants (FCCA)
- Member of the Malaysian Institute of Accountants (MIA)

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointment(s)/Working Experience:

His experience has span over a period of 10 years and he has held managerial position with one of the Big Four International Accounting Firm. His working experience included auditing, corporate finance advisory and valuation advisory. Currently, he is the Financial Controller of Ikatan Kayangan Sdn. Bhd..

Family Relationship/Conflict of Interest

He is a nephew of Dato' Lau Eng Guang and cousin of Lau Joo Kien, Brian and Lau Joo Yong who are the substantial shareholders of the Company.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

NG SEIK WAH
Independent Non-Executive Director
Malaysian, aged 65, Male

Date of Appointment

18 December 2017

Length of Services (as at 31 May 2019)

1 year 5 months

Date of Last Re-Election

9 July 2018

Board Meeting Attended

5/5

Board Committees Memberships

Audit Committee
Nominating Committee
Remuneration Committee

Academic/Professional Qualifications

- Member of Institute of Financial Accountants (IFA)

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointment(s)/Working Experience:

He has 39 years working experience in the field as a company secretary in ensuring organisations comply with statutory requirements, standard financial practice and corporate governance and extensive experience in the area of taxation, accounting and finance.

Family Relationship/Conflict of Interest

He does not have any family relationship with any Director and/or major shareholder of the Company.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

CHEANG PHOY KEN
Managing Director
Malaysian, aged 66, Male

- Refer to the Profile of Directors on page 10.

KOK SOKE KUEN
Chief Financial Controller
Malaysian, aged 39, Female

Date of Appointment

29 September 2014

Academic/Professional Qualifications

- A member of Malaysia Institute of Accountants (MIA)

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Working Experience:

She has more than ten years of accounts and finance related experience gained from various listed commercial organisations, mainly on construction and manufacturing. From 2011 to 2012, she was appointed as Specialist in University Tunku Abdul Rahman, lecturing on Performance Management and Management Accounting.

Family Relationship/Conflict of Interest

She does not have any family relationship with any Director and/or major shareholder of the Company.

Conviction of Offence

She has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

INTRODUCTION

The Board of Directors recognises the importance of practicing good corporate governance throughout the Group as fundamental part of discharging its responsibilities to protect and enhance shareholder's value and to continue delivering sustainable performance. The overview takes guidance from the key Corporate Governance principles as set out in the Malaysian Code on Corporate Governance (the "Code" or "MCCG"). The Group will continue to endeavor its efforts in evaluating its governance practices in response to the evolving best practices and the changing requirements. The Board is pleased to present this report on how the Company and Group have applied the following three (3) principles as set out in the MCCG 2017 during the financial year:

- Principle A: Board Leadership and Effectiveness
- Principle B: Effective Audit and Risk Management
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Principal Responsibilities of the Board

The Group is led by an experience and dynamic Board of Directors ("the Board") who is responsible for the long-term success of the Group and delivery of sustainable value to its stakeholders.

The Board is responsible for the Group's overall strategy direction and objectives whiles exercising oversight on management, its acquisition and divestment policies, major capital expenditure, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources and the consideration of significant financial matters. The Board monitors the decision and actions of the Executive Directors and the performance of the Group to gain assurance that profess is being made towards the corporate purpose within the limits imposed through the Group's governance assurance framework.

Board Charter

The Board has established clear functions reserved for the Board and those delegated to Management in the Board Charter (the "Charter") which serves as a reference point for Board's activities. The Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors which are subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. The Charter is available at the Company's website at www.comfort-rubber.com.my.

In promoting good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures, full details of which will be made available on the Company's website:

- Code of Conduct and Ethics
- Whistleblowing Policy and Procedures
- Sustainability Policy

The Board reviews the Board Charter as and when required to keep up to date with changes in Bursa Malaysia Securities Berhad's (Bursa Securities) Listing Requirements, other regulation and best practices and ensure its effectiveness and relevance to Board's objective and make necessary amendments to ensure in line with the needs of the Company and compliance with the regulations.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Board Composition and Independence

The Board currently comprises six (6) members, made up of a Managing Director, two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This composition allows for the applying of independent judgment on issues of strategy, performance, resource utilisation and standards of conduct, all of which are vital to the Group. The mixture of technical, industry expertise, entrepreneurial, financial and business skills of the Directors also enhances the effectiveness of the Board.

There is a balance of power and authority in the Board, with three Executive Directors and two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Company has thus satisfied the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") pursuant to Paragraph 15.02(1) of having at least one-third (1/3) of the Board members as Independent Non-Executive Directors. The Independent Directors play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process. Hence, they do not participate and are not involved in any other relationships with the Company which could materially interfere with the exercise of their independent judgements.

The Company has taken note of Principle 4.2 of the Code that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. However, the Company does not have term limits policy for independent directors but the Nominating Committee ("NC") annually assesses the independence of the Directors based on the criteria stipulated in Paragraph 1.01 of the MMLR. Thus, the Board must justify and seek annual Shareholders' approval in the event it retains the director as an Independent Director beyond nine years.

The Board through the NC conducts an annual review of its size and composition from time to time to ensure its effectiveness and to determine if the Board has the right size and sufficient diversity with their ability to discharge their duties.

Qualified and Competent Company Secretary

The Board is supported by two (2) suitably qualified and competent Company Secretaries who play a vital role in advising the Board in relation to the Company's Constitution, Board policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. They constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance by attending the relevant training programmes/conferences.

The Company Secretaries are also accountable to the Board and are responsible for the following:

- Advising the Board on matters related to corporate governance and the Listing Requirements;
- Maintaining records of the Board and ensuring effective management of the Company's statutory records;
- Managing processes pertaining to annual shareholder meeting;
- Preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded;
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time;
- Preparing agendas and coordinating the preparation of the Board papers; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Board has direct access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that all governance matters and Board procedures are in compliance with the applicable laws and regulations. This includes updating the Board on the Listing Requirements, circulars from Bursa Securities, other legal and regulatory developments, and their impact on the Group and its business.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Gender Diversity Policy

With regards with Principle 4.5 of the gender diversity in the Board's composition, none of the Directors is a female. The Board has no immediate plan to implement a gender diversity policy or target as the Board views that any new appointment to the Board shall be based on the candidate's area of expertise, skills, educational background, gender, ethnicity as well as other factors that might provide the Board with a broader range of viewpoints and perspective. However, female representation in the Board will be considered when vacancies arise and suitable candidates are identified.

Foster Commitment

Paragraph 15.06 of MMLR provides that directors of listed company may not hold more than five (5) directorship in listed companies. None of the Board members of Comfort Gloves Berhad serve in more than five (5) listed companies. During the financial period, none of the Executive Directors of the Company serve as a director on other listed companies.

Roles and Responsibilities of the Board

The positions of the Chairman and Managing Director are held by different individuals. The roles of the Chairman and the Managing Director are distinct and segregated with responsibilities clearly drawn out to ensure a balance of power and authority. The Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board, ensuring Board carries out its responsibilities in the best interest of the Company and that all key issues are disclosed in a timely manner. The Chairman is also tasked with facilitating active discussion and participation by all the Directors. Whilst the Managing Director is primarily responsible for managing the Group's day-to-day operations and with his expert and intimate knowledge of the business of the Group, he is able to efficiently practice "hands on" management in his specific areas of responsibilities.

In addition, to ensure the effective discharge of its functions and responsibilities, the Board delegates the day-to-day management of the Group's business to the Management and had set and approved business authority limits which set out relevant matters. This authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.

The Non-Executive Directors are credible professionals of caliber, who play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. The Executives and Non-Executive Directors together ensure that the strategies proposed by the management are fully discussed and examined and the long-term interests of the shareholders, employees, suppliers and customers are taken into account.

The Company has also formalised a set of ethical standards through a code of conduct, which is subject to periodical review, to ensure Directors practice ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Where any conflict of interests arises, it is a mandatory practice for the director concerned to declare his interest and abstain from the decision-making process.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Roles and Responsibilities of the Board (Cont'd)

Key matters which are reserved for the Board's approval are as follows:

- Review and approval of corporate, strategic directions and financial plans of the Group
- Monitor financial performance including approval of annual and interim financial reports
- Overseeing the conduct of the business of the Group
- Approval of material acquisitions, and disposal of undertaking and properties or any significant which exceeds the authority limits delegated to the Managing Director or management
- Changes to the management and control structure within the Company and its subsidiaries
- Appointment of all other Board members, Board Committee members, CFO and the Company Secretary
- Any matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act 2016, the MMLR and the Company's Articles of Association.
- Internal Control System
- Succession planning for senior management
- Assume responsibility for good corporate governance

The Board also delegates and confers some of its authorities and discretion to the Executive Directors as well as relevant Board Committees. The Board Committees are entrusted by the Board with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR"). Any key issues and decisions arising from the Board Committees will be reported and tabled to the Board for approval, if required.

Board Meetings

The Board meets five (5) times a year on a scheduled basis with additional meetings held when specific urgent or important matters are required to be considered and decided between the scheduled meetings.

A total of five (5) Board Meetings were held during the financial year under review and the details of attendance of the Directors at the Board Meetings are as follows:

Name of Directors	Number of Meetings Attended
Lau Chee Meng *Chairman, Independent Non-Executive Director*	5 of 5
Cheang Phoy Ken *Managing Director*	5 of 5
Sean Kar Seng Cheang *Executive Director*	4 of 5
Lau Joo Yong *Executive Director*	5 of 5
Lau Joo Pern *Non-Independent Non-Executive Director*	4 of 5
Ng Seik Wah *Independent Non-Executive Director*	5 of 5

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Access to Information and Advice

The Board has a formal schedule of matters reserved specifically for its decision. The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties. Board papers providing financial and corporate developments, quarterly financial reports and minutes of the previous meetings are circulated five (5) business day prior to the Board Meetings to give the Directors time to peruse the issues to be discussed at the Board Meetings. The Directors have full access to all staff for any information they require on the Group's affairs and to the advice and services of the Company Secretaries, independent professional advisers, and internal/external auditors in appropriate circumstances at the Company's expense, if required.

The Secretaries are charged with the duty of ensuring proper filing of all requisite documents and obtaining all the necessary information from the Directors, both for the Company's own records and for meeting statutory requirements and regulatory obligations. The Secretaries also highlight all issues which they feel ought to be brought to the Board's attention. All resolutions are recorded and confirmed at the next Board meeting and all Board members would ensure the Minutes of Meetings accurately reflected the deliberations and decision of the Board, including any directors abstained from voting or deliberating on a particular matter.

The Directors are notified of any corporate announcements released to Bursa Securities. They are also notified of the impending restriction in dealing with the securities of the Company at least thirty (30) days before the targeted released date of the quarterly financial results announcement.

Recruitment or Appointment of Directors

For the recruitment or appointment of new Directors, the Nominating Committee ("NC") has its own review criteria that need to be met before making recommendations to the Board. These include the review of skills, experience and strength in the qualities necessary for the discharge of responsibilities in an effective and competent manner. Other factors considered by the NC includes the candidates' ability to commit sufficient time to Board matters, and the ability to satisfy the test of independence taking into account the candidate's character, integrity and professionalism. Diversity of the Board's composition is also important to facilitate optimal decision-making by harnessing different insights and perspectives.

Re-Appointment and Re-Election of Directors

In accordance with the Articles of Association of the Company, all directors who are appointed by the Board are subject to re-election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting. The Articles of Association also provide that all directors shall retire at least once in three (3) years. However, retiring Directors are eligible under the Articles of Association, for re-election.

Where any Director is required to retire from office, the NC reviews the composition of the Board and decides whether to recommend such Director for-election taking into account the Director's attendance at their respective meetings, participation, contribution and time commitment. Upon its evaluation, the NC will make recommendation on the proposal to the Board for approval and the Board makes the final decision on the proposed appointment/re-election to be presented to shareholders for approval.

Continuous Directors' Training

The Board acknowledges the importance of continuous education and training broadens one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skill and knowledge in discharging their duties. The Board has undertaken an assessment of the training needs of each Director.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Continuous Directors' Training (Cont'd)

All Directors receive updates from time to time, on relevant laws and regulations to enhance their business acumen and skills to meet the changing commercial challenges. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 31 January 2019, the following training programmes and seminars were attended by the Directors:

- Perkumpulan YPO Indonesia (YPO Indonesia) Executive Education Seminar

- Practical Approach and Guildelines for Risk Management & Internal Control
  SST 2018: Practical & Effective Implementation of Sales and Service tax

The Board will continue to evaluate and determine the training needs of Directors on a continuous basis.

Committees Established by the Board

The Board is assisted by the following Sub-Committees in the discharge of its duties and responsibilities:

- Audit Committee
- Nominating Committee
- Remuneration Committee
- Committee for the review of press releases or public announcements

Audit Committee ("AC")

The AC assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group. The AC comprises two (2) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director. The AC is chaired by an Independent Non-Executive Director, Mr. Ng Seik Wah.

Details of the composition and the activities of the AC during the financial year are set out under the Audit Committee Report.

Nominating Committee ("NC")

The members of the NC during the financial year, comprises majority of Independent Non-Executive Directors, were as follows:

Name of Member

(i) Lau Chee Meng
Independent Non-Executive Director (Chairman)

(ii) Ng Seik Wah
Independent Non-Executive Director

(iii) Lau Joo Pern
Non-Independent Non-Executive Director

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Nominating Committee ("NC") (Cont'd)

The objective of the NC is to ensure an appropriate structure for management succession and development and an effective process for director selection and tenure. The Board has established a nomination process of board members to facilitate and provide a guide for the NC to identify, evaluate, select and recommend to the Board the candidate to be appointed as a Director of the Company.

The activities of the NC during the financial year are as follows:

- reviewed the performance of the Directors who are due for re-election/re-appointment at the next Annual General Meeting.
- assessed the independence of the Independent Directors.
- reviewed the training needs of Directors.
- reviewed the mix of skills, independence, experience and other qualities of the Board.
- reviewed the terms of office and performance of the AC and each of its members annually to determine whether the AC and its members have carried out their duties in accordance with the terms of reference.
- reviewed the annual assessment of the effectiveness of the Board, Board committees and individual directors annually using a set of customised self-assessment questionnaires to be completed by each Director; with the following criteria:-

  Audit Committee
  i) Quality and Composition;
  ii) Skills and Competencies; and
  iii) Meeting Administration and Conduct.

  Board of Directors
  i) Board Structure;
  ii) Board Operations; and
  iii) Board Roles and Responsibilities.

  The NC upon its assessment carried out was satisfied:

  - with its current board size and the effectiveness of the Board/Board Committees and with appropriate mix of knowledge;
  - the Independent Non-Executive Directors comply with the definition of Independent Non-Executive Directors as defined in the Listing Requirements;
  - the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as none of them hold more than 5 directorships in public listed companies;
  - the results of the self-assessment by Directors and Board's effectiveness as a whole were tabled to the Board for review and deliberation.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Remuneration Committee ("RC")

The members of the RC during the financial year, comprises wholly of non-executive Directors, a majority of whom are independent, were as follows:

Name of Member

(i) Ng Seik Wah
Independent Non-Executive Director (Chairman)

(ii) Lau Chee Meng
Independent Non-Executive Director

(iii) Lau Joo Pern
Non-Independent Non-Executive Director

The objective of the RC is to review and recommend to the Board a formal and transparent policy on executive remuneration and for fixing the remuneration packages of individual directors and to approve employee compensation and benefits programme.

The RC assessed the appropriateness of Directors' and executives' remuneration on an annual basis, based on overall employment market conditions and the capacity of the Company's financial standing.

The Board has established a Remuneration Policy which facilitates the RC to review, consider and recommend to the Board for decision on the remuneration packages of the Executive Directors.

Committee for the Review of Press Releases or Public Announcements

The Committee for the review of press releases or public announcements, comprising the Managing Director, Cheang Phoy Ken or the Executive Director, Sean Kar Seng Cheang, is responsible for making timely dissemination of information to the shareholders and investing public and ensuring that the information released is factual, clear, accurate and not false or misleading.

DIRECTORS' REMUNERATION

The Level and Make-up of Remuneration

The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors needed to manage the Group successfully. In the case of Executive Directors, their remuneration is linked to their level of responsibilities, experience and contribution to the Group performance. For the Non-Executive Directors, the level of remuneration reflects the expertise, experience, skills and level of responsibilities undertaken by them.

The Company has adopted the principle recommended by the Code whereby the level of remuneration of the Directors is sufficient to attract and retain the Directors needed to manage the Group successfully. In the case of Executive Directors, their remuneration is linked to their level of responsibilities, experience, contribution, individual as well as Group performance. For the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by them.

DIRECTORS' REMUNERATION (Cont'd)

The Level and Make-up of Remuneration (Cont'd)

The details of the remuneration of the Directors (on named basis) and Senior Management for the financial year ended 31 January 2019 are as follows:

Executive Directors' Remuneration

Company

	Cheang Phoy Ken				
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	√	√	√	√
150,001 – 200,000	√	-	-	-	-
300,001 – 350,000	-	-	-	-	-

	Lau Joo Yong				
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	√	√	√	-
150,001 – 200,000	√	-	-	-	-
300,001 – 350,000	-	-	-	-	-

	Sean Kar Seng Cheang				
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	√	√	√	√
50,001 – 100,000	√	-	-	-	-

Group

	Cheang Phoy Ken				
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	√	√	-	√
150,001 – 200,000	-	-	-	√	-
300,001 – 350,000	-	-	-	-	-
950,001 – 1,000,000	-	-	-	-	-
1,000,001 – 1,100,000	√	-	-	-	-

	Lau Joo Yong				
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	√	√	√	-
150,001 – 200,000	√	-	-	-	-
300,001 – 350,000	-	-	-	-	-

DIRECTORS' REMUNERATION (Cont'd)

The Level and Make-up of Remuneration (Cont'd)

The details of the remuneration of the Directors (on named basis) and Senior Management for the financial year ended 31 January 2019 are as follows: (Cont'd)

Executive Directors' Remuneration (Cont'd)

Group (Cont'd)

	Sean Kar Seng Cheang				
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	√	√	-	√
50,001 – 100,000	-	-	-	√	-
400,001 – 450,000	√	-	-	-	-

Non-Executive Directors' Remuneration

Company & Group

	Lau Chee Meng			Lau Joo Pern			Ng Seik Wah		
	Fee	Other Emoluments	Benefits-in-kind	Fee	Other Emoluments	Benefits-in-kind	Fee	Other Emoluments	Benefits-in-kind
Below 50,000	-	√	-	√	√	-	√	√	-
50,001 – 100,000	√	-	-	-	-	-	-	-	-

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Risk Management and Internal Control

The Board has established a Risk Management Committee that comprises the Managing Director, Executive Director and senior management to review the risk management framework and assess the various types of risks which might have an impact on the profitable operation of the Group's business. This includes operational, market, legal and environmental risks. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control of the Annual Report.

In accordance with the Code and the MMLR, the Board has established an internal audit function which reports directly to the Audit Committee. The function is currently outsourced to an independent professional firm. The Audit Committee had also undertook an annual assessment of the quality of the internal auditor based on an assessment questionnaire, and no material issue and major deficiency had been noted which pose a high risk to the overall system of internal control under review.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Assessment of Suitability and Independence of External Auditors (EA)

The Audit Committee ("AC") had on 25 March 2019 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within the Group's timeline. The AC was satisfied with the suitability of Baker Tilly Monteiro Heng PLT based on their quality of service and sufficiency of resources. Having regard to the outcome of the evaluations and the annual assessment of EA which supported the AC's recommendation on the suitability and independence of the external auditors, the Board approved the AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the appointment of Baker Tilly Monteiro Heng PLT as EA of the Company for the financial year ending 31 January 2020.

A statement by the Directors on their responsibilities in preparing the financial statements is set out on this Annual Report.

Relationship with Auditors

The Board has established a formal and transparent arrangement to meet the EA' professional requirements. The EA have continued to highlight to the AC and Board of Directors matters that require the Board's attention. The AC will have a private session with the EA without the presence of any executive of the Group at least twice a year. Liaison and unrestricted communication exist between the AC and the EA. The AC obtains reasonable assurance on the effectiveness of the internal control system through annual independent appraisal by the EA. The EA are invited to attend the Company's AGM.

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

Communication with Stakeholders

The Board is committed to provide shareholders and investors accurate, useful and timely information about the Company, its business and its activities. The Company has regularly communicated with shareholders and investors in conformity with the disclosure requirements.

Conduct of General Meetings

All general meetings of the Company serve as the principal forum for shareholders to have direct access to the Board and provide the opportunity for shareholders to raise questions pertaining to issues related to the Annual Report, Audited Financial Statements, corporate developments, resolutions being proposed and the businesses of the Group.

The Annual General Meeting ("AGM") remains the principal forum for communication and dialogue with shareholders. The AGM provides the opportunity for interaction amongst Shareholder, Directors and Management, where the shareholders are at liberty to raise questions on the AGM agenda. They will be given the opportunity to seek clarification on any matters pertaining to the Company's affairs and performance as the Directors and the representatives of the EA will be present to answer any questions that they may have.

The Company despatches Annual Report to all shareholders of the Company which includes the notice of AGM, which notice is also advertised in the newspaper and released via Bursa Link. In line with good Corporate Governance practice, the Notice of the 78th AGM was issued at least 28 days before the date of AGM.

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

Conduct of General Meetings (Cont'd)

During the AGM, the Board encourages shareholders to participate in the question and answer session at AGM. The Board has ensured that each item of special business included in the notice of the AGM is accompanied by a full explanation of the effects of the proposed resolution. A summary of the key matters discussed at the 2018 AGM was published on the Company's website at www.comfort-rubber.com.my.

Poll Voting

As stipulated in the MMLR, voting of all resolutions at general meetings shall be carried by way of poll.

Compliance with the Code

The Group has complied with the Principles of Corporate Governance as contained in the Code except for the following exception that, in the opinion of the Directors, adequately suit the circumstances:

- Practice 4.1 (At least half of the board comprises independent directors);
- Practice 4.5 (The Board discloses in its annual report the Company's policies on gender diversity, its targets and measures to meet those targets);
- Practice 7.2 (The Board discloses on a named basis the top five (5) senior management's remuneration in bands of RM50,000); and
- Practice 12.3 (Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–
  - including voting in absentia; and
  - remote shareholders' participation at General Meetings.

The explanation for departure is further disclosed in the Corporate Governance Report.

This statement is prepared in compliance with MMLR and it is read together with the CG Report which is available on the Company's website, www.comfort-rubber.com.my.

The CG Overview Statement was approved by the Board of Directors of Comfort Gloves Berhad on 15 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

The Board of Directors of Comfort Gloves Berhad have the pleasure of presenting to you the Annual Report and the Audited Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 January 2019.

Group's Business and Operations

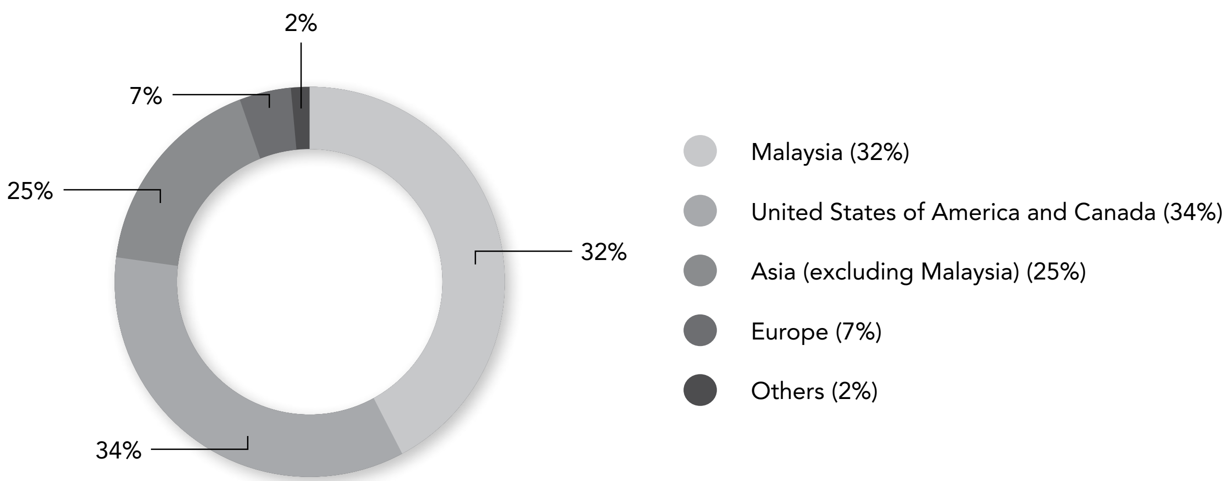
Our Group is involved in the manufacture and trading of natural and synthetic speciality examination gloves. We have two plants located in Simpang and Matang, Taiping, consisting of 49 production lines.

- **Vision & Strategies**

  Our Group's vision is to be the premium manufacturer of natural and synthetic speciality examination gloves. We believe that by working together with the customers, we can develop speciality products that can provide superior protection for specific applications. Through a strong emphasis on research & development and flexible manufacturing, we can deliver the right protection in the right quantities to the right customers.

- **Key Market**

  Our key markets are as follows:



Financial Review

	2019	2018	Increase/(Decrease)	
Financial Results	**RM'000**	**RM'000**	**RM'000**	**%**
Revenue	**474,033**	421,176	52,857	13%
Gross profit	**57,137**	58,517	(1,380)	-2%
Profit before tax	**35,436**	41,124	(5,688)	-14%
Profit after tax	**27,895**	35,897	(8,002)	-22%

Financial Review (Cont’d)

Margin	2019 %	2018 %
Gross profit margin	**12%**	14%
Profit before tax margin	**7%**	10%
Profit after tax margin	**6%**	9%

Earnings per share	2019 Sen	2018 Sen
Basic earnings per share	**4.96**	6.42
Diluted earnings per share	**4.79**	5.88

In this financial year, the Group’s revenue increased by 13% from RM421.2 million to RM474.0 million driven by strong market demand for premium speciality gloves. Approximately 89% of our revenue was derived from synthetic premium speciality gloves, while the remainder was from natural rubber gloves.

During FYE 2019, profit before taxation decreased by RM5.7 million from RM41.1 million to RM35.4 million mainly due to one-off logistic cost of RM5.4 million incurred in FYE 2019.

The net profit decreased by 22% mainly due to the above mentioned one off logistic expenses and higher taxation expenses of RM7.5 million in FYE 2019 as compared to RM5.2 million in FYE 2018. The Group reported gross profit margins and net profit margins of 12% and 6% respectively.

- **Significant events during the year**

  There were no significant events during the current financial year that may materially impact the financial results of the Group.

- **Selling and marketing**

  The selling and marketing expenses for FYE 2019 increased by RM8.1 million or 152% as compared to FYE 2018 figure. The increase was due to one off logistic cost of RM5.4 million and also driven by the increase in sales revenue during this financial year.

- **Administrative expenses**

  In FYE 2018, the Group has distributed RM3.4 million in shares through the Employee Share Scheme (ESS) to employees as a token of appreciation in recognition of their contributions to the company. The ESS had terminated in FYE 2019, hence, the administration expenses was lower as compared to FYE 2018.

- **Other income**

  Other income has increased by RM2.4 million during FYE 2019 as compared to FYE 2018 mainly due to gain on foreign exchange.

Financial Review (Cont'd)

- **Finance costs**

  The increase in production and sales during FYE 2019, required higher utilisation of the Group's short term financing facilities with finance cost increasing by RM1.2 million as compared to FYE 2018 for financing the purchase of raw materials necessary for increase in glove production.

- **Liquidity and capital resources**

  As at 31 January 2019, the Group has deposits, other cash and cash equivalents amounting to RM23.4 million as well as unutilised banking facilities amounting to RM41 million.

  The Group has sufficient banking facilities for working capital.

  Capital expenditure are driven by increased demand for synthetic premium speciality gloves. The capital expenditure for FYE 2019 amounted to RM12.8 million for the construction of a water treatment plant, a solar system, a warehouse and auxiliary and ancillary equipment in addition to production lines.

Managing Risks

The operations of the Group are exposed to credit risk, foreign exchange risk, interest rate risk and liquidity risk. We have adopted policies on financial risk management as disclosed in the Statement on Risk Management and Internal Control.

Operation Review

To enable the Group to meet its vision of becoming a more capable and adaptable manufacturer, a significant emphasis was placed this year on developing techniques to improve operational efficiency and realise more flexible methods of manufacturing. To practice and refine these ideas, we have completed the additional 6 new production lines that will enable us to produce an additional 720 million pieces of speciality gloves. With the additional capabilities from these new lines, we are able to further produce a diverse range of products to serve more challenging market demands.

We have further undertaken steps to upgrade its operational capabilities through strategic investments in technology and higher efficiency equipment. These improvements include implementation of a new IT backbone for Group wide operations and enhancements to energy efficiency across all manufacturing areas. This will help the Group continue to coordinate and manage more rapid and complex growth.

Forward Looking Statement

Our emphasis on natural and synthetic premium speciality gloves will continue to provide the Group opportunities for growth and improvement. However, it will not mitigate us from volatility in raw materials or increased energy cost from subsidy rationalisation. We will continue to emphasise research and development as the key method to expand the market offerings and grow our sales.

Prospects for the rubber glove manufacturing sector remain strong with increasing demand arising from switching trends towards nitrile glove. As overall demand for nitrile gloves increases, the market is seeing increase segmentation and differentiation leading to an increase demand for specialty gloves. Through dedication to process rationalisation and improving operational agility, we are confident in capturing greater market share and strengthening margins. We believe that meeting customer expectations and continuous innovation will strengthen the Group position as the bespoke specialty glove manufacturer.

- **Dividend**

  A final single tier dividend of 1.0 sen per ordinary share, in respect of the financial year ended 31 January 2018 had been approved by shareholders at the Annual General Meeting. It was paid on 26 September 2018 to depositors who were registered in the Record of Depositors at the close of business on 12 September 2018.

  A final single tier dividend of 1.5 sen per ordinary share, in respect of the current financial year has been recommended by the Directors which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

In appreciation

Our sincere gratitude and thanks to our team members for their hard work and dedication. We also wish to record our utmost appreciation to our valued customers, vendors and business associates for your support and strong confidence.

To our shareholders, we thank you for your interest and support in our company.

We believe our better days are ahead of us and look forward to your continued support, as we work with determination to deliver results.

Thank you.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Comfort Gloves Berhad ("CGB" or "the Company") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 January 2019 in compliance with Paragraph 15.15 of the Main LR of Bursa Malaysia.

In performing their duties and discharging their responsibilities, the AC is guided by its Board Charter and also its Terms of Reference ("TOR") which are available on the Company's website at www.comfort-rubber.com.my.

1. COMPOSITION AND ATTENDANCE

Members of the AC

Mr Ng Seik Wah – Chairman
(Independent Non-Executive Director)

Mr Lau Chee Meng - Member
(Independent Non-Executive Director)

Mr Lau Joo Pern - Member
(Non-Independent Non-Executive Director)

The AC comprised three members of the Board, all of whom are Non-Executive Directors ("NEDs") with two being Independent NEDs who satisfies the test of independence under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and has complied with Paragraph 15.09(1)(a) and (b) of the Bursa Securities Listing Requirements.

The AC Chairman, Ng Seik Wah, is a fellow member of the Institute of Financial Accountants. Accordingly, the Company complies with the requirement of Paragraph 15.09(c)(i) of the Bursa Securities. All members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of AC.

The Nominating Committee reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual effectiveness evaluation. The Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's TOR, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards. The TOR of the AC had been reviewed and amended during the year to reflect the requirement of the applicable practices and guidance of the MCCG.

Meetings

The Company Secretary attended all the Meetings of the AC held during the financial year. Minutes of each AC Meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation. The Managing Director and Chief Financial Officer ("CFO") and other members of the Board and employees also attended the Meetings upon invitation of the AC. The CFO will brief the AC on specific issues arising from the audit reports or any matters of interest. The AC Chairman presented to the Board the Committee's recommendation to approve the annual and quarterly financial statements and any significant concern as and when raised by the External Auditors ("EA") or Internal Auditors ("IA"). The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the EA or IA in the respective quarterly presentations.

1. COMPOSITION AND ATTENDANCE (Cont'd)

Meetings (Cont'd)

The AC convened a total of five (5) meetings during the financial year ended 31 January 2019 and the details of the AC members and meeting attendance are as follows:

Audit Committee Members	Designation	Number of Meetings Attended
Ng Seik Wah *(Independent Non-Executive Director)*	Chairman	5 of 5
Lau Chee Meng *(Independent Non-Executive Director)*	Member	5 of 5
Lau Joo Pern *(Non-Independent Non-Executive Director)*	Member	4 of 5

The EA were in attendance at two meetings during the financial year where discussion between the AC and EA were held without the presence of the Group Executives.

2. SUMMARY OF ACTIVITIES

During the financial year, the AC carried out its duties as set out in the TOR. The main activities performed by the AC during the financial year ended 31 January 2019 were as follows:

(a) External Audit

(i) reviewed the scope of work and the Audit Planning Memorandum of the EA, including reporting responsibilities and deliverables, audit approach, scope and audit and non-audit fees for statutory audits of the Groups financial statement and their proposed fees for the statutory audit in respect of the audit for financial year ended 31 January 2019 prior recommending to the Board for approval.

(ii) reviewed with the EA on audit materiality and setting of materially thresholds for the FYE 2019 audit.

(iii) reviewed with the EA the results of the audit and management's responses to their audit findings, including corrective actions taken by the management on outstanding audit issues highlighted in the previous audit.

(iv) met with the EA twice without the presence of management including the MD and CFO to discuss issues requiring attention/significant matters arising from the audit. The EA do not have any areas of concern to highlight to the AC and they have received full co-operation from the management.

(v) reviewed and evaluated the performance of the EA and their independence, objectivity and professionalism and assessment questionnaires were used as a tool for the assessment and made recommendations to the Board on their re-appointment. The EA provided assurance that they were and had been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

2. SUMMARY OF ACTIVITIES (Cont'd)

During the financial year, the AC carried out its duties as set out in the TOR. The main activities performed by the AC during the financial year ended 31 January 2019 were as follows: (Cont'd)

(b) Financial Reporting

(i) reviewed the Group's unaudited quarterly financial statements, ensure compliance with the Companies Act 2016, Main Market Listing Requirements, applicable accounting standards and other legal and regulatory requirements prior to recommending them to the Board for approval for announcement to Bursa Securities. In discharging this role, the AC deliberated with the officers of the Group and EA on the following matters:

- new accounting standards application during the financial year 2019;
- revenue recognition;
- adequacy of impairment loss made on trade receivables.

(ii) reviewed the audited financial statements of the Company and Group with the EA to ensure compliance with the provisions of the Companies Act 2016 and the applicable accounting standards prior to submission to the Board for approval.

(iii) to safeguard the integrity of information, the CFO had given assurance to the AC that:

(a) appropriate accounting policies had been adopted and applied consistently;

(b) the going concern basis applied in the Audited Financial Statements was appropriate;

(c) prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS;

(d) the Audited Financial Statement and Quarterly consolidated financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and its subsidiaries for year 2019.

(c) Internal Audit

(i) reviewed and approved the Group's internal audit plan, including the audit areas, audit scopes and audit approach.

(ii) reviewed and deliberated on the internal audit reports from the Internal Audit Unit and management's response to the recommendations and presented the reports to the Board of Directors.

(iii) carried out an annual review of performance of the Internal Audit Unit including assessment of their suitability and independence in performing their obligations by completing a formal evaluation form.

(d) Related Party Transactions

Reviewed the related party transactions to ensure they are transacted within the limits prescribed under the Main Market Listing Requirements. During the financial year end, there was one transaction on acquisition of 100% equity interest in Pacewell Asia Sdn. Bhd. from a related party to the Director, Mr Ng Seik Wah whereby with Mr Ng Seik Wah abstaining from deliberation and voting, the Audit Committee members having considered all aspect was of the view that the Acquisition was fair, reasonable and on normal commercial terms that are in the best interest of the Company, and not detrimental to the interest of the minority shareholders of the Company.

2. SUMMARY OF ACTIVITIES (Cont'd)

During the financial year, the AC carried out its duties as set out in the TOR. The main activities performed by the AC during the financial year ended 31 January 2019 were as follows: (Cont'd)

(e) Annual Report

i) reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the Annual Report;

ii) presented the AC Report to the Board for approval and inclusion in the Annual Report.

3. GROUP INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been outsourced to AlphaOne Governance Sdn. Bhd., a professional internal audit service provider and reports directly to the AC and assist the Board in reviewing the adequacy and integrity of the internal control systems to manage risks exposures over key processes within the Group.

The role of the internal audit function is to support the AC by providing it with independent and objective reports on the adequacy, integrity and effectiveness of the system of internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the AC and senior management of the Group.

During the financial year, the following activities were carried out by the internal audit function:

- reviewed and assessed the adequacy and effectiveness of the system of internal control and compliance to the policies and procedures on Procurement and also the procedures of reporting for recurrent and non-recurrent related party transactions
- reported on the related party transactions to the Company Secretary, AC and Bursa Securities respectively, if any; and
- reviewed and reported on the follow-up status of previous audit findings taken by the Management.

Internal audits are carried out in accordance with the internal annual planning memorandum and reports are issued to the AC for tabling at the AC meeting. The AC deliberates on the findings and recommendations as reported by the Internal Auditors and monitors to ensure appropriate follow-up actions are taken on the recommendations of the Internal Auditors.

The cost incurred for the Internal Audit function of the Group for the financial year ended 31 January 2019 was RM13,000.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors is committed to maintain a sound system of risk management and internal control in accordance to the Malaysian Code on Corporate Governance to safeguard shareholders' investment and the Group's assets.

Set out below is the Board of Directors' Statement on Risk and Management and Internal Control which has been prepared in accordance with the Guidance for Directors of Listed Issuers on the Statement on Risk Management and Internal Control.

BOARD RESPONSIBILITIES

The Board of Directors has overall responsibility in maintaining an appropriate system of risk management and internal control in the Group. The Board has been proactive in identifying key business risks, determining risk tolerance, and deploying of internal control to address the identified risks.

The Board is committed to monitor and refine its internal control system to ensure its continuing effectiveness. Periodic testing of the effectiveness and efficiency of the internal control procedures and processes are conducted to ensure that the system is viable and robust.

Nonetheless, the Board wishes to point out that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide a reasonable but not absolute assurance against material misstatements, frauds and losses.

RISK MANAGEMENT AND INTERNAL CONTROL

Management is responsible for establishing and developing an adequate system of internal controls to manage risk. The controls are embedded in the culture, processes and structures of the company to minimise incidences of possible fraud, wastage and abuse. Management has adopted an on-going process for identifying, evaluating and managing significant risks that may prevent the achievement of business objectives.

The active subsidiary of the Group has ISO 9001:2015, ISO 13485:2016, EN ISO 13485:2016 and Regulation (EU)2016/425 accreditation for its operation processes. These policies and procedures form part of our Quality Management System that is certified by International Organisation for Standardisation (ISO). This system assists management in assessing risks and building in processes to address those problems immediately before they arise. The Quality Assurance Department conducts internal audit once a year on all departments (except for Finance and Accounts Department) to ensure that operations and documentations are in conformity with the standard procedures and area for improvements are identified.

This system is capable of responding quickly to likely business risks arising from events within the Group and changes in the business environment; it includes procedures for top-down and bottom up communication of any significant control failings or weaknesses that are identified together with details of corrective action to be taken.

The operations of the Group are exposed to a variety of risks. The nature of these risks and measures taken by the Group to minimise those risks are disclosed below:-

(a) Credit risk

The Group is exposed to credit risk that leads to financial loss if trade receivables fail to pay when due. The management has a credit policy in place to monitor and minimise the exposure to default. Credit evaluations are performed on all customers requiring credit terms.

RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

The operations of the Group are exposed to a variety of risks. The nature of these risks and measures taken by the Group to minimise those risks are disclosed below:- (Cont'd)

(b) Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in United States Dollar. Material foreign currency transaction exposures are managed through forward foreign currency contracts.

(c) Interest rate risk

The Group's exposure to interest rate risk arises primarily from their short term borrowings and short term deposits classified as cash and cash equivalents. The Group does not use derivative financial instruments to hedge its risk. However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group.

(d) Liquidity risk

The Group's exposure to liquidity risk arises principally from its various payables. The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES

The Board recognises that the internal audit function is an integral part of the governance process. The Board has engaged an external independent party to perform the internal audits on material controls, including financial, operational and compliance controls. The Internal Auditor has a clear line of reporting to the Audit Committee and its performance is reviewed by the Audit Committee on an annual basis. Thus, the Internal Auditor is independent of the operational and management activities they audit.

The Internal Auditor develops risk-based audit plans to determine the priorities of the internal audit activities, consistent with the Group's objectives and activities. The Internal Auditor reports to the Audit Committee on the adequacy and effectiveness of the controls. During the Audit Committee meeting, the internal audit findings are discussed and control actions are agreed to mitigate possible risk. The implementation of the agreed corrective actions is verified by the Internal Auditor through its follow-up reviews.

For this current financial year, the internal auditors have reviewed the internal processes on procurement.

CONCLUSION

The Board has received assurance from the Managing Director ("MD") and Chief Financial Officer ("CFO") that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board confirms that the Risk Management Team has taken appropriate remedial action for significant weaknesses identified from the risk management and internal control system.

The Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives. There is no material control deficiencies noted during the financial year under review which had a significant impact on the achievement of Group's business objectives and financial performance.

The Board maintains an on-going commitment to strengthening the Group's internal control and risk management environment and processes.

SUSTAINABILITY STATEMENT

The Group recognises the importance and benefits of integrating Economic, Environmental and Social (EES) sustainability into its business. These include working within the law in order to be innovative and demonstrating initiative to meet the requirements of various stakeholders and other interest persons in this area.

Community

Looking after the community where we operate is a key area for us. Our aim is to integrate ourselves into the local communities and contribute to their development. We have sponsored few non-profit organisation during the year, that is Cancerlink Foundation, Malaysian Association For The Blind, Malaysia Association For The Prevention Of Tuberculosis, Yayasan Jantung Malaysia, ST. John Ambulans Malaysia Kawasan Perak Utara and Perak Palliative Care Society.

Workplace

In an effort to provide employees with more convenient means of addressing health needs, the group has establish an in-house medical clinic in Matang factory. Regular health talks were conducted to create health awareness among employees.

Employees working in the production factory were provided with hearing protectors and safety helments. The Group has modified the structure of the production factory to minimise the noise exposure level.

Waste Management

The Group has endeavoured to reduce its water usage and recycle as much of its process water as is feasible. We are also targeting to reduce the amount of waste material we send to landfill by working with companies to repurpose our scrap gloves to be used as an alternative fuel source for power generation in other industries.

Energy

Solar power panel system was installed as a renewable source of energy to reduce the usage of electricity. This system serves as a generator of independent source of renewable energy and has effectively reduced the carbon footprint.

Corporate Disclosure

To ensure timely and high quality disclosure, the Company has implemented a Corporate Disclosure Policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investment and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid individual or selective disclosure.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the year ended 31 January 2019.

Details of the Recurrent Related Party Transactions ("RRPT")

There was no RRPT during the financial year.

Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year.

Imposition of Sanctions/Penalties

There were no material public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 31 January 2019 is as follows:

	Group RM	**Company RM**
Audit Fees	167,500	85,000
Non-Audit Fees	9,600	9,600
	177,100	94,600

Material Contracts and Contract Relating to Loan awarded to Directors, Chief Executive and Substantial Shareholders

There were no material contracts and contracts relating to loans entered into by the Company and its subsidiaries which involve the Directors, Chief Executive who is not a Director and substantial shareholders entered into since the end of the previous financial year.

Employee Share Scheme ("ESS")

The Board of Directors of CGB ("Board") had on 29 January 2019 terminated its existing Employees' Share Scheme ("ESS") in accordance with the By-laws of the Existing ESS prior to the expiry of its duration or tenure. All Unvested Share Grant and/or Unexercised Options shall be deemed to have been terminated and cancelled and be null and void. Please refer to the Directors' Report on pages 41 to 42 on ESS.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been allowed and made a statement to that effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	27,895,303	5,026,702
Attributable to:		
Owners of the Company	27,895,303	5,026,702

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single tier final dividend of 1 sen per ordinary share in respect of the financial year ended 31 January 2018, paid on 26 September 2018	5,619,491

At the forthcoming Annual General Meeting, a final single tier dividend of 1.5 sen per ordinary share, amounting to RM8,744,237 in respect of the current financial year, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2020.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

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

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

VALUATION METHOD

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

(ii) 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 the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

EMPLOYEES' SHARE SCHEME

The Employees' Share Scheme ("ESS") was approved by the shareholders at an Extraordinary General Meeting held on 9 September 2014 and is governed by the By-Laws. The ESS became effective on 9 September 2014 for a period of five (5) years and expired on 9 September 2019.

On 20 December 2017, the Board of Directors of the Company had approved the extension of the ESS which would have expired on 9 September 2019 for another five (5) years until 9 September 2024. The extension is in accordance with the terms of the ESS By-Laws. The ESS comprises ESS Awards and ESS Option.

The ESS Committee had granted 30,813,000 Share Options under the ESS at an exercise price of RM0.935 each to all eligible employees and directors of the Group. The options granted will be exercised over five (5) years from the date of Share Options granted but not later than 9 September 2024.

The salient terms of the ESS are as follows:

(a) the maximum number of shares to be offered shall not exceed in aggregate fifteen percent (15%) of the total issued and fully paid-up ordinary shares of the Company at any point of time during the tenure of the ESS;

(b) the ESS will be administered by an ESS Committee, the members of which shall be duly appointed and authorised by the Board;

(c) eligible persons for the ESS are full time basis employees of the Group who have not served a notice to resign or received a notice of termination, have attained the age of eighteen (18) years, is not an undischarged bankrupt and the entitlement has been approved by the achievement of applicable performance conditions;

(d) an Offer shall be accepted by an eligible person within the offer period by return the acceptance form to the Company accompanied by a payment of a nominal non-refundable consideration of RM1.00 for the grant of the ESS;

(e) the Share Grant Price and Option Price of each share shall be either at a discount (as determined by the ESS Committee) of not more than ten (10) percent of the five (5)-day weighted average market price of the ordinary shares transacted on the Bursa Malaysia Securities Berhad immediately preceding the date of offer and shall not be less than the par value of the ordinary shares;

(f) the option shall not be exercised for less than one hundred (100) shares and shall be for multiples of one hundred (100) shares other than in the case of the final exercise by the participant under the ESS; and

EMPLOYEES’ SHARE SCHEME (Cont’d)

The salient terms of the ESS are as follows: (Cont’d)

(g) all the new ordinary shares issued arising from the ESS Option shall rank pari passu in all respects with existing ordinary shares of the Company.

On 29 January 2019, the Board of Directors of the Company had terminated the ESS and is of the opinion that the ESS Termination is in the best interest of the Company and its shareholders.

DIRECTORS

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

Cheang Phoy Ken^
Sean Kar Seng Cheang^
Lau Joo Yong
Lau Joo Pern
Lau Chee Meng
Ng Seik Wah

^ Directors of the Companies 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 the report are:

Lau Joo Kien Brian
Dato’ Lau Eng Guang
Mohd Roslan Bin Yaacob

DIRECTORS’ INTERESTS

According to the Register of Directors’ Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.2.2018	**Bought**	**Sold**	**At 31.1.2019**
The Company				
Comfort Gloves Berhad				
Direct interest				
Cheang Phoy Ken	101,631,550	-	-	101,631,550
Sean Kar Seng Cheang	315,000	4,018,000	-	4,333,000
Lau Joo Yong	36,677,050	-	-	36,677,050

DIRECTORS' INTERESTS (Cont'd)

	Number of ordinary shares			
	At 1.2.2018	**Bought**	**Sold**	**At 31.1.2019**
The Company (Cont'd)				
Comfort Gloves Berhad				
Deemed interest				
Cheang Phoy Ken*	315,000	4,018,000	-	4,333,000

* *Deemed interest held through children*

	Number of options over ordinary shares				
	At 1.2.2018	**Granted**	**Exercised**	**Cancelled**	**At 31.1.2019**
Cheang Phoy Ken	3,000,000	-	-	(3,000,000)	-
Sean Kar Seng Cheang	3,000,000	-	-	(3,000,000)	-
Lau Joo Yong	3,000,000	-	-	(3,000,000)	-

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for the deemed benefit which may arise from transactions as disclosed in Note 31 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debenture of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The details of significant events subsequent to the end of the financial year are disclosed in Note 35 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

INDEMNITY TO AUDITORS

The indemnity to auditors of the Company is provided pursuant to Section 289 of the Companies Act 2016 in Malaysia. No payment has been made to indemnify the auditors during the financial year.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

SEAN KAR SENG CHEANG
Director

LAU JOO YONG
Director

Date: 24 May 2019

STATEMENTS OF FINANCIAL POSITION

as at 31 January 2019

		Group			Company		
		31.1.2019	31.1.2018 Restated	1.2.2017 Restated	31.1.2019	31.1.2018 Restated	1.2.2017 Restated
	Note	RM	RM	RM	RM	RM	RM
ASSETS							
Non-current assets							
Property, plant and equipment	5	**236,323,631**	145,526,627	123,655,837	**14,127,348**	9,150,951	9,524,025
Goodwill on consolidation	6	**22,211**	-	-	**-**	-	-
Investment in subsidiaries	7	**-**	-	-	**85,650,004**	181,350,004	85,500,004
Amount due by subsidiaries	8	**-**	-	-	**90,350,000**	-	-
Total non-current assets		**236,345,842**	145,526,627	123,655,837	**190,127,352**	190,500,955	95,024,029
Current assets							
Inventories	9	**83,191,390**	39,757,220	43,950,298	**-**	-	-
Trade receivables	10	**98,799,361**	81,166,080	50,858,239	**-**	-	-
Other receivables, deposits and prepayments	11	**12,786,364**	10,094,014	5,793,618	**108,795**	140,800	168,508
Amount due by subsidiaries	8	**-**	-	-	**8,129,379**	190,109	96,686,815
Tax recoverable		**250,598**	82,569	52,298	**196,592**	-	-
Derivative financial assets	12	**329,198**	1,700,286	-	**-**	-	-
Cash and cash equivalents	13	**23,372,269**	28,625,765	23,408,471	**625,292**	4,009,684	77,525
Total current assets		**218,729,180**	161,425,934	124,062,924	**9,060,058**	4,340,593	96,932,848
TOTAL ASSETS		**455,075,022**	306,952,561	247,718,761	**199,187,410**	194,841,548	191,956,877

	Note	Group 31.1.2019 RM	Group 31.1.2018 Restated RM	Group 1.2.2017 Restated RM	Company 31.1.2019 RM	Company 31.1.2018 Restated RM	Company 1.2.2017 Restated RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	14	**131,544,004**	131,544,004	128,132,608	**131,544,004**	131,544,004	128,132,608
Other reserves	15	**14,360,609**	14,360,609	14,360,609	**14,360,609**	14,360,609	14,360,609
Retained earnings	15	**111,384,301**	90,692,719	54,236,112	**45,965,462**	46,434,781	47,143,341
Revaluation reserve	16	**20,566,970**	8,812,987	9,373,038	**5,599,317**	1,648,930	1,697,244
TOTAL EQUITY		**277,855,884**	245,410,319	206,102,367	**197,469,392**	193,988,324	191,333,802
Non-current liability							
Loans and borrowings	17	**25,922,462**	-	-	**-**	-	-
Deferred tax liabilities	18	**16,106,212**	6,212,723	1,165,961	**1,112,358**	253,026	268,283
Total non-current liability		**42,028,674**	6,212,723	1,165,961	**1,112,358**	253,026	268,283
Current liabilities							
Loans and borrowings	17	**64,236,441**	10,625,373	-	**-**	-	-
Trade payables	19	**54,251,068**	31,551,006	30,598,664	**-**	-	-
Other payables and accruals	20	**15,409,356**	13,102,712	9,560,287	**605,660**	549,770	344,004
Contract liability	21	**968,979**	-	-	**-**	-	-
Provision for taxation		**324,620**	50,428	-	**-**	50,428	10,788
Derivative financial liabilities	12	**-**	-	291,482	**-**	-	-
Total current liabilities		**135,190,464**	55,329,519	40,450,433	**605,660**	600,198	354,792
TOTAL LIABILITIES		**177,219,138**	61,542,242	41,616,394	**1,718,018**	853,224	623,075
TOTAL EQUITY AND LIABILITIES		**455,075,022**	306,952,561	247,718,761	**199,187,410**	194,841,548	191,956,877

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

STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year Ended 31 January 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	22	**474,033,018**	421,175,627	**1,200,000**	1,200,000
Cost of sales		**(416,895,790)**	(362,658,552)	**-**	-
Gross profit		**57,137,228**	58,517,075	**1,200,000**	1,200,000
Other income	23	**5,816,702**	3,428,094	**5,821,958**	960,434
Selling and marketing expenses		**(13,483,510)**	(5,343,639)	**-**	-
Administrative expenses		**(12,555,691)**	(15,182,010)	**(1,976,531)**	(2,755,846)
Impairment losses of financial assets		**-**	-	**(2,556,000)**	-
Reversal of allowance for doubtful debts on amount due by subsidiary		**-**	-	**2,540,269**	-
Operating profit/(loss)		**36,914,729**	41,419,520	**5,029,696**	(595,412)
Finance costs	24	**(1,479,202)**	(295,734)	**-**	-
Profit/(loss) before tax	25	**35,435,527**	41,123,786	**5,029,696**	(595,412)
Income tax expense	27	**(7,540,224)**	(5,227,230)	**(2,994)**	(161,462)
Profit/(loss) for the financial year		**27,895,303**	35,896,556	**5,026,702**	(756,874)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of lands and buildings		**12,335,278**	-	**4,073,857**	-
Total comprehensive income/(loss) for the financial year		**40,230,581**	35,896,556	**9,100,559**	(756,874)
Profit/(loss) attributable to:					
Owners of the Company		**27,895,303**	35,896,556	**5,026,702**	(756,874)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**40,230,581**	35,896,556	**9,100,559**	(756,874)
Earnings per ordinary share attributable to owners of the Company (sen)					
- Basic	28	**4.96**	6.42		
- Diluted	28	**4.79**	5.88		

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

Group	Note	Attributable to Owners of the Company					
		Share Capital RM	Share-based Option Reserve RM	Other Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
At 31 January 2017							
- As previously reported		139,451,838	3,041,379	-	9,373,038	54,236,112	206,102,367
- Retrospective restatement	36	(11,319,230)	-	11,319,230	-	-	-
Restated balance at 1 February 2017		128,132,608	3,041,379	11,319,230	9,373,038	54,236,112	206,102,367
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	35,896,556	35,896,556
Realisation of revaluation reserve		-	-	-	(560,051)	560,051	-
Transactions with owners							
Issuance of ordinary shares under Employees' Share Award Scheme		3,411,396	-	-	-	-	3,411,396
At 31 January 2018		131,544,004	3,041,379	11,319,230	8,812,987	90,692,719	245,410,319
- As previously reported		142,863,234	3,041,379	-	8,812,987	90,692,719	245,410,319
- Retrospective restatement	36	(11,319,230)	-	11,319,230	-	-	-
- Effects of adoption of MFRS 15		-	-	-	-	(1,108,495)	(1,108,495)
- Effects of adoption of MFRS 9	10	-	-	-	-	(1,057,030)	(1,057,030)
Restated balance at 1 February 2018		131,544,004	3,041,379	11,319,230	8,812,987	88,527,194	243,244,794
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	27,895,303	27,895,303
Revaluation of lands and buildings		-	-	-	12,335,278	-	12,335,278
Realisation of revaluation reserve		-	-	-	(581,295)	581,295	-
Transactions with owners							
Dividend	29	-	-	-	-	(5,619,491)	(5,619,491)
At 31 January 2019		**131,544,004**	**3,041,379**	**11,319,230**	**20,566,970**	**111,384,301**	**277,855,884**

Company	Note	Share Capital RM	Share-based Option Reserve RM	Other Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
		Attributable to Owners of the Company					
At 31 January 2017							
- As previously reported		139,451,838	3,041,379	-	1,697,244	47,143,341	191,333,802
- Retrospective restatement	36	(11,319,230)	-	11,319,230	-	-	-
Restated balance at 1 February 2017		128,132,608	3,041,379	11,319,230	1,697,244	47,143,341	191,333,802
Total comprehensive income for the financial year							
Loss for the financial year		-	-	-	-	(756,874)	(756,874)
Realisation of revaluation reserve		-	-	-	(48,314)	48,314	-
Transactions with owners							
Issuance of ordinary shares under Employees' Share Award Scheme		3,411,396	-	-	-	-	3,411,396
At 31 January 2018		131,544,004	3,041,379	11,319,230	1,648,930	46,434,781	193,988,324
- As previously reported		142,863,234	3,041,379	-	1,648,930	46,434,781	193,988,324
- Retrospective restatement	36	(11,319,230)	-	11,319,230	-	-	-
Restated balance at 1 February 2018		131,544,004	3,041,379	11,319,230	1,648,930	46,434,781	193,988,324
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	5,026,702	5,026,702
Revaluation of lands and buildings		-	-	-	4,073,857	-	4,073,857
Realisation of revaluation reserve		-	-	-	(123,470)	123,470	-
Transactions with owners							
Dividend	29	-	-	-	-	(5,619,491)	(5,619,491)
At 31 January 2019		**131,544,004**	**3,041,379**	**11,319,230**	**5,599,317**	**45,965,462**	**197,469,392**

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

STATEMENTS OF CASH FLOWS
for the Financial Year Ended 31 January 2019

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Cash flows from operating activities				
Profit/(loss) before tax	**35,435,527**	41,123,786	**5,029,696**	(595,412)
Adjustments for:				
Interest expense	**1,479,202**	295,734	**-**	-
Interest income	**(445,076)**	(413,126)	**(4,861,958)**	(434)
Net fair value loss/(gain) on derivatives	**1,371,088**	(1,991,768)	**-**	-
Property, plant and equipment				
- net (gain)/loss on disposal	**(35,533)**	101,851	**-**	-
- depreciation	**15,918,792**	12,346,050	**478,274**	373,074
- written off	**-**	502,597	**-**	-
Reversal of allowance for doubtful debts on amount due by subsidiary	**-**	-	**(2,540,269)**	-
Impairment loss on investment on subsidiary	**-**	-	**2,556,000**	-
Unrealised (gain)/loss on foreign exchange	**(2,033,578)**	2,095,831	**-**	-
Employees' share award	**-**	3,411,396	**-**	1,141,884
Operating profit before changes in working capital	**51,690,422**	57,472,351	**661,743**	919,112
Changes in working capital:				
Inventories	**(43,434,170)**	4,193,078	**-**	-
Receivables	**(19,842,068)**	(37,070,586)	**32,005**	27,708
Payables	**24,846,005**	4,758,006	**55,890**	205,766
Contract liability	**(139,516)**	-	**-**	-
Net cash generated from operations	**13,120,673**	29,352,849	**749,638**	1,152,586
Income tax paid	**(1,378,795)**	(201,597)	**(289,005)**	(142,715)
Income tax refunded	**26,683**	41,287	**-**	5,636
Interest paid	**(1,479,202)**	(295,734)	**-**	-
Interest received	**445,076**	413,126	**4,861,958**	434
Net cash generated from operating activities	**10,734,435**	29,309,931	**5,322,591**	1,015,941

STATEMENTS OF CASH FLOWS (Cont'd)

for the Financial Year Ended 31 January 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	**(63,712,826)**	(34,959,913)	**(482,491)**	-
Proceeds from disposal of property, plant and equipment		**360,065**	138,625	**-**	-
Acquisition of a subsidiary, net of cash acquired	7	**(21,812)**	-	**(150,000)**	-
Net (advances to)/repayment from subsidiaries		**-**	-	**(2,455,001)**	2,916,218
Net cash (used in)/generated from investing activities		**(63,374,573)**	(34,821,288)	**(3,087,492)**	2,916,218
Cash flows from financing activities					
Net changes in bill payables	(b)	**52,866,779**	10,670,364	**-**	-
Dividends paid		**(5,619,491)**	-	**(5,619,491)**	-
Net cash generated from/(used in) financing activities		**47,247,288**	10,670,364	**(5,619,491)**	-
Net changes in cash and cash equivalents		**(5,392,850)**	5,159,007	**(3,384,392)**	3,932,159
Cash and cash equivalents at the beginning of the financial year		**28,625,765**	23,408,471	**4,009,684**	77,525
Effect of exchange rate changes on cash and cash equivalents		**139,354**	58,287	**-**	-
Cash and cash equivalents at the end of the financial year	13	**23,372,269**	28,625,765	**625,292**	4,009,684

(a) Purchase of property, plant and equipment:

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Purchase of property, plant and equipment	5	**90,893,911**	34,959,913	**482,491**	-
Financed by way of term loans		**(27,181,085)**	-	**-**	-
Cash payments on purchase of property, plant and equipment		**63,712,826**	34,959,913	**482,491**	-

(b) Reconciliation of liabilities arising from financing activities:

			Non-cash		
	1 February 2018 RM	Cash flows RM	Non-cash Acquisition RM	Foreign exchange movement RM	31 January 2019 RM
Term loans	-	-	27,181,085	-	**27,181,085**
Bill payables	10,625,373	52,866,779	-	(514,334)	**62,977,818**

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

1. CORPORATE INFORMATION

The Company is a public limited liability 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 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan. The principal place of business of the Company is located at Lot 821, Jalan Matang, 34750 Matang Taiping, Perak.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 May 2019.

2. BASIS OF PREPARATION

2.1 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 and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRSs</u>

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

<u>New IC Int</u>

IC Int 22	Foreign Currency Transactions and Advance Consideration

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

  The retrospective application of MFRS 9 does not require restatement of 2018 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings of the annual reporting period including the date of initial application i.e. 1 February 2018.

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

The following is the changes in the classification of the Group's and the Company's financial assets:

Trade and other receivables, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 January 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 February 2018.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassification as at 1 February 2018:

MFRS 139 measurement category	**RM**	**MFRS 9 measurement category** **Amortised cost** **RM**
Financial assets		
Group		
Loans and receivables		
Trade receivables	81,166,080	81,166,080
Other receivables and deposits	7,292,970	7,292,970
Company		
Loans and receivables		
Other receivables and deposits	107,900	107,900

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Impact of the adoption of MFRS 9 (Cont'd)

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. Accordingly, the Group recognised additional impairment losses on its trade receivables of RM1,057,030 at the date of initial application arising from application of simplified and general approach to record the lifetime expected credit losses.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

The Group and the Company have applied MFRS 15 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application of 1 February 2018. As such, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations. The Group and the Company have elected the practical expedient to apply the standard only to contracts that are not completed as at 1 February 2018. The Group and the Company also elected the practical expedient of not to retrospectively restate the contract for those modifications before the date of initial application, but instead, to reflect the aggregate effect of all past contract modifications when identifying the performance obligations, and determining and allocating the transaction price to the satisfied and unsatisfied performance obligations.

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 15 Revenue from Contracts with Customers (Cont'd)

Impact of the adoption of MFRS 15

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Accounting for rights for refund

When the customer has a right to return the product within a given period, revenue was previously recognised in full and a provision was recorded for the expected return. Under MFRS 15, revenue is accounted for as a variable consideration and adjusted for the expected value of returns and revenue is adjusted for the value of the corresponding goods expected to be returned. Therefore, a contract liability (refund liabilities) for the expected refund to customer and a refund asset relating to the right to return product from the customer (right of return asset) when customer exercises the right of return are recognised.

(ii) Accounting for trade discounts

The Group provides trade discounts to the customers for the bulk volume purchases, quality dispute and defect of the products. The discounts are offset against amounts payable by the customer.

When the customer is entitled to the trade discounts, revenue was previously recognised in full and a provision was recorded for the expected future discounts. Under MFRS 15, revenue is accounted for as a variable consideration and adjusted for the expected value discounts to be given and revenue is adjusted for the expected trade discounts. Therefore, a refund liability for the expected future discounts are recognised.

(iii) Presentation of contract assets and contract liabilities

The Group and the Company have changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:

Contract liabilities recognised in relation to expected trade discounts and refunds to customers which were previously presented as provisions.

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 15 Revenue from Contracts with Customers (Cont'd)

Impact of the adoption of MFRS 15 (Cont'd)

The effect of adoption of MFRS 15 as at 1 February 2018 is as follows:

Group	Reference	Increase/ (Decrease) RM
Equity		
Retained earnings	(ii)	(1,108,495)
Current liability		
Contract liability	(ii)	1,108,495
Total equity and liability		-

The amounts by which each financial statement line item is affected as at and for the financial year ended 31 January 2019 as a result of the adoption of MFRS 15, including the reasons for the significant changes, are as follows:

Statements of financial position

	Reference	Reported under MFRS 15 RM	Reported under MFRS 118/ MFRS 111 RM	Increase/ (Decrease) RM
Equity				
Retained earnings	(ii)	111,384,301	112,353,280	(968,979)
Current liability				
Contract liability	(ii)	968,979	-	968,979

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 15 Revenue from Contracts with Customers (Cont'd)

Impact of the adoption of MFRS 15 (Cont'd)

The amounts by which each financial statement line item is affected as at and for the financial year ended 31 January 2019 as a result of the adoption of MFRS 15, including the reasons for the significant changes, are as follows: (Cont'd)

Statements of profit or loss

		Reported under		
	Reference	MFRS 15 RM	MFRS 118/ MFRS 111 RM	Increase/ (Decrease) RM
Revenue	(i)	474,033,018	473,893,502	139,516
Operating profit		36,914,729	36,775,213	139,516
Profit before tax		35,435,527	35,296,011	139,516
Profit for the financial year		27,895,303	27,755,787	139,516
Other comprehensive income for the year		12,335,278	12,335,278	-
Total comprehensive income for the financial year		40,230,581	40,091,065	139,516
Earnings per share attributable to owners of the Company (sen):				
Basic		4.96	4.94	0.02
Diluted		4.79	4.76	0.02

The adoption of MFRS 9 and MFRS 15 did not have a material impact on the Group's and the Company's operating, investing and financing cash flows.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective: (Cont'd)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Cont'd)		
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*
\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 February 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 February 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

2.3.2 The Group and the Company are currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

2.4 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 they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Use of Estimate and Judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(a) Subsidiaries and business combinations

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group losses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8 to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, 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 or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(a) Subsidiaries and business combinations (Cont'd)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b) to the financial statements.

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Foreign currency transactions (Cont'd)

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.4 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Accounting policies applied from 1 February 2018

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business model for managing those assets change.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied from 1 February 2018 (Cont'd)

(a) Subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classifies their debt instruments:

- Amortised cost

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- Fair value through other comprehensive income (FVOCI)

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- Fair value through profit or loss (FVPL)

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied from 1 February 2018 (Cont'd)

(a) Subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Equity instruments

The Group and the Company subsequently measures all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied from 1 February 2018 (Cont'd)

(b) 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 original or modified 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. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied from 1 February 2018 (Cont'd)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied from 1 February 2018 (Cont'd)

(f) Derivatives

The Group and the Company use forward exchange contracts to manage the exposure of changes in foreign exchange rate. These derivatives are not designated as cash flow or fair value hedges and are entered into for periods consistent with foreign currency exposure. Such derivatives do not qualify for hedge accounting. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit or loss.

Accounting policies applied until 31 January 2018

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied until 31 January 2018 (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows: (Cont'd)

(i) Financial assets (Cont'd)

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

(ii) Financial liabilities

Same accounting policies applied in 31 January 2019 and 31 January 2018.

(b) 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 original or modified 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. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied until 31 January 2018 (Cont'd)

(c) Regular way purchase or sale of financial assets

Same accounting policies applied in 31 January 2019 and 31 January 2018.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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 other comprehensive income 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, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Same accounting policies applied in 31 January 2019 and 31 January 2018.

(f) Derivatives

Same accounting policies applied in 31 January 2019 and 31 January 2018.

3.5 Property, Plant and Equipment

(a) Recognition and Measurement

Property, plant and equipment (other than land and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Freehold land and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Property, Plant and Equipment (Cont'd)

(a) Recognition and Measurement (Cont'd)

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Cost of assets includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable in bringing the assets to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials, direct labour and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on narrowing costs in Note 3.16 to the financial statements.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an infinite life and therefore is not depreciated. Capital work-in-progress is stated at cost and is not depreciated until it is ready for its intended use. Upon completion, capital work-in-progress is transferred to categories of property, plant and equipment, depending on the nature of the assets.

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used are as follows:

Leasehold land and buildings	39 years
Factory and office buildings	5%
Infrastructure	10%
Plant, machinery and formers	5% - 33.33%
Motor vehicles	10% - 16%
Office equipment, furniture and fittings	8% - 50%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Property, Plant and Equipment (Cont'd)

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

3.6 Revaluation of Assets

Land and buildings at valuation are revalued by independent professional valuers at a regular interval at least once in every five years with additional valuations in the intervening years where market condition indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising there from the revaluations will be dealt with in the revaluation reserve account. Any deficit is set-off against the revaluation reserve account only to the extent of surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to the profit and loss.

Upon disposal or retirement of an asset, any revaluation surplus relating to the particular asset is transferred directly to retained earnings. The surplus may be transferred as the asset is used by the Company. The amount of the surplus transferred would be the difference between the depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

3.7 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Leases (Cont'd)

(a) Lessee accounting (Cont'd)

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor Accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.8 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in first-out basis for manufacturing and trading inventories.

The costs comprise the purchase price plus costs incurred to bring the inventories to their present locations and conditions. The cost of manufactured finished goods and work-in-progress consist of raw materials, direct labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.10 Cash and Cash Equivalents

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Impairment of assets

(a) Impairment of financial assets and contract assets

Accounting policies applied from 1 February 2018

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, 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 and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 120 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

Accounting policies applied from 1 February 2018 (Cont'd)

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assess whether financial assets carried at amortised cost and debt securities at FVOCI 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 that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source 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 procedure for recovery of amounts due.

Accounting policies applied until 31 January 2018

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries and associates) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

Accounting policies applied until 31 January 2018 (Cont'd)

Loan and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial 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 through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

Accounting policies applied until 31 January 2018 (Cont'd)

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Share capital

Ordinary shares

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

3.13 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Share-based payments

Equity-settled share-based payment

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted at the date the Company obtains the goods or the counterparty renders the service.

3.14 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Provisions (Cont'd)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.15 Revenue and Other Income

Accounting policies applied from 1 February 2018

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

(a) Sale of goods - manufacturing

The Group manufactures and sells rubber gloves to local and foreign customers. Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made within a credit term of 30 to 120 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract, net of the estimated trade discounts where applicable. Accumulated experience with the customer's purchasing pattern is used to estimate and provide for the discounts, using the expected value method. The Group uses the expected value method because it is the method that the Group expects to better predict the estimated trade discounts to which it will be provided to the customers. The estimated trade discounts recognised is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group's customary business practice is to allow a customer to return any defected products and receive a full refund. The Group uses its experience in estimating returns for this product and customer class. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which the products will be refunded. With that, upon transfer the control of the product, the Group does not recognise revenue for products that it is highly probable to be returned.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Revenue and Other Income (Cont'd)

Accounting policies applied from 1 February 2018 (Cont'd)

A contract liability is recognised for expected trade discounts payable to customers and for products expected to be returned from customers in relation to sales made until the end of the reporting period.

A right to recover goods from customer on settling the refund liability is recognised as an asset and included as part of inventories for the goods expected to be returned.

Where consideration is collected from customer in advance for sale of manufactured good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of manufactured goods to the customer.

Accounting policies applied until 31 January 2018

(a) Sales of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable. Revenue is recognised upon delivery of products and customers' acceptance, net of discounts and returns when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

(d) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Income Tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. 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 allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") date for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Operating Segments

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

3.20 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.21 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 event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

3.22 Contract assets/(liability)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant areas of estimation and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Expected credit loss for trade receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history and forward looking estimates at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates depend on the number of days that a trade receivable is past due. The Group uses the grouping according to the customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

Significant areas of estimation and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following: (Cont'd)

(a) Expected credit loss for trade receivables (Cont'd)

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of trade receivables. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the expected credit losses on the Group's trade receivables are disclosed in Note 33(b) to the financial statements.

(b) Valuation of inventories

The cost of inventories comprise the cost of purchase of raw materials, direct labour, plus conversion costs such as variable and fixed overheads. The cost allocation process involves multiple inputs and management's judgement is required to estimate the cost of finished goods and work-in-progress which comprise the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

The Group write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 9 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Factory and office buildings RM	Infrastructure RM	Plant, machinery and formers RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
2019									
Cost/Valuation									
At 1 February 2018	22,517,034	-	30,215,776	1,581,239	165,465,162	2,840,755	3,525,875	18,330,091	244,475,932
Additions	614,473	13,681,557	960,745	151,450	12,777,546	300,417	1,076,690	61,331,033	90,893,911
Transfer	-	-	-	-	26,529,873	-	770,161	(27,300,034)	-
Revaluation surplus	3,100,000	-	13,046,417	-	-	-	-	-	16,146,417
Elimination of accumulated depreciation on revaluation	-	-	(9,551,587)	-	-	-	-	-	(9,551,587)
Disposal	-	-	-	-	(102,294)	(420,180)	-	-	(522,474)
At 31 January 2019	26,231,507	13,681,557	34,671,351	1,732,689	204,670,287	2,720,992	5,372,726	52,361,090	341,442,199
Representing:									
- At cost	8,931,507	13,681,557	1,371,351	1,732,689	204,670,287	2,720,992	5,372,726	52,361,090	290,842,199
- At valuation	17,300,000	-	33,300,000	-	-	-	-	-	50,600,000
	26,231,507	13,681,557	34,671,351	1,732,689	204,670,287	2,720,992	5,372,726	52,361,090	341,442,199

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Freehold land RM	Leasehold land RM	Factory and office buildings RM	Infrastructure RM	Plant, machinery and formers RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
2019									
Accumulated depreciation and impairment loss									
At 1 February 2018	-	-	9,288,505	401,944	86,494,793	1,183,862	1,580,201	-	98,949,305
Depreciation for the financial year	-	-	2,024,043	160,357	12,372,525	264,925	1,096,942	-	15,918,792
Elimination of accumulated depreciation on revaluation	-	-	(9,551,587)	-	-	-	-	-	(9,551,587)
Disposal	-	-	-	-	(90,096)	(107,846)	-	-	(197,942)
At 31 January 2019	-	-	1,760,961	562,301	98,777,222	1,340,941	2,677,143	-	105,118,568
Net carrying amount at 31 January 2019	26,231,507	13,681,557	32,910,390	1,170,388	105,893,065	1,380,051	2,695,583	52,361,090	236,323,631
Representing:									
- At cost	8,931,507	13,681,557	547,890	1,170,388	105,893,065	1,380,051	2,695,583	52,361,090	186,661,131
- At valuation	17,300,000	-	32,362,500	-	-	-	-	-	49,662,500
	26,231,507	13,681,557	32,910,390	1,170,388	105,893,065	1,380,051	2,695,583	52,361,090	236,323,631

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Freehold land RM	Factory and office buildings RM	Infrastructure RM	Plant, machinery and formers RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
2018								
Cost/Valuation								
At 1 February 2017	22,256,949	24,549,836	1,328,840	153,258,022	2,531,694	2,169,226	6,118,032	212,212,599
Additions	260,085	1,648,590	248,569	10,484,813	509,411	692,249	21,116,196	34,959,913
Transfer	-	4,017,350	3,830	4,218,557	-	664,400	(8,904,137)	-
Disposal	-	-	-	(845,643)	(200,350)	-	-	(1,045,993)
Written off	-	-	-	(1,650,587)	-	-	-	(1,650,587)
At 31 January 2018	22,517,034	30,215,776	1,581,239	165,465,162	2,840,755	3,525,875	18,330,091	244,475,932
Representing:								
- At cost	8,317,034	17,015,776	1,581,239	165,465,162	2,840,755	3,525,875	18,330,091	217,075,932
- At valuation	14,200,000	13,200,000	-	-	-	-	-	27,400,000
	22,517,034	30,215,776	1,581,239	165,465,162	2,840,755	3,525,875	18,330,091	244,475,932

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Freehold land RM	Factory and office buildings RM	Infrastructure RM	Plant, machinery and formers RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
2018								
Accumulated depreciation and impairment loss								
At 1 February 2017	-	7,434,918	256,411	79,015,408	976,806	873,219	-	88,556,762
Depreciation for the financial year	-	1,853,587	145,533	9,359,311	280,637	706,982	-	12,346,050
Disposal	-	-	-	(731,936)	(73,581)	-	-	(805,517)
Written off	-	-	-	(1,147,990)	-	-	-	(1,147,990)
At 31 January 2018	-	9,288,505	401,944	86,494,793	1,183,862	1,580,201	-	98,949,305
Net carrying amount at 31 January 2018	22,517,034	20,927,271	1,179,295	78,970,369	1,656,893	1,945,674	18,330,091	145,526,627
Representing:								
- At cost	8,317,034	14,854,273	1,179,295	78,970,369	1,656,893	1,945,674	18,330,091	125,253,629
- At valuation	14,200,000	6,072,998	-	-	-	-	-	20,272,998
	22,517,034	20,927,271	1,179,295	78,970,369	1,656,893	1,945,674	18,330,091	145,526,627

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	Freehold land RM	Factory buildings RM	Infrastructure RM	Motor vehicles RM	Total RM
2019					
Cost/Valuation					
At 1 February 2018	4,400,000	6,210,054	190,000	-	10,800,054
Additions	-	182,074	-	300,417	482,491
Revaluation surplus	2,500,000	2,472,180	-	-	4,972,180
Elimination of accumulated depreciation on revaluation	-	(1,760,581)	-	-	(1,760,581)
At 31 January 2019	6,900,000	7,103,727	190,000	300,417	14,494,144
Representing:					
- At cost	-	103,727	190,000	300,417	594,144
- At valuation	6,900,000	7,000,000	-	-	13,900,000
	6,900,000	7,103,727	190,000	300,417	14,494,144
Accumulated depreciation					
At 1 February 2018	-	1,582,603	66,500	-	1,649,103
Depreciation for the financial year	-	459,274	19,000	-	478,274
Elimination of accumulated depreciation on revaluation	-	(1,760,581)	-	-	(1,760,581)
At 31 January 2019	-	281,296	85,500	-	366,796
Net carrying amount at 31 January 2019	6,900,000	6,822,431	104,500	300,417	14,127,348
Representing:					
- At cost	-	102,431	104,500	300,417	507,348
- At valuation	6,900,000	6,720,000	-	-	13,620,000
	6,900,000	6,822,431	104,500	300,417	14,127,348

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	Freehold land RM	Factory buildings RM	Infrastructure RM	Total RM
2018				
Cost/Valuation				
At 1 February 2017	4,400,000	6,210,054	190,000	10,800,054
Additions	-	-	-	-
At 31 January 2018	4,400,000	6,210,054	190,000	10,800,054
Representing:				
- At cost	-	110,054	190,000	300,054
- At valuation	4,400,000	6,100,000	-	10,500,000
	4,400,000	6,210,054	190,000	10,800,054
Accumulated depreciation				
At 1 February 2017	-	1,228,529	47,500	1,276,029
Depreciation for the financial year	-	354,074	19,000	373,074
At 31 January 2018	-	1,582,603	66,500	1,649,103
Net carrying amount at 31 January 2018	4,400,000	4,627,451	123,500	9,150,951
Representing:				
- At cost	-	96,023	123,500	219,523
- At valuation	4,400,000	4,531,428	-	8,931,428
	4,400,000	4,627,451	123,500	9,150,951

(a) Assets pledged as security

Freehold land, leasehold land and buildings with a carrying amount of RM22,680,900 (2018: RM17,729,095) have been pledged as security to secure term loans and credit facilities of the Group as disclosed in Note 17 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(b) Capital work-in-progress

The Group's capital work-in-progress represents capital expenditures incurred for buildings, plant and machineries in the course of construction.

(c) Revaluation of freehold land and buildings

During the financial year, the Group had engaged an independent professional valuer on the valuation of the freehold land and buildings. The valuation report was dated on 4 June 2018 and using the open market value basis.

Had the revalued assets been carried at historical cost less accumulated depreciation, the net carrying amount would have been as follows:

Group	Cost RM	Accumulated depreciation RM	Net carrying amount RM
2019			
Freehold land	**12,100,000**	**-**	**12,100,000**
Buildings	**28,731,883**	**(11,300,991)**	**17,430,892**
	40,831,883	**(11,300,991)**	**29,530,892**
2018			
Freehold land	6,800,000	-	6,800,000
Buildings	12,126,714	(8,083,787)	4,042,927
	18,926,714	(8,083,787)	10,842,927
Company			
2019			
Freehold land	**3,300,000**	**-**	**3,300,000**
Buildings	**5,888,400**	**(2,302,146)**	**3,586,254**
	9,188,400	**(2,302,146)**	**6,886,254**
2018			
Freehold land	3,300,000	-	3,300,000
Buildings	5,700,000	(1,995,000)	3,705,000
	9,000,000	(1,995,000)	7,005,000

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(d) Fair value information

The fair value of an asset has been categorised in different levels as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1)
(ii) Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

Fair value of the freehold land and buildings are categorised as follows:

	Fair value measurement at 31 January using		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
2019			
Group			
Freehold land	**-**	**17,300,000**	**-**
Buildings	**-**	**32,362,500**	**-**
Company			
Freehold land	**-**	**6,900,000**	**-**
Buildings	**-**	**6,720,000**	**-**
2018			
Group			
Freehold land	-	14,200,000	-
Buildings	-	6,072,998	-
Company			
Freehold land	-	4,400,000	-
Buildings	-	4,531,428	-

The properties are valued by an independent external valuer using the comparison method and cost method of valuation. The comparison method entails comparison of the subject property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to reflect the differences and arrive at the value of the subject property.

The significant input into this valuation approach is price per square feet of comparable properties.

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(d) Fair value information (Cont'd)

Policy on transfer between levels

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

There is no transfer between levels of fair value hierarchy during the financial year.

Highest and best use

The Group's and the Company's properties are currently office and factory buildings. The office and factory buildings are at its highest and best use as they are located on the prime land for building that are ideal for warehouse and factory.

6. GOODWILL ON CONSOLIDATION

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. The carrying amount of the goodwill is allocated to the respective company (collectively known as cash generating units ("CGU")), which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

		Group	
	Note	2019 RM	2018 RM
At 1 February 2018		-	-
- acquisition of a subsidiary	7(a)	22,211	-
At 31 January 2019		22,211	-

The carrying amounts of goodwill allocated to the CGU are as follows:

	2019 RM	2018 RM
Pacewell Sdn. Bhd. (CGU1)	22,211	-

The Group tests goodwill annually for impairment or more frequently if there are indication that the goodwill might be impaired. Based on the analysis performed, management believes that the estimated recoverable amount of the CGU exceeds the carrying amount. As a result of the analysis, management did not identify an impairment for the CGU.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	2018
	RM	RM
Unquoted shares, at cost	**186,806,005**	184,100,005
Less: Accumulated impairment losses	**(101,156,001)**	(98,600,001)
	85,650,004	85,500,004
Loans that are part of net investments	**-**	95,850,000
	85,650,004	181,350,004

Loans that are part of net investments represent amount owing by subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses, if any.

During the financial year, the Company re-assessed the classification of the loans and is of the opinion that the subsidiary is able to make the annual repayment of RM3,000,000 within period of 30 years which stated in the agreement.

Details of the subsidiaries which are all incorporated in Malaysia are as follows:

Name of Company	Effective Ownership Interest		Principal Activities
	2019 %	**2018 %**	
Comfort Rubber Gloves Industries Sdn. Bhd.	**100**	100	Manufacturing and trading of latex gloves
PBT Sdn. Bhd.	**100**	100	Dormant
I Quality Rubber Industries Sdn. Bhd.	**100**	100	Dormant
Pacewell Asia Sdn. Bhd.	**100**	-	Dormant
Subsidiary of Comfort Rubber Gloves Industries Sdn. Bhd.			
Gallant Quality Sdn. Bhd.	**100**	100	Trading of latex gloves

7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(a) Increase in paid-up share capital in PBT Sdn. Bhd.

On 31 January 2019, the Company had subscribed for additional 2,556,000 ordinary shares of RM1 each by way of capitalisation of inter-company balances.

(b) Acquisition of Pacewell Asia Sdn. Bhd. ("Pacewell")

On 31 October 2018, the Company acquired an 100% controlling interest in the equity shares of Pacewell for a total cash consideration of RM150,000. Consequently, Pacewell became a wholly-owned subsidiary of the Company.

(i) Fair value of the identifiable assets acquired and liabilities recognised:

	Note	RM
Asset		
Cash at bank		128,188
Total asset		128,188
Liability		
Taxation		(399)
Total liability		(399)
Total identifiable net assets acquired		127,789
Goodwill arising on acquisition	6	22,211
Fair value of consideration transferred		150,000

(ii) Effects of acquisition on cash flows:

	RM
Fair value of consideration transferred	150,000
Less: Cash and cash equivalents of a subsidiary acquired	(128,188)
Net cash outflows on acquisition	21,812

(iii) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed profit net of tax is as follows:

	RM
Revenue	-
Loss for the financial year	2,503

7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(b) Acquisition of Pacewell Asia Sdn. Bhd. ("Pacewell") (Cont'd)

(iii) Effects of acquisition in statements of comprehensive income (Cont'd)

If the acquisition had occurred on 1 February 2018, the consolidated results for the financial year ended 31 January 2019 would have been as follows:

	RM
Revenue	-
Loss for the financial year	604,021

8. AMOUNT DUE BY SUBSIDIARIES

		Company	
	Note	2019 RM	2018 RM
Non-current:			
Non-trade amounts	(a)	**90,350,000**	-
Current:			
Non-trade amounts	(a), (b)	**8,129,379**	98,580,378
Transferred to investment in subsidiaries	7	**-**	(95,850,000)
		8,129,379	2,730,378
Less: Impairment loss		**-**	(2,540,269)
		8,129,379	190,109
Total amount due by subsidiaries		**98,479,379**	190,109

(a) The amount due by a subsidiary represent advances to subsidiary which are unsecured, subject to interest at 5% per annum with annual principal repayment of RM3,000,000 within period of 30 years commenced from current financial year.

(b) Included in amount due by subsidiaries of RM43,028 (2018: RM1,423,083) are unsecured, interest free, repayable on demand and is expected to be settled by cash.

9. INVENTORIES

	Group	
	2019	**2018**
	RM	**RM**
At cost		
Finished goods	**19,893,398**	10,646,153
Work-in-progress	**32,882,128**	20,265,675
Raw materials	**28,153,877**	6,664,160
Packing materials	**2,106,311**	2,058,002
Chlorination chemicals	**54,031**	16,740
Treatment plant chemicals	**101,645**	106,490
	83,191,390	39,757,220

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM280,740,191 (2018: RM245,591,594).

10. TRADE RECEIVABLES

	Group	
	2019	**2018**
	RM	**RM**
Trade receivables	**99,856,389**	81,166,080
Less: impairment losses	**(1,057,028)**	-
	98,799,361	81,166,080

Trade receivables are non-interest bearing and the normal trade credit terms range from 30 to 120 days (2018: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

<u>Receivables that are impaired</u>

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	2019	**2018**
	RM	**RM**
At 1 February	**-**	-
Effect of adoption of MFRS 9	**1,057,028**	-
At 31 January	**1,057,028**	-

10. TRADE RECEIVABLES (Cont'd)

Receivables that are impaired (Cont'd)

Trade receivables that are individually determined to be credit impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

The information about the credit exposures are disclosed in Note 33(b) to the financial statements.

Included in trade receivables of the Group are amounts totalling RM52,173,273 (2018: RM35,154,249) due from 2 (2018: 2) of its significant receivables.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Other receivables	**573,718**	-	**-**	-
Deposits	**1,225,473**	1,256,878	**107,900**	107,900
Prepayments	**4,150,794**	2,801,044	**800**	32,900
Refundable GST	**6,836,379**	6,036,092	**95**	-
	12,786,364	10,094,014	**108,795**	140,800

12. DERIVATIVE FINANCIAL ASSETS

	Group			
	2019		2018	
	RM Contract/ Notional Amount	**RM Assets**	**RM Contract/ Notional Amount**	**RM Assets**
Non-hedging derivative:				
Current				
Forward exchange contracts	**20,573,531**	**329,198**	36,873,891	1,700,286

The Group use forward exchange contracts to manage some of the 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 exchange contracts are used to manage the foreign currency exposures arising from the Group's sales denominated in United States Dollar ("USD"). The forward exchange contracts have maturities of less than one year after the end of the reporting period.

12. DERIVATIVE FINANCIAL ASSETS (Cont'd)

During the financial year, the Group recognised a loss of RM1,371,088 arising from fair value changes of derivative. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 33(b) to the financial statements.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short term deposits placed with licensed bank	**100,023**	15,293,592	**-**	-
Cash at banks and on hand	**23,272,246**	13,332,173	**625,292**	4,009,684
	23,372,269	28,625,765	**625,292**	4,009,684

14. SHARE CAPITAL

	Group and Company					
	31.1.2019		31.1.2018		1.2.2017	
	Number of Shares		Number of Shares	Restated	Number of Shares	Restated
	Unit	RM	Unit	RM	Unit	RM
Issued and fully paid:						
At the beginning of the financial year						
- As previously reported	**561,949,143**	**131,544,004**	558,790,443	139,451,838	558,790,443	139,451,838
- Retrospective restatement (Note 36)	**-**	**-**	-	(11,319,230)	-	(11,319,230)
As restated	**561,949,143**	**131,544,004**	558,790,443	128,132,608	558,790,443	128,132,608
Share Award Scheme	**-**	**-**	3,158,700	3,411,396	-	-
At the end of the financial year	**561,949,143**	**131,544,004**	561,949,143	131,544,004	558,790,443	128,132,608

14. SHARE CAPITAL (Cont'd)

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

In the previous financial year, the Company issued 3,158,700 new ordinary shares at a price of RM1.08 per ordinary share pursuant to the Share Awards under the Employees' Share Award Scheme.

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

15. OTHER RESERVES

	Group			Company		
	31.1.2019	**31.1.2018 Restated**	**1.2.2017 Restated**	**31.1.2019**	**31.1.2018 Restated**	**1.2.2017 Restated**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Non-distributable						
Share-based option reserve	**3,041,379**	3,041,379	3,041,379	**3,041,379**	3,041,379	3,041,379
Other reserve	**11,319,230**	11,319,230	11,319,230	**11,319,230**	11,319,230	11,319,230
Distributable						
Retained earnings	**111,384,301**	90,692,719	54,236,112	**45,965,462**	46,434,781	47,143,341
	125,744,910	105,053,328	68,596,721	**60,326,071**	60,795,390	61,503,950

Share-based option reserve

The share-based option reserve arising from Second Tranche Subscription pursuant to Advance Capitalisation Agreement ("Advance Capitalisation"). The fair value of the rights is measured using the Trinomial Option Price model with the following inputs:

Fair value of share-based option and assumptions	
Fair value of rights at issue date (RM)	0.2100
Exercise price (RM)	0.3704
Subscription price per share at date (RM)	0.2000
Expiry date	22 May 2019
Risk free interest rate	4.05%

15. OTHER RESERVES (Cont'd)

Other reserve

Other reserve arising from the excess of the capital reduction over the accumulated losses of the Company in year 2011.

	Group and Company		
	31.1.2019	**31.1.2018 Restated**	**1.2.2017 Restated**
	RM	**RM**	**RM**
At the beginning of the financial year			
- As previously reported	**11,319,230**	-	-
- Retrospective restatement (Note 36)	**-**	11,319,230	11,319,230
As restated/At the end of the financial year	**11,319,230**	11,319,230	11,319,230

Retained earnings

The Company may distribute dividends of its entire retained earnings under single tier system.

16. REVALUATION RESERVE

The revaluation reserve represents the surplus on revaluation of freehold land and buildings of the Group and of the Company carried in the previous financial years and is not available for distribution to the shareholders by way of dividends.

17. LOANS AND BORROWINGS

		Group	
	Note	2019 RM	2018 RM
Non-current:			
Secured			
Term loans		**25,922,462**	-
Current:			
Secured			
Term loans		**1,258,623**	-
Bill payables		**62,977,818**	10,625,373
Total current		**64,236,441**	10,625,373
Total loans and borrowings:			
Term loans	(a)	**27,181,085**	-
Bill payables	(b)	**62,977,818**	10,625,373
		90,158,903	10,625,373

(a) Term loans

Term loan 1 of a subsidiary of RM10,000,000 bears interest of 4.90% per annum and is repayable by monthly instalments of RM79,100 over fifteen years commencing after 6 months from the first disbursement date and is secured and supported as follows:
(i) Legal charge over the leasehold land and building of a subsidiary (Note 5); and
(ii) Corporate guarantee of the Company.

Term loan 2 of a subsidiary of RM17,181,085 bears interest of 5.36% per annum and is repayable by monthly instalments of RM233,000 over four years commencing from either full release of the term loan or from the expiry date of the availability period, 1 August 2019, whichever is earliest and is secured and supported as follows:
(i) Legal charge over the freehold land and building of a subsidiary (Note 5); and
(ii) Corporate guarantee of the Company.

(b) Bill payables

The bill payables are secured by way of corporate guarantee by the Company. The bill payables bear interest at 3.05% to 3.61% (2018: 3.05% to 3.61%) per annum.

18. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 February	**6,212,723**	1,165,961	**253,026**	268,283
Recognised in other comprehensive income	**3,811,141**	-	**898,322**	-
Recognised in profit or loss (Note 27)	**6,082,348**	5,046,762	**(38,990)**	(15,257)
At 31 January	**16,106,212**	6,212,723	**1,112,358**	253,026

(b) The component and movement of deferred tax liabilities during the financial year are as follows:

	Property, plant and equipment RM	Others RM	Total RM
Group			
At 1 February 2017	915,259	250,702	1,165,961
Recognised in profit or loss	5,046,762	-	5,046,762
At 31 January 2018	5,962,021	250,702	6,212,723
Recognised in profit or loss	3,575,843	6,317,646	9,893,489
At 31 January 2019	**9,537,864**	**6,568,348**	**16,106,212**
Company			
At 1 February 2017	268,283	-	268,283
Recognised in profit or loss	(15,257)	-	(15,257)
At 31 January 2018	253,026	-	253,026
Recognised in profit or loss	859,332	-	859,332
At 31 January 2019	**1,112,358**	**-**	**1,112,358**

18. DEFERRED TAX LIABILITIES (Cont'd)

(c) The temporary differences of which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Unutilised tax losses	**8,803,743**	10,294,946	**8,705,971**	10,057,884
Deductible temporary differences	**143,218**	292,497	**6,107**	10,907
	8,946,961	10,587,443	**8,712,078**	10,068,791

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

19. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2018: 30 days to 90 days) from the date of invoice.

For explanations on the Group's liquidity risk management processes, refer to Note 33(b) to the financial statements.

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Other payables	**9,367,380**	7,728,571	**38,522**	90,754
Accruals	**6,041,976**	5,374,141	**567,138**	459,016
	15,409,356	13,102,712	**605,660**	549,770

Other payables are unsecured and non-interest bearing.

21. CONTRACT LIABILITY

	Group	
	2019 RM	2018 RM
Refund liability	**968,979**	-
Significant changes in contract balances:		
Decrease due to revenue recognised that was included in contract liability at the beginning of the financial year	**139,516**	-

22. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Sales of latex gloves	**474,033,018**	421,175,627	**-**	-
Management fee	**-**	-	**1,200,000**	1,200,000
	474,033,018	421,175,627	**1,200,000**	1,200,000
Timing of revenue recognition:				
At a point in time	**474,033,018**	421,175,627	**1,200,000**	1,200,000

23. OTHER INCOME

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income	**445,076**	413,126	**4,861,958**	434
Gain on foreign exchange				
- realised	**3,302,515**	971,614	**-**	-
- unrealised	**2,033,578**	-	**-**	-
Rental income	**-**	-	**960,000**	960,000
Net fair value gain on derivatives	**-**	1,991,768	**-**	-
Gain on disposal of property, plant and equipment	**35,533**	-	**-**	-
Miscellaneous	**-**	51,586	**-**	-
	5,816,702	3,428,094	**5,821,958**	960,434

24. FINANCE COSTS

	Group	
	2019 RM	**2018 RM**
Interest expense:		
- bank overdrafts	**60,764**	951
- bill payables	**1,373,478**	282,639
- letter of credit	**1,125**	12,144
- term loan	**43,835**	-
	1,479,202	295,734

25. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
After charging/(crediting):				
Auditors' remuneration				
- Audit fees				
- current year	**167,500**	158,000	**85,000**	78,000
- prior year	**18,000**	10,000	**7,000**	10,000
- Non-audit fees	**9,600**	9,000	**9,600**	9,000
Unrealised (gain)/loss on foreign exchange	**(2,033,578)**	2,095,831	**-**	-
Net fair value loss/(gain) on derivatives	**1,371,088**	(1,991,768)	**-**	-
Property, plant and equipment:				
- depreciation	**15,918,792**	12,346,050	**478,274**	373,074
- (gain)/loss on disposal	**(35,533)**	101,851	**-**	-
- written off	**-**	502,597	**-**	-
Directors' remuneration (Note 26)	**2,778,657**	4,114,834	**813,022**	1,434,414
Staff cost:				
- salaries, wages, bonuses and allowances	**39,603,627**	37,246,096	**157,509**	121,845
- defined contribution plan	**1,626,847**	1,178,188	**19,551**	16,089
- employees' share award	**-**	2,113,884	**-**	493,884

26. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive directors:				
Salaries and other emoluments	**2,208,348**	2,242,830	**490,538**	468,000
Fees	**75,000**	75,000	**75,000**	75,000
Defined contribution plan	**316,109**	322,242	**68,284**	66,164
Employees' Share Award	**-**	1,297,512	**-**	648,000
	2,599,457	3,937,584	**633,822**	1,257,164
Non-executive directors:				
Fees	**148,000**	148,000	**148,000**	148,000
Other emoluments	**31,200**	29,250	**31,200**	29,250
	179,200	177,250	**179,200**	177,250
Total directors' remuneration	**2,778,657**	4,114,834	**813,022**	1,434,414

27. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Statements of Comprehensive Income				
Current income tax				
- current year	**(1,370,000)**	(184,025)	**-**	(180,276)
- under accrual in prior year	**(87,876)**	3,557	**(41,984)**	3,557
Deferred tax (Note 18)				
- current year	**(5,487,843)**	(5,046,762)	**38,990**	15,257
- under accrual in prior year	**(594,505)**	-	**-**	-
	(7,540,224)	(5,227,230)	**(2,994)**	(161,462)

The income tax is calculated at the Malaysian statutory rate of 24% of the estimated assessable profit for the financial year.

27. INCOME TAX EXPENSE (Cont'd)

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

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Profit/(loss) before tax	**35,435,527**	41,123,786	**5,029,696**	(595,412)
Taxation at applicable statutory tax rate 24%	**(8,504,526)**	(9,869,709)	**(1,207,127)**	142,899
Tax effects arising from				
- non-deductible expenses	**(359,784)**	(671,700)	**(149,586)**	(369,458)
- non-taxable income	**130,688**	527,450	**-**	-
- utilisation of previously unrecognised tax losses and capital allowance	**1,640,482**	4,696,879	**1,356,713**	46,283
- deferred tax assets not recognised	**-**	(96,945)	**-**	-
- crystallisation of deferred tax	**235,297**	183,238	**38,990**	15,257
- under accrual in prior year	**(682,381)**	3,557	**(41,984)**	3,557
	(7,540,224)	(5,227,230)	**(2,994)**	(161,462)

28. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit net of tax for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share.

	2019 RM	**2018 RM**
Profit attributable to owners of the Company	**27,895,303**	35,896,556
Weighted average number of ordinary shares for basic earnings per share	**561,949,143**	558,807,751
Basic earnings per ordinary share (sen)	**4.96**	6.42

28. EARNINGS PER SHARE (Cont'd)

(b) Diluted earnings per share

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	2019 RM	2018 RM
Profit attributable to owners of the Company	**27,895,303**	35,896,556
Weighted average number of ordinary shares for basic earnings per share	**561,949,143**	558,807,751
Effect of dilution from:		
- share options	**21,000,000**	51,813,000
Weighted average number of ordinary shares for diluted earnings per share	**582,949,143**	610,620,751
Diluted earnings per ordinary share (sen)	**4.79**	5.88

29. DIVIDEND

	Group	
	2019 RM	2018 RM
Recognised during the financial year:		
Dividend on ordinary shares:		
Single tier final dividend of 1 sen per ordinary share in respect of the financial year ended 31 January 2018, paid on 26 September 2018	**5,619,491**	-

30. CAPITAL COMMITMENTS

	Group	
	2019 RM	**2018 RM**
Property, plant and equipment		
- Authorised but not contracted for	**3,133,800**	815,599
- Contracted but not provided for	**9,655,744**	30,000,000
	12,789,544	30,815,599

31. RELATED PARTIES

(a) Identification of Related Parties

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

Related parties of the Group include:

(i) Subsidiaries; and
(ii) Key management personnel of the Group's, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant Related Party Transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2019 RM	**2018 RM**
Subsidiary		
Management fee	**1,200,000**	1,200,000
Rental income	**960,000**	960,000

31. RELATED PARTIES (Cont'd)

(c) Compensation of Key Management Personnel

The remuneration of the key management personnel during the financial year are as follows:

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Directors' remuneration	26	**2,778,657**	4,114,834	**813,022**	1,434,414
Other Key Management Personnel *					
- Short term employee benefits		**135,215**	136,437	**135,215**	136,437
- Employees' Share Award		**-**	62,532	**-**	-
		2,913,872	4,313,803	**948,237**	1,570,851

* Other key management personnel comprise persons other than the directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

32. SEGMENT INFORMATION

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the business segments of the Group. The Group's operating segments are as follows:

Manufacturing	:	Manufacture and trading of latex gloves.
Investment holding	:	Investment holding and provision of management services.
Trading	:	Trading of latex gloves
Others	:	Dormant

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to transactions with third parties.

Segment profit or loss is measured based on segment profit before tax, interest, depreciation and other non-cash expenses that are reviewed by the Group's chief operating decision maker. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

32. SEGMENT INFORMATION (Cont'd)

Measurement of Reportable Segments (Cont'd)

The total of segment asset is measured based on all assets of a segment.

Segment liabilities are not included in the internal reports that are reviewed by the Group's chief operating decision maker, hence no disclosures are made on segment liabilities.

Geographical Information

Revenue and non-current assets information on the basis of geographical segments information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Major Customers

Major customers' information are revenues from transactions with a single external customer amounting to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer.

32. SEGMENT INFORMATION (Cont'd)

2019	Manufacturing RM	Investment holding RM	Trading RM	Others RM	Inter-segment eliminations RM	Notes	Total RM
Revenue							
Revenue from external customers	332,149,578	-	141,883,440	-	-		474,033,018
Inter-segment revenue	131,115,782	1,200,000	-	-	(132,315,782)	A	-
Total revenue	463,265,360	1,200,000	141,883,440	-	(132,315,782)		474,033,018
Results							
Interest income	421,972	4,861,958	11,947	-	(4,850,801)		445,076
Interest expense	(6,330,003)	-	-	-	4,850,801		(1,479,202)
Depreciation	(15,433,565)	(478,274)	(6,953)	-	-		(15,918,792)
Gain on disposal of property, plant and equipment	35,533	-	-	-	-		35,533
Segment profit	23,251,319	5,029,696	7,153,728	(17,828)	18,612	B	35,435,527
Deferred tax expense	(6,121,338)	-	-	-	-		(6,121,338)
Deferred tax income	-	38,990	-	-	-		38,990
Income tax expense	(45,892)	(41,984)	(1,370,000)	-	-		(1,457,876)
Profit for the financial year	17,084,089	5,026,702	5,783,728	(17,828)	18,612	B	27,895,303
Assets:							
Additions to non-current assets	90,411,420	482,491	-	-	-		90,893,911
Segment assets	433,696,861	199,187,410	41,732,531	148,648	(219,690,428)	C	455,075,022

32. SEGMENT INFORMATION (Cont'd)

2018	Manufacturing RM	Investment holding RM	Trading RM	Others RM	Inter-segment eliminations RM	Notes	Total RM
Revenue							
Revenue from external customers	391,570,797	-	29,604,830	-	-		421,175,627
Inter-segment revenue	27,423,523	1,200,000	-	-	(28,623,523)	A	-
Total revenue	418,994,320	1,200,000	29,604,830	-	(28,623,523)		421,175,627
Results							
Interest income	397,152	435	15,539	-	-		413,126
Interest expense	(295,734)	-	-	-	-		(295,734)
Depreciation	(11,968,341)	(373,074)	(4,635)	-	-		(12,346,050)
Property, plant and equipment written off	(502,597)	-	-	-	-		(502,597)
Segment profit/(loss)	42,730,233	(595,412)	(1,000,063)	(10,972)	-	B	41,123,786
Deferred tax expense	(5,062,019)	-	-	-	-		(5,062,019)
Deferred tax income	-	15,257	-	-	-		15,257
Income tax expense	-	(180,276)	(3,749)	-	-		(184,025)
Income tax income	-	3,557	-	-	-		3,557
Profit/(Loss) for the financial year	37,668,214	(756,874)	(1,003,812)	(10,972)	-	B	35,896,556
Assets:							
Additions to non-current assets	34,890,394	-	69,519	-	-		34,959,913
Segment assets	293,834,451	194,841,548	8,362,690	339	(190,086,467)	C	306,952,561

32. SEGMENT INFORMATION (Cont'd)

Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation;
B Inter-segment expenses and other operating income are eliminated on consolidation; and
C Inter-segment assets are eliminated on consolidation.

Geographical Information

	Revenue RM	Non-current assets RM
2019		
Malaysia	**152,892,450**	**236,345,842**
United States of America and Canada	**162,823,384**	**-**
Asia (excluding Malaysia)	**118,611,357**	**-**
Europe	**31,545,312**	**-**
Others	**8,160,515**	**-**
	474,033,018	**236,345,842**
2018		
Malaysia	117,205,012	145,526,627
United States of America and Canada	150,057,047	-
Asia (excluding Malaysia)	111,966,301	-
Europe	36,382,195	-
Others	5,565,072	-
	421,175,627	145,526,627

Information about major customers

For the manufacturing segment, revenue from one customer represented RM52,834,058 (2018: RM54,039,907) for the Group's total revenue.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

From 1 February 2018:
(i) Amortised cost ("AC")

On or before 31 January 2018:
(i) Loan and receivables ("L&R")
(ii) Other financial liabilities ("FL")

	Carrying amount RM	AC RM
At 31 January 2019		
Financial assets		
Group		
Trade receivables	**98,799,361**	**98,799,361**
Other receivables and deposits	**8,635,570**	**8,635,570**
Derivative financial assets	**329,198**	**329,198**
Cash and cash equivalents	**23,372,269**	**23,372,269**
	131,136,398	**131,136,398**
Company		
Other receivables and deposits	**107,995**	**107,995**
Amount owing by subsidiaries	**8,129,379**	**8,129,379**
Cash and cash equivalents	**625,292**	**625,292**
	8,862,666	**8,862,666**
Financial Liabilities		
Group		
Loans and borrowings	**(90,158,903)**	**(90,158,903)**
Trade payables	**(54,251,068)**	**(54,251,068)**
Other payables and accruals	**(15,409,356)**	**(15,409,356)**
	(159,819,327)	**(159,819,327)**
Company		
Other payables and accruals	**(605,660)**	**(605,660)**

33. FINANCIAL INSTRUMENTS (Cont'd)

(a) Categories of financial instruments (Cont'd)

	Carrying amount RM	L&R/ (FL) RM
At 31 January 2018		
Financial assets		
Group		
Trade receivables	81,166,080	81,166,080
Other receivables and deposits	7,292,970	7,292,970
Derivatives financial assets	1,700,286	1,700,286
Cash and cash equivalents	28,625,765	28,625,765
	118,785,101	118,785,101
Company		
Other receivables and deposits	107,900	107,900
Amount owing by subsidiaries	190,109	190,109
Cash and cash equivalents	4,009,684	4,009,684
	4,307,693	4,307,693
Financial liabilities		
Group		
Loans and borrowings	(10,625,373)	(10,625,373)
Trade payables	(31,551,006)	(31,551,006)
Other payables and accruals	(13,102,712)	(13,102,712)
	(55,279,091)	(55,279,091)
Company		
Other payables and accruals	(549,770)	(549,770)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of 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 and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

33. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's are exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2019		2018	
	RM	% of total	RM	% of total
By country:				
Malaysia	**41,104,963**	**41.6%**	34,165,845	42.1%
United States of America and Canada	**29,635,516**	**30.0%**	28,230,742	34.8%
Asia (excluding Malaysia)	**18,914,279**	**19.1%**	13,752,549	16.9%
Europe	**5,562,080**	**5.6%**	3,698,704	4.6%
Others	**3,582,523**	**3.6%**	1,318,240	1.6%
	98,799,361	**100.0%**	81,166,080	100.0%

33. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

The Group applies the simplified approach to provide for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

The information about the credit risk exposure on the Group's trade receivables using provision matrix are as follows:

Group	Current	1 - 30 days past due	31 - 120 days past due	> 120 days past due	Total
At 31 January 2019					
Expected credit loss rate	**0%**	**0%**	**0%**	**0% - 100%**	**0% - 100%**
Gross carrying amount at default rate	**76,145,772**	**14,247,981**	**5,329,731**	**4,132,905**	**99,856,389**
Impairment losses	**-**	**-**	**-**	**(1,057,028)**	**(1,057,028)**

As at 31 January 2018, the ageing analysis of the Group's trade receivables were as follows:

	Group 2018 RM
Neither past due nor impaired	65,391,711
Past due 1 - 30 days not impaired	9,283,239
Past due 31 - 120 days not impaired	3,473,965
Past due more than 120 days not impaired	3,017,165
	15,774,369
Impairment losses	-
	81,166,080

33. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.11(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation the financial guarantees given to banks in respect of credit facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM186,967,000 (2018: RM73,100,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 33(b)(ii). As at the reporting date, there was no indication that the subsidiary would default on repayment.

The financial guarantee have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

33. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

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 facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		← Contractual cash flows →			
Group	**Carrying Amount RM**	**On demand or within 1 year RM**	**Between 1 and 5 years RM**	**More than 5 years RM**	**Total RM**
At 31 January 2019					
Financial liabilities					
Loans and borrowings					
- Term loans	**27,181,085**	**2,030,800**	**22,419,481**	**9,665,371**	**34,115,652**
- Bill payables	**62,977,818**	**62,977,818**	**-**	**-**	**62,977,818**
Trade payables	**54,251,068**	**54,251,068**	**-**	**-**	**54,251,068**
Other payables and accruals	**15,409,356**	**15,409,356**	**-**	**-**	**15,409,356**
	159,819,327	**134,669,042**	**22,419,481**	**9,665,371**	**166,753,894**
At 31 January 2018					
Financial liabilities					
Loans and borrowings					
- Bill payables	10,625,373	10,625,373	-	-	10,625,373
Trade payables	31,551,006	31,551,006	-	-	31,551,006
Other payables and accruals	13,102,712	13,102,712	-	-	13,102,712
	55,279,091	55,279,091	-	-	55,279,091

33. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows (Cont'd):

			Contractual cash flows			
Company		**Carrying Amount RM**	**On demand or within 1 year RM**	**Between 1 and 5 years RM**	**More than 5 years RM**	**Total RM**
At 31 January 2019						
Financial liabilities						
Other payables and accruals		**605,660**	**605,660**	**-**	**-**	**605,660**
Financial guarantee contracts	#	**186,967,000**	**186,967,000**	**-**	**-**	**186,967,000**
		187,572,660	**187,572,660**	**-**	**-**	**187,572,660**
At 31 January 2018						
Financial liabilities						
Other payables and accruals		549,770	549,770	-	-	549,770
Financial guarantee contracts	#	73,100,000	73,100,000	-	-	73,100,000
		73,649,770	73,649,770	-	-	73,649,770

The Company has given corporate guarantee to financial institutions on credit facilities granted to certain subsidiaries. The potential exposure of the financial guarantee contract is equivalent to the amount of the banking facilities of the said subsidiary.

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's policy to manage their interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

33. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial year.

Group	Change in basis point %	Effect on profit for the financial year RM	Effect on equity RM
31 January 2019	**+100**	**685,208**	**685,208**
	-100	**(685,208)**	**(685,208)**
31 January 2018	+100	80,753	80,753
	-100	(80,753)	(80,753)

(iv) Foreign Currency Risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group's and the Company's policy is to hedge all material foreign currency exposures arising from its transactions and balances using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Group and the Company also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's exposure to foreign currency risks, based on carrying amounts as at the reporting date are as follows:

	Group	
	2019 RM	2018 RM
Financial assets and liabilities not held in functional currency		
United States Dollar		
Trade receivables	**58,751,426**	46,829,855
Cash and cash equivalents	**10,222,263**	2,278,508
Trade payables	**(8,245,163)**	(5,874,940)

33. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(iv) Foreign Currency Risk (Cont'd)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposures relates mainly to United States Dollar ("USD").

The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all other variables held constant on the Group's total equity and profit for the financial year.

Group	Change in rate %	Effect on profit for the financial year RM	Effect on equity RM
31 January 2019			
- USD	**+1%**	**461,537**	**461,537**
	-1%	**(461,537)**	**(461,537)**
31 January 2018			
- USD	+1%	328,574	328,574
	-1%	(328,574)	(328,574)

(v) Market Price Risk

Market price 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 prices (other than interest or exchange rates).

The Group does not exposure to market price risk as at the reporting date.

(c) Fair value measurement

The carrying amounts of other investments, cash and cash equivalents, short term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

Derivatives

Forward exchange contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt on an ongoing basis.

There were no changes in the Group's approach to capital management during the financial year.

		Group	
	Note	2019 RM	2018 RM
Loans and borrowings	17	**90,158,903**	10,625,373
Trade payables	19	**54,251,068**	31,551,006
Other payables and accruals	20	**15,409,356**	13,102,712
Total liabilities		**159,819,327**	55,279,091
Less: Cash and cash equivalents	13	**(23,372,269)**	(28,625,765)
Net debt		**136,447,058**	26,653,326
Total equity attributable to the owners of the Company		**277,855,884**	245,410,319
Capital and net debts		**414,302,942**	272,063,645
Gearing ratio		**33%**	10%

The Group is required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

35. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 14 May 2019 and 17 May 2019, the Company issued 13,000,000 and 8,000,000 new ordinary shares respectively at a price of RM0.40 per ordinary share, being the Second Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement ("Advance Capitalisation").

36. RETROSPECTIVE RESTATEMENT

During the financial year ended 31 January 2017, the other reserve account of RM11,319,230 was incorrectly credited into share capital pursuant to the adoption of the Companies Act 2016 in Malaysia.

As such, the audited financial statements for the financial year ended 31 January 2018 and 31 January 2017 of the Group and the Company were restated during the financial year.

The quantitative impact on the financial statements are disclosed below:

	Group and Company	
	Statements of Financial Position	
	Share capital	Other reserve
As at 31 January 2017		
As previously reported	139,451,838	3,041,379
Adjustment	(11,319,230)	11,319,230
As restated	128,132,608	14,360,609
As at 31 January 2018		
As previously reported	142,863,234	3,041,379
Adjustment	(11,319,230)	11,319,230
As restated	131,544,004	14,360,609

STATEMENT BY DIRECTORS

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

We, **SEAN KAR SENG CHEANG** and **LAU JOO YONG**, being two of the directors of Comfort Gloves Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 45 to 130 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 January 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

SEAN KAR SENG CHEANG
Director

LAU JOO YONG
Director

Date: 24 May 2019

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

I, **KOK SOKE KUEN**, being the officer primarily responsible for the financial management of Comfort Gloves Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 45 to 130 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.

KOK SOKE KUEN
MIA Membership No. 27080

Subscribed and solemnly declared by the abovenamed at Ipoh in the State of Perak Darul Ridzuan on 24 May 2019.

Before me,

KONG WAI NGEE, BC/K/591 (A213)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of Comfort Gloves Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Comfort Gloves Berhad, which comprise the statements of financial position as at 31 January 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 130.

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 January 2019, and of their financial performance and cash flows for the financial year then ended in accordance with the 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 are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Group

Trade receivables (Note 4(a) and 10 to the financial statements)

As at 31 January 2019, the Group has significant trade receivables with a carrying amount of RM98,799,361.

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history and forward-looking estimates at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates depend on the number of days that a trade receivable is past due. The Group uses the grouping according to the customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Key Audit Matters (Cont'd)

Group (Cont'd)

Trade receivables (Note 4(a) and 10 to the financial statements) (Cont'd)

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of trade receivables. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Our audit response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and impairment calculation;
- understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- reviewing subsequent receipts and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- reviewing provision matrix and checking mathematical computation of expected credit loss as at end of the reporting period.

Inventories (Note 4(b) and 9 to the financial statements)

As at 31 January 2019, the carrying amount of inventories held by the Group is RM83,191,390.

The cost of inventories comprise the cost of purchase of raw materials, direct labour, plus conversion costs such as variable and fixed overheads. The cost allocation process involves multiple inputs and management's judgement is required to estimate the cost of finished goods and work-in-progress which comprise the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

The Group write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

Our audit response:

Our audit procedures included, among others:

- obtaining an understanding of the inventories valuation policy and its related processes in allocating, recording and computing the cost of inventories;
- reviewing the computation of inventory costing which includes costs of raw materials, direct labour, other direct costs, and other incidental costs incurred in bringing the inventories to their present location and condition;
- observing year end physical inventory count to examine physical existence and condition of the finished goods;
- checking the mathematical accuracy of the inventory valuation; and
- reviewing management's assessment on the net realisable value of inventories.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

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: (Cont'd)

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

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

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2020 J
Chartered Accountant

Kuala Lumpur

Date: 24 May 2019

LIST OF PROPERTIES HELD
as at 31 January 2019

Location	Tenure	Area (Hectares)	Year Lease Expiry	Description/ Existing Use	Net Book/ Revalued Value (RM)	Age of Building (Years)	Year of Acquisition
PERAK DARUL RIDZUAN							
G.M. 530, Lot No. 821 Mukim Jebong District Larut & Matang Perak	Freehold	2.26	-	Single storey factory building with an adjacent double-storey office/factory building currently used for production of powdered natural rubber gloves	15,422,778	23	1993
GM 1723, Lot No. 6858 Jebong District Larut & Matang Perak	Freehold	2.46	-	Three storey factory building and warehouse use Single storey factory building occupied for offline chlorination processes	19,866,934 1,114,654	6	1999
(Held under master title) H.S. (D) KN4809 Mukim Gunung Semangol Daerah Kerian, Negeri Perak Darul Ridzuan	Leasehold for 99 years	-	2099	Three-bedroom apartment on the ground floor of a four-storey apartment complex/apartment for CRG's employees' vocational purposes	15,758	20	2000
G.M. 1461, Lot No. 1874 Simpang Mukim Asam Kumbang Larut & Matang, Perak	Freehold	2.43	-	Double storey detached office block with an annexed single storey factory building currently used for production of gloves	13,722,431	18	2010
GM 1725, Lot No. 6860, Jebong District Larut & Matang Perak	Freehold	3.4	-	Industrial land Building occupied for chemical store	7,852,221 67,835	- 1	2015
GM 1726, Lot No. 6861, Jebong District Larut & Matang Perak	Freehold	0.55	-	Industrial land	1,079,286	-	2015
PN271977, Lot No. 312712, Mukim Sungai Terap Kinta, Perak.	Leasehold for 54 years	15.75	2058	Industrial land	13,681,557	-	2018

STATISTICS ON SHAREHOLDINGS

as at 2 May 2019

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	388	4.58	11,982	0.00
100 - 1,000	2,636	31.10	1,233,168	0.22
1,001 - 10,000	3,480	41.06	17,642,471	3.14
10,001 - 100,000	1,659	19.58	52,823,414	9.40
100,001 - 28,097,456 (*)	310	3.66	357,366,558	63.59
28,297,457 And Above (**)	2	0.02	132,871,550	23.64
Total	**8,475**	**100.00**	**561,949,143**	**100.00**

Note: * - Less than 5% of issued holdings
** - 5% and above of issued holdings

Directors' Shareholdings

No.	Name of Directors	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A+B)	%
1	Cheang Phoy Ken	101,631,550	18.09	4,333,000*	0.77	105,964,550	18.86
2	Sean Kar Seng Cheang	4,333,000	0.77	-	-	4,333,000	0.77
3	Lau Joo Yong	36,677,050	6.53	-	-	36,677,050	6.53
4	Lau Chee Meng	-	-	-	-	-	-
5	Lau Joo Pern	-	-	-	-	-	-
6	Ng Seik Wah	-	-	-	-	-	-

Note: * Deemed interested by virtue of the shareholdings of his child, Sean Kar Seng Cheang

Substantial Shareholdings

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act 2016, the following are the substantial shareholders of the Company:-

No.	Name of Substantial Shareholders	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A+B)	%
1	Cheang Phoy Ken	101,631,550	18.09	4,333,000*	0.77	105,964,550	18.86
2	Lau Joo Yong	36,377,050	6.53	-	-	36,677,050	6.53
3	Keen Setup Sdn Bhd	68,500,000	12.19	-	-	68,500,000	12.19
4	Dato' Lau Eng Guang	40,137,600	7.14	72,208,000#	12.85	112,345,600	19.99
5	Lau Joo Kien, Brian	-	-	68,500,000^	12.19	68,500,000	12.19
6	Datin Goh Kim Kooi	22,225,000	3.95	72,208,000#	12.85	94,433,000	16.80

Note: * Deemed interested by virtue of the shareholdings of his child, Sean Kar Seng Cheang
Deemed interested by virtue of his/her shareholdings in Keen Setup Sdn. Bhd. and Safari Bird Park & Wonderland Sdn. Bhd.
^ Deemed interested by virtue of his shareholdings in Keen Setup Sdn. Bhd.

LIST OF TOP 30 HOLDERS

as at 2 May 2019

NO.	NAME	NRIC/ REGN. NO.	HOLDINGS	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHEANG PHOY KEN (PB)	265449P	69,871,550	12.43
2	KEEN SETUP SDN BHD	1042767U	63,000,000	11.21
3	UOBM NOMINEES (TEMPATAN) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR LAU ENG GUANG	15356H	21,000,000	3.74
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHEANG PHOY KEN (PBCL-0G0595)	265449P	16,760,000	2.98
5	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	263875D	16,346,400	2.91
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHEANG PHOY KEN (PB)	265449P	15,000,000	2.67
7	MELATI ANGSANA ASDN BHD	701618A	12,500,000	2.22
8	PANDUAN JITU SDN BHD	326792K	12,500,000	2.22
9	WARISAN DIPRIMA SDN BHD	687533T	12,500,000	2.22
10	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	66878U	11,786,900	2.10
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU ENG GUANG	16778M	11,138,450	1.98
12	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND	66878U	8,404,200	1.50
13	LAU JOO YONG	871206-14-5023	8,340,800	1.48
14	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	27474T	8,100,700	1.44
15	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	4381U	7,448,750	1.33
16	LAU JOO YONG	871206-14-5023	7,336,250	1.31
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	267011M	7,204,600	1.28
18	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	4381U	6,736,100	1.20
19	IMPIAN SEMARAK SDN BHD	343405A	6,120,000	1.09
20	CHEANG SWEE CHEE	570614-07-5176 5251904	6,000,000	1.07

NO.	NAME	NRIC/ REGN. NO.	HOLDINGS	%
21	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEEN SETUP SDN BHD (MARGIN)	284597P	5,500,000	0.98
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU ENG GUANG	258939H	4,623,900	0.82
23	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR SEAN KAR SENG CHEANG (PB)	265422M	4,333,000	0.77
24	SAFARI BIRD PARK & WONDERLAND SDN BHD	202292X	3,839,400	0.68
25	LAU GEOK HONG	801009-14-6162	3,645,050	0.65
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR NORMAH BINTI MOHAMAD ARIP	267011M	3,538,300	0.63
27	LAU SOH HONG	700716-01-6030 A1583830	3,413,800	0.61
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN (8118995)	42234H	3,196,900	0.57
29	CHEANG SWEE CHEE	570614-07-5176 5251904	3,066,100	0.55
30	SEOW HOON HIN	410915-04-5007 3329622	3,000,000	0.53
		TOTAL	**366,251,150**	**65.17**

COMFORT GLOVES BERHAD

(Incorporated in Malaysia) (852-D)

FORM OF PROXY

No. of Shares held	
CDS A/C No.	
Telephone No.	

I/We, ____ NRIC No./Company No. ________________________
(FULL NAME IN BLOCK CAPITALS)

of____
(FULL ADDRESS)

being a member(s) of Comfort Gloves Berhad (852-D), hereby appoint the following person(s):

Name of Proxy & NRIC No.	No. of Shares to be represented by proxy	%
1.		
2.		

or failing him/her,

1.		
2.		

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Seventy-Eighth Annual General Meeting of the Company to be held on 17 July 2019 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business	**Resolution No.**	**For**	**Against**
The payment of a Final Single Tier Dividend	Ordinary Resolution 1		
The payment of Directors' Fees	Ordinary Resolution 2		
The payment of Directors' Benefits to Non-Executive Directors	Ordinary Resolution 3		
The re-election of Cheang Phoy Ken as Director	Ordinary Resolution 4		
The re-election of Sean Kar Seng Cheang as Director	Ordinary Resolution 5		
The re-appointment of Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6		
Special Business			
Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act 2016	Ordinary Resolution 7		
Proposed Renewal of Share Buy Back Authority	Ordinary Resolution 8		
Proposed Adoption of New Constitution of the Company	Special Resolution		

Please indicate with (√) or (X) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Date:

____
Signature of Shareholder/Common Seal

NOTES:

1. Only members whose names appear on the Record of Depositors as at 10 July 2019 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
2. A member (other than an exempt authorised nominee) entitled to attend and vote at the Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him. A proxy must be 18 years and above and need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds but the proportion of holdings to be represented by each proxy must be specified.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.
7. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of AGM will be put to vote on a poll.
8. The registration for the above Meeting will commence on Wednesday,17 July 2019 at 8.00a.m.
9. For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original identity card of that other person.
10. Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

Fold

AFFIX
80 SEN
STAMP
(within Malaysia)

The Company Secretaries
COMFORT GLOVES BERHAD (852-D)
55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh, Perak Darul Ridzuan, Malaysia

Fold

www.comfort-rubber.com.my

COMFORT GLOVES BERHAD
(852-D)

Lot 821, Jalan Matang,
34750 Taiping,
Perak Darul Ridzuan.