



COMFORT GLOVES BERHAD

193701000006 (852-D)



BUILD BACK BETTER

Annual Report December 2021

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Build Back Better

Comfort Gloves Berhad is willing to commit its resources to aid in the continuation of business activities and keep the ball of prosperity rolling, we are expecting and looking forward to witnessing positive results. The Group is also allocating resources to helping the community's businesses to get back on its feet and recover from the damages dealt by the pandemic as we believe that a thriving community is great for the Group in the long run because of the harmony it is able to inspire.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 81st Annual General Meeting (“AGM”) of Comfort Gloves Berhad (“CGB” or the “Company”) will be conducted virtually for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice:

Day and Date	:	Tuesday, 31 May 2022
Time	:	10.00 a.m.
Broadcast Venue	:	Summit 1, 3rd Floor, Wisma Westcourt, No.126, Jalan Klang Lama, 58000 Kuala Lumpur, Malaysia.
Virtual Meeting Platform	:	https://meeting.boardroomlimited.my (Domain Registration No. with MYN1C - D6A357657 provided by Boardroom Share Registrars Sdn. Bhd. Malaysia)
Mode of Communication	:	(1) Typed text in the Meeting Platform (2) Email questions to investorsrelation@comfort-rubber.com.my prior to Meeting

AGENDA

As ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial period ended 31 December 2021 together with the Directors’ and Auditors’ Reports thereon. **(Please refer to Note 1)**
2. To approve the payment of Directors’ Fees of RM320,833 in respect of the financial period ended 31 December 2021. **(Ordinary Resolution 1)**
3. To approve the payment of Directors’ Benefits (excluding Directors’ Fees) to Non-Executive Directors up to an amount of RM150,000 from 81st AGM until the next AGM of the Company. **(Ordinary Resolution 2)**
4. To re-elect the following Directors who retired by rotation pursuant to Article 18.4(a) of the Company’s Constitution:
 - 4.1 Lau Joo Yong **(Ordinary Resolution 3)**
 - 4.2 Ng Seik Wah **(Ordinary Resolution 4)**
5. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

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

6. **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016** (Ordinary Resolution 6)

"THAT, subject to the Companies Act 2016 and the Company's Constitution 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 76 of the Companies Act 2016, to issue and allot 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 twenty percent (20%) of the total number of issued shares of the Company (excluding treasury shares) for the time being ("Proposed 20% General Mandate") and that such approval on Proposed 20% General Mandate shall continue be in force until 31 December 2022 or a later date which may allow by the relevant authorities whichever is later;

THAT with effect from 1 January 2023 or a later date which may allow by the relevant authorities whichever is later, the general mandate shall be reinstated from 20% General Mandate to 10% General Mandate provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of the issued shares of the Company (excluding treasury shares) of the Company for the time being ("Proposed General Mandate");

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 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.

THAT the Directors are exempted from the obligation to offer such New Shares first to existing shareholders pursuant to Section 85 of the Companies Act 2016 in respect of the issuances of the New Shares pursuant to this mandate;

THAT the New Shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such New Shares."

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

7. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

(Ordinary Resolution 7)

"That, subject to the Companies Act 2016, the provisions of the Company's Constitution, the Main Market Listing Requirements 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 ordinary shares which may be purchased and/or held by the Company as treasury shares does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at any point in time of purchase;
- b) the maximum funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the total retained earnings of the Company at the time of purchase; and
- c) upon completion of the purchase by the Company its own ordinary shares, the Directors of the Company be and are hereby authorized to deal with the ordinary shares purchased in their absolute discretion in the following manners:
 - i) cancel all the ordinary shares so purchased; and/or
 - ii) retain the ordinary shares so purchased as treasury shares and/or
 - iii) retain part thereof as treasury shares and cancel the remainder;
 - iv) 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;

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

- i) the conclusion of the next AGM 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 AGM 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;

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

7. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

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 Constitution of the Company and the Main Market Listing Requirements and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities.”

8. 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 23 May 2022 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 EOI LENG

(SSM PC No. 202008003055)

(MAICSA 7030866)

Chartered Secretary

Ipoh, Perak Darul Ridzuan, Malaysia

29 April 2022

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Explanatory Notes: (Cont'd)

1) Agenda 1 - To receive the Audited Financial Statements

Agenda 1 is meant for discussion only in accordance with Section 340 (1) (a) of the Companies Act 2016 and does not require shareholders' approval. Hence, Agenda 1 will not be put forward for voting.

2) Ordinary Resolutions 1 and 2 - Payment of Directors' Fee and Payment of Directors' 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 1: Payment of Directors' Fees

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

Resolution 2: Payment of Directors' Benefits

The Directors' benefits (excluding Directors' Fees) comprise the Meeting Allowances payable to the 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.

Based on the Remuneration Committee's recommendation, the Board decided that the Directors' fees and Directors' Benefits in respect of the financial period ended 31 December 2021 shall remain unchanged.

3) Ordinary Resolutions 3 and 4 - Re-election of Directors

Lau Joo Yong and Ng Seik Wah are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this 81th AGM.

The Board has via the Nomination 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 Board had also through the Nomination Committee carried out assessment on the independence of Ng Seik Wah and is satisfied that he met the criteria of independence as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

4) Ordinary Resolution 5 - Appointment of Auditors

The Audit Committee ("AC") has on 8 April 2022 carried out an assessment of the suitability and independence of the External Auditors, KPMG PLT and was satisfied with the suitability of KPMG 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 KPMG PLT to be sufficiently objective and independent.

The Board therefore approved the AC's recommendation on the re-appointment of KPMG PLT as External Auditors of the Company for the financial year ending 31 December 2022 be put forward for the shareholders' approval at the 2022 AGM.

5) Ordinary Resolution 6 - Authority to Allot and Issue Shares in General Pursuant to Section 76 of the Companies Act 2016

The Proposed Ordinary Resolution 6, if passed will empower the Directors of the Company, with the authority to issue and allot shares in the Company up to an amount not exceeding 20% of the total number of issued shares (excluding treasury shares) of the Company until 31 December 2022 or a later date as may be allowed by the relevant authorities. With effect from 1 January 2023 or a later date as may be allowed by the relevant authorities, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The said authority shall continue in force until the conclusion of the next AGM of the Company or expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Explanatory Notes: (Cont'd)

5) Ordinary Resolution 6 - Authority to Allot and Issue Shares in General Pursuant to Section 76 of the Companies Act 2016 (Cont'd)

At the Annual General Meeting held on 22 June 2021, the Directors of the Company has been granted a general mandate by the members of the Company to issue and allot shares in the Company up to and not exceeding 20% of the total number of issued shares of the Company. Up to the date of Notice, the Company did not issue any new shares pursuant to this mandate obtained and accordingly no proceeds were raised.

The Board of Directors of the Company, having considered the unprecedented uncertainty during this challenging time caused by Covid-19 pandemic and future financial needs of the Group is of the opinion that this 20% General Mandate is in the best interest of the Company and its shareholders. This General Mandate if passed will also provide flexibility to the Company for any possible fund-raising activities quickly and efficiently, 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 a General Meeting to approve such issuance of shares should be eliminated.

6) Ordinary 7 - Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution 7 proposed, 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 Annual Report December 2021.

Notes :

- 1) Pursuant to Paragraph 8.29A of the Listing Requirements, voting at general meeting will be conducted by poll rather than show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
- 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 office of the Share Registrar of our Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting either by hand, post, electronic mail to bsr.helpdesk@boardroomlimited.com or fax +603-7890 4670, otherwise the instrument of proxy should not be treated as valid.

CORPORATE INFORMATION



DIRECTORS

**Tan Sri Dato'
Lau Eng Guang**
Executive Chairman

Lau Joo Yong
Executive Director cum
Group Chief Executive Officer

Lau Joo Pern
Executive Director

Ng Seik Wah
Independent
Non-Executive Director

Khoo Chie Yuan
Independent
Non-Executive Director

Lum Dick Son
Independent
Non-Executive Director

AUDIT COMMITTEE

Ng Seik Wah (Chairman)
Khoo Chie Yuan
Lum Dick Son

NOMINATION COMMITTEE

Lum Dick Son (Chairman)
Ng Seik Wah
Khoo Chie Yuan

REMUNERATION COMMITTEE

Khoo Chie Yuan (Chairman)
Ng Seik Wah
Lum Dick Son

COMMITTEE TO REVIEW PRESS OR PUBLIC ANNOUNCEMENTS

Lau Joo Yong
Lau Joo Pern

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
[199601006647 (378993-D)]
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

Tel No. : +603-7890 4700 (Helpdesk)

Fax No. : +603-7890 4670

Website : www.boardroomlimited.com

Email : bsr.helpdesk@boardroomlimited.com

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank
(Malaysia) Berhad
HSBC Bank Malaysia Berhad

CORPORATE/ OPERATIONAL OFFICE

Comfort Gloves Berhad
Lot 821, Jalan Matang
34750 Matang
Taiping, Perak, Malaysia

Tel No. : +605-8472 777

Fax No. : +605-8479 108

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

SECRETARY

Chan Eoi Leng
(SSM PC No. 202008003055)
(MAICSA 7030866)

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
No.8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan,
Malaysia.

Tel No.: +603-7721 3388

Fax No.: +603-7721 3399

STOCK EXCHANGE LISTING

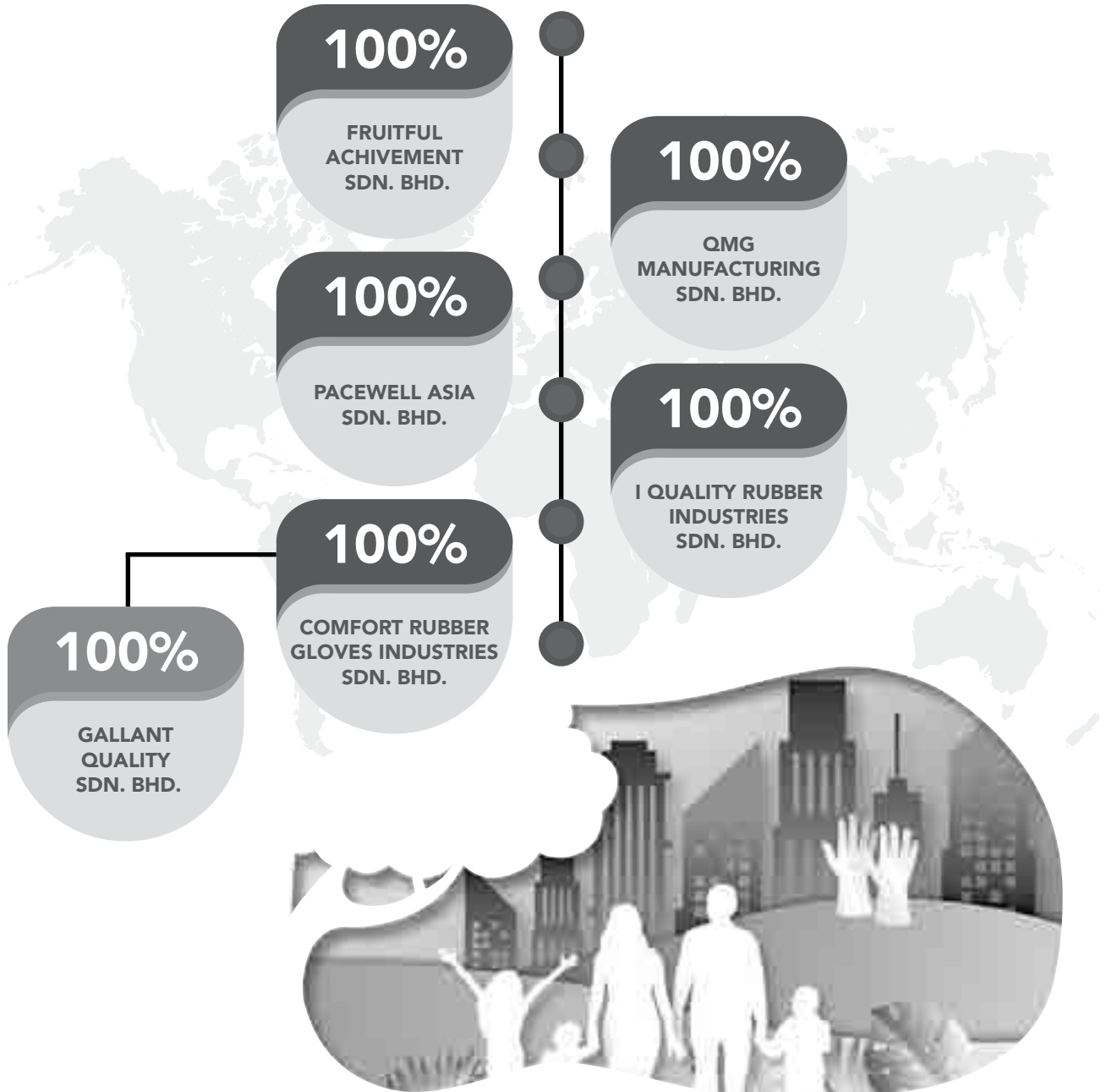
Main Board of Bursa Malaysia
Securities Berhad
Stock Code: 2127
Stock Short Name : COMFORT

GROUP STRUCTURE



COMFORT GLOVES BERHAD

193701000006 (852-D)



PROFILE OF DIRECTORS

TAN SRI DATO' LAU ENG GUANG

Executive Chairman



LAU JOO YONG

Executive Director cum Group Chief Executive Officer



Date of Appointment

5 March 2021

9 September 2014 as Executive Director
31 March 2021 as Group Chief Executive Officer

Length of Services (as at 29 April 2022)

1 year 1 month

7 years 7 months

Date of Last Re-Election

22 June 2021

30 June 2020

Board Meeting Attended

6/6

6/6

Board Committees Memberships

N/A

N/A

Academic / Professional Qualifications

- South Australian - Matriculation
- Bachelor of Business Administration, East London University

Other Directorship(s) in Public Companies and Listed Issuers

- Leong Hup International Berhad
- Nil

Past Directorships and/or Appointments / Working Experience:

Tan Sri Dato' Lau Eng Guang has experience and skills in manufacturing and trading of latex gloves as he is also the Executive Director in the Company's major subsidiary since year 2015. He also has over 41 years of experience and expertise in the integrated livestock industry. He is also a trustee of Lau Eng Guang Dialysis Charitable Foundation.

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

- 1) He is the father to Lau Joo Yong and uncle to Lau Joo Pern, who are the Executive Director cum Group Chief Executive Officer and Executive Director of the Company respectively.
- 2) He is the spouse of Puan Sri Goh Kim Kooi, who is the major shareholder of the Company.
- 1) He is the son of Tan Sri Dato' Lau Eng Guang, who is the Executive Chairman and major shareholder of the Company.
- 2) He is also the son of Puan Sri Goh Kim Kooi, who is the major shareholder of the Company.
- 3) He is the cousin of Lau Joo Pern, who is the Executive 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 period.

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 period.

PROFILE OF DIRECTORS (Cont'd)

LAU JOO PERN

Executive Director



NG SEIK WAH

Independent Non-Executive Director



Date of Appointment

30 January 2015 as Non-independent
Non-Executive Director
7 January 2021 redesignated to Executive Director

18 December 2017

Length of Services (as at 29 April 2022)

7 years 3 months

4 years 4 months

Date of Last Re-Election

22 June 2021

30 Jun 2020

Board Meeting Attended

6/6

6/6

Board Committees Memberships

N/A

Audit Committee, Chairman
Nomination Committee, Member
Remuneration Committee, Member

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)
- Member of Institute of Financial Accountants (IFA)

Other Directorship(s) in Public Companies and Listed Issuers

- Nil
- Nil

Past Directorships and/or Appointments / Working Experience:

His experience has spanned over a period of more than 15 years and he has held managerial position with one of the Big Four International Accounting Firm. His working experience included auditing, corporate finance advisory, valuation advisory, agriculture and plantation industry.

He has more than 40 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 is the nephew of Tan Sri Dato' Lau Eng Guang, who is the Executive Chairman and major shareholder of the Company and cousin of Lau Joo Yong, who is the Executive Director cum Group Chief Executive Officer of the Company.

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 period.

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 period.

PROFILE OF DIRECTORS (Cont'd)

KHOO CHIE YUAN

Independent Non-Executive Director



LUM DICK SON

Independent Non-Executive Director



Date of Appointment

7 January 2021

9 April 2021

Length of Services (as at 29 April 2022)

1 years 3 months

1 year

Date of Last Re-Election

22 June 2021

22 June 2021

Board Meeting Attended

6/6

4/4

Board Committees Memberships

Audit Committee, Member
Nomination Committee, Member
Remuneration Committee, Chairman

Audit Committee, Member
Nomination Committee, Chairman
Remuneration Committee, Member

Academic / Professional Qualifications

- Diploma in Business Administration, Institute of Business Administration, Australia.
- Diploma in General Insurance, Australia Insurance Institute.
- Bachelor of Laws (LLB), University of London

Other Directorship(s) in Public Companies and Listed Issuers

- Nil
- Nil

Past Directorships and/or Appointments / Working Experience:

Mr Khoo Chie Yuan is a retiree who had worked for AmBank Group as SME Segment Senior Manager for the past 34 years before his retirement in June 2019.

He has vast experience and skills in the field of sales, management and marketing in banking and finance areas.

Mr Lum Dick Son was the Deputy Account Manager for Commercial Banking Division, Southern Bank Berhad. From 2002 to present, he is the Consultant at his family owned legal firm, Messrs. Chia & Co.

Family Relationship / Conflict of Interest

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

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 period.

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 period.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SRI DATO' LAU ENG GUANG

Executive Chairman



LAU JOO YONG

Executive Director cum Group Chief Executive Officer



Date of Appointment

5 March 2021

9 September 2014 as Executive Director
31 March 2021 as Group Chief Executive Officer

Length of Services (as at 29 April 2022)

1 year 1 month

7 years 7 months

Date of Last Re-Election

22 June 2021

30 June 2020

Board Meeting Attended

6/6

6/6

Board Committees Memberships

N/A

N/A

Academic / Professional Qualifications

- South Australian - Matriculation
- Bachelor of Business Administration, East London University

Other Directorship(s) in Public Companies and Listed Issuers

- Leong Hup International Berhad
- Nil

Past Directorships and/or Appointments / Working Experience:

Tan Sri Dato' Lau Eng Guang has experience and skills in manufacturing and trading of latex gloves as he is also the Executive Director in the Company's major subsidiary since year 2015. He also has over 41 years of experience and expertise in the integrated livestock industry. He is also a trustee of Lau Eng Guang Dialysis Charitable Foundation.

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

- 1) He is the father to Lau Joo Yong and uncle to Lau Joo Pern, who are the Executive Director cum Group Chief Executive Officer and Executive Director of the Company respectively.
- 2) He is the spouse of Puan Sri Goh Kim Kooi, who is the major shareholder of the Company.
- 1) He is the son of Tan Sri Dato' Lau Eng Guang, who is the Executive Chairman and major shareholder of the Company.
- 2) He is also the son of Puan Sri Goh Kim Kooi, who is the major shareholder of the Company.
- 3) He is the cousin of Lau Joo Pern, who is the Executive 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 period.

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 period.

PROFILE OF KEY SENIOR MANAGEMENT (Cont'd)

LEONG WAI LEONG

Vice President cum Chief Financial Officer



Date of Appointment

15 April 2022

Academic / Professional Qualifications

- A member of Malaysia Institute of Certified Public Accountants (MICPA)
- A member of Malaysia Institute of Accountants (MIA)

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Working Experience:

He started his career as Audit Assistant for Ernst & Young in 1993. His involvement in gloves manufacturing industries started when he joined a glove manufacturing company named Asia Pacific Latex Sdn Bhd in 1998 as Account Supervisor. He was subsequently promoted as Account Executive and Corporate Affairs Manager when the company being listed on Bursa Malaysia in year 2000. After he obtained his MIA membership, he joined Carsem Semiconductor Sdn Bhd, a subsidiary of a PLC as Accountant. In year 2002, he moved to China to join a company ventured by a PLC in Malaysia named Kanzen TPCO Limited as Financial Controller. In year 2005, he joined a gloves manufacturing company, WRP Asia Pacific Sdn Bhd as Internal Audit Manager and later being promoted as the Personal Assistant to CEO and became the President of the company before he left in 2015. In year 2016, he joined Trio-Tech (M) Sdn Bhd, a subsidiary of a US PLC as Finance Manager to take charge the finance operation in Malaysia and China. In year 2020, he rejoined WRP Asia Pacific Sdn Bhd as President and he joined Comfort Gloves Berhad in year 2021 as Vice President.

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 period.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors recognizes the importance of adopting high standard of corporate governance throughout the Company and the Group as a fundamental part of discharging its responsibilities to protect and enhance stakeholders' value and to continue delivering sustainable performance. Pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board is pleased to present the Group's application of the principles as set out in the Malaysian Code of Corporate Governance ("MCCG") 2021;

- A. Board Leadership and Effectiveness;
- B. Effective Audit and Risk Management;
- C. Integrity in corporate reporting and meaningful relationship with stakeholders.

This Corporate Governance Overview Statement should be read together with Corporate Governance Report 2021, both available on the Company's website at <https://www.comfort-rubber.com.my>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Principal Responsibilities of the Board

The Group is led by an experienced 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 plays a pivotal role in the stewardship of the Group and ultimately enhancing the shareholders' value.

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 deployment of the Group's assets and resources and the consideration of significant financial commitments. The Board monitors the decisions and actions of the Executive Directors to ensure that all are in sync towards better performance of the Group and act in accordance to 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
- Anti-Bribery and Corruption 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Board Composition and Independence

The Board currently comprises three (3) members from Independent Non-Executive Directors. This composition allows for the applying of independent judgment on issues of strategy, performance, resource utilization 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 enhance the effectiveness of the Board.

There is a balance of power and authority in the Board, with three (3) Executive Directors and three (3) Independent Non-Executive Directors. 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 Company has also complied with Practice 1.4 of the MCCG 2021 where the Chairman of the Board shall not be a member of the Board Committees. However, the Executive Chairman, Tan Sri Dato' Lau Eng Guang was invited to the Board Committees Meetings held during the financial period ended 31 December 2021, hence this practice has deemed as departure. Moving forward, the Board would ensure the Executive Chairman will not be invited to attend the Board Committees Meetings.

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 Practice 5.3 of the MCCG 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. During the financial period ending 31 December 2021, the Company does not have term limits policy for independent directors but the Nomination 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. However, the Board has on 18 February 2022 amended its Board Charter to limit the tenure of the Independent Directors for 12 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 a qualified and competent Company Secretary who plays 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. She constantly keeps herself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance by attending the relevant training programmes/conferences.

The Company Secretary is also accountable to the Board and is 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Qualified and Competent Company Secretary (Cont'd)

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 MMLR, circulars from Bursa Securities, other legal and regulatory developments, and their impact on the Group and its business.

Gender Diversity Policy

With regards with Practice 5.9 of the gender diversity in the Board's composition, none of the Directors is a female. The Board through its NC would ensure at least one woman candidate is sought as part of its recruitment exercise.

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.

Roles and Responsibilities of the Board

The positions of the Chairman and Group Chief Executive Officer are held by different individuals. The roles of the Chairman and the Group Chief Executive Officer 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 Group Chief Executive Officer 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 formalized 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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 Group Chief Executive Officer 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 Constitution;
- Internal Control System;
- Succession planning for senior management; and
- 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 six (6) 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 six (6) Board Meetings were held during the financial period under review and the details of attendance of the Directors at the Board Meetings are as follows:

Name of Directors	Number of Meetings Attended
Tan Sri Dato' Lau Eng Guang <i>Executive Chairman</i>	6 of 6
Lau Joo Yong Executive Director Cum Group Chief Executive Officer (Group CEO)	6 of 6
Lau Joo Pern Executive Director	6 of 6
Ng Seik Wah <i>Independent Non-Executive Director</i>	6 of 6
Khoo Chie Yuan <i>Independent Non-Executive Director</i>	6 of 6
Lum Dick Son <i>Independent Non-Executive Director</i>	4 of 4

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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 Secretary 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 Secretary also highlight all issues which she feels 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 Nomination 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 Constitution 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 Constitution also provide that all directors shall retire at least once in three (3) years. However, retiring Directors are eligible under the Constitution, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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.

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 period ended 31 December 2021, the following training programmes and seminars were attended by the Directors:

- i) Tan Sri Dato' Lau Eng Guang
 - Training on Cyber Threat
- ii) Lau Joo Yong
 - Training on Cyber Threat
- iii) Lau Joo Pern
 - Training on Cyber Threat
- iv) Ng Seik Wah
 - Workshop of the Companies Act 2016 and Secretarial Practice
 - Training on Cyber Threat
- v) Khoo Chie Yuan
 - Mandatory Accreditation Program for Directors of Public Listed Companies
 - Training on Cyber Threat
- vi) Lum Dick Son
 - Training on Cyber Threat

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

The Company Secretary circulated from time to time the relevant guidelines on statutory and regulatory requirements to the Directors. The External Auditors also highlighted changes to the Malaysian Financial Reporting Standards and legislation that affect the Company's financial statement during the financial period.

Committees Established by the Board

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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 Audit Committee comprises three (3) 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 Audit Committee during the financial period are set out under the Audit Committee Report.

Nomination Committee ("NC")

The members of the Nomination Committee during the financial period, comprises all Independent Non-Executive Directors, were as follows:

Name of Member

- (i) Lum Dick Son (Appointed as Chairman on 9 April 2021)
Chairman, Independent Non-Executive Director
- (ii) Ng Seik Wah
Member, Independent Non-Executive Director
- (iii) Khoo Chie Yuan
Member, Independent Non-Executive Director
- (iv) Chan Seng Fatt (Resigned on 31 March 2021)

The role of the NC is set out in its TOR and available on the Company's website.

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 period are as follows:

- The NC has assessed Lau Joo Pern's capability and suitability in terms of his experience over a period of 10 years and held managerial position with one of the big four International Firm and being a young entrepreneur and also his familiarity with the nature and operation of the Group, hence recommended to the Board on the appointment of Lau Joo Pern as Executive Director and be re-designated from Non-Independent Non Executive Director to Executive Director.
- Identified Khoo Chie Yuan and Lum Dick Son as Independent Non-Executive Directors. The criterial of assessment including their working experience and the candidates' ability to satisfy the test of independence taking into account their characters, integrity and professionalism.
- Considered and recommended Tan Sri Dato' Lau Eng Guang as the Executive Chairman upon receiving a letter from Keen Setup Sdn. Bhd., the major shareholders of the Company holding more than 20% shareholding in the Company.
- Identified Lau Joo Yong as the Group Chief Executive Director to replace the predecessor Group Managing Director, Mr Cheang Phoy Ken who opted for retirement. The NC assessed that Lau Joo Yong is suitable candidate to hold the position as Group Chief Executive Officer as he is a young entrepreneur and his parent is also the major shareholders of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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

The activities of the NC during the financial year are as follows: (Cont'd)

- 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 mix of skills, independence, experience and other qualities of the Board;
- Reviewed the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee 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 customized 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 were tabled to the Board for review and deliberation.

Remuneration Committee ("RC")

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

Name of Member

- (i) Khoo Chie Yuan
Chairman, Independent Non-Executive Director
- (ii) Ng Seik Wah
Member, Independent Non-Executive Director
- (iii) Lum Dick Son
Member, Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Remuneration Committee ("RC") (Cont'd)

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 program.

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.

Committee for the Review of Press Releases or Public Announcements

The Committee for the review of press releases or public announcements, comprising the Group Chief Executive Officer, Lau Joo Yong and the Executive Director, Lau Joo Pern, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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 period ended 31 December 2021 are as follows:

Executive Directors' Remuneration

Company

Tan Sri Dato' Lau Eng Guang (Appointed on 5 March 2021)						
Range	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind	
Below 50,000	-	-	√	-	-	

Lau Joo Yong						
Range	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind	
Below 50,000	-	-	√	-	√	

Lau Joo Pern						
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind	
Below 50,000	-	-	√	-	-	

Cheang Phoy Ken (Resigned on 30 April 2021)						
Salary Range	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind	
Below 50,000	-	-	√	-	√	

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Non-Executive Directors' Remuneration

Name of Directors	Chan Seng Fatt (Resigned on 31 March 2021)			Khoo Chie Yuan		
	Fee	Other Emoluments	Benefits-in-kind	Fee	Other Emoluments	Benefits-in-kind
Below 50,000	-	√	√	-	√	√
50,001 – 100,000	-	-	-	-	-	-
100,001 – 150,000	-	-	-	√	-	-

Name of Directors	Ng Seik Wah			Lum Dick Son (Appointed on 9 April 2021)		
	Fee	Other Emoluments	Benefits-in-kind	Fee	Other Emoluments	Benefits-in-kind
Below 50,000	-	√	√	-	√	√
50,001 – 100,000	-	-	-	√	-	-
100,001 – 150,000	√	-	-	-	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Executive Directors' Remuneration (Cont'd)

Group

Tan Sri Dato' Lau Eng Guang (Appointed on 5 March 2021)					
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	-	-	-	-
2,250,001 – 2,300,000	√	-	-	-	-
5,850,000 – 5,900,000	-	-	-	√	-
28,900,001 – 28,950,000	-	-	√	-	-

Lau Joo Yong (Appointed as Group CEO on 31 March 2021)					
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	-	-	-	√
1,900,001 – 1,950,000	√	-	-	-	-
4,150,001 – 4,200,000	-	-	-	√	-
20,250,001 – 20,300,000	-	-	√	-	-

Lau Joo Pern					
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	-	√	-	-
50,001 – 100,000	-	-	-	√	-
350,001 – 400,000	√	-	-	-	-

Cheang Phoy Ken (Resigned on 30 April 2021)					
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	-	√	-	√
230,001 – 280,000	-	-	-	√	-
650,001 – 700,000	√	-	-	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Executive Directors' Remuneration

Group (Cont'd)

	Sean Kar Seng Cheang (Resigned on 31 March 2021)				
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000	-	-	-	-	√
50,001 – 100,000	-	-	-	√	-
150,001 – 200,000	√	-	-	-	-

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 Main Market Listing Requirements of Bursa Securities, 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 undertaken 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.

Assessment of Suitability and Independence of External Auditors ("EA")

The Audit Committee ("AC") had on 18 May 2021 deliberated on the appointment of KPMG PLT as the new auditors in place of the outgoing auditors, Messrs Baker Tilly Monteiro Heng PLT which via their letter dated 18 May 2021 informing of their non-seeking for re-appointment as Auditors of the Comfort Gloves Berhad and its subsidiaries. The Audit Committee took cognizant of the retirement of the outgoing auditors, Messrs Baker Tilly Monteiro Heng PLT at the forthcoming AGM and also have received a special notice on nomination of Auditors from the Major Shareholder, Keen Setup Sdn. Bhd. dated 12 May 2021 pursuant to Sections 280(2)(b)(ii) and 322 of the Companies Act 2016 of their intention to nominate Messrs KPMG PLT for appointment as Auditors of CGB, subject to their consent to act, to replace the outgoing auditors, Messrs Baker Tilly Monteiro Heng PLT. An interview session with KPMG PLT was arranged to evaluate their capabilities and suitability as EA, which included an assessment of the engagement teams' qualifications, credentials and experience, 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 KPMG PLT based on their professionalism, sufficiency of resources and independence. 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 EA, the Board approved the AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the appointment of KPMG PLT as the EA of the Company for the period ended 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Assessment of Suitability and Independence of External Auditors ("EA") (Cont'd)

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 Audit Committee and Board of Directors matters that require the Board's attention. The Audit Committee 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 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, investors and all other stakeholders 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 external Auditors 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 AGM was issued at least 28 days before the date of AGM.

During the virtual AGM held in June 2021, 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. All the Directors (as well as the Chair of the respective Board Committee), Chief Financial Officer and the External Auditors were in attendance to respond to shareholders' queries. Questions raised by those attending online were duly answered by the Executive Chairman. The Minutes of the AGM (including all the questions raised by shareholders and answers thereto) were published on the Company's website within 30 days after the completion of the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Poll Voting

As stipulated in the MMLR, voting of all resolutions at general meetings shall be carried by way of poll. In addition, the Company appointed scrutineer to validate the votes cast at the AGM.

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:

- Practices 1.4 (The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee);
- Practice 4.1 (Strategic management of material sustainability matters should be driven by senior management);
- Practice 4.4 (Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.);
- Practice 5.9 (The board comprises at least 30% women directors.)
- Practice 5.10 (The board discloses in its annual report the company's policy on gender diversity for the board and senior management.)
- Practice 8.2 (The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.)

The explanation for departure is further disclosed in the CG Report.

The CG Overview Statement together with the CG Report was approved by the Board of Directors of Comfort Gloves Berhad on 8 April 2022.

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 period ended (FPE) 31 December 2021.

Group's Business and Operations

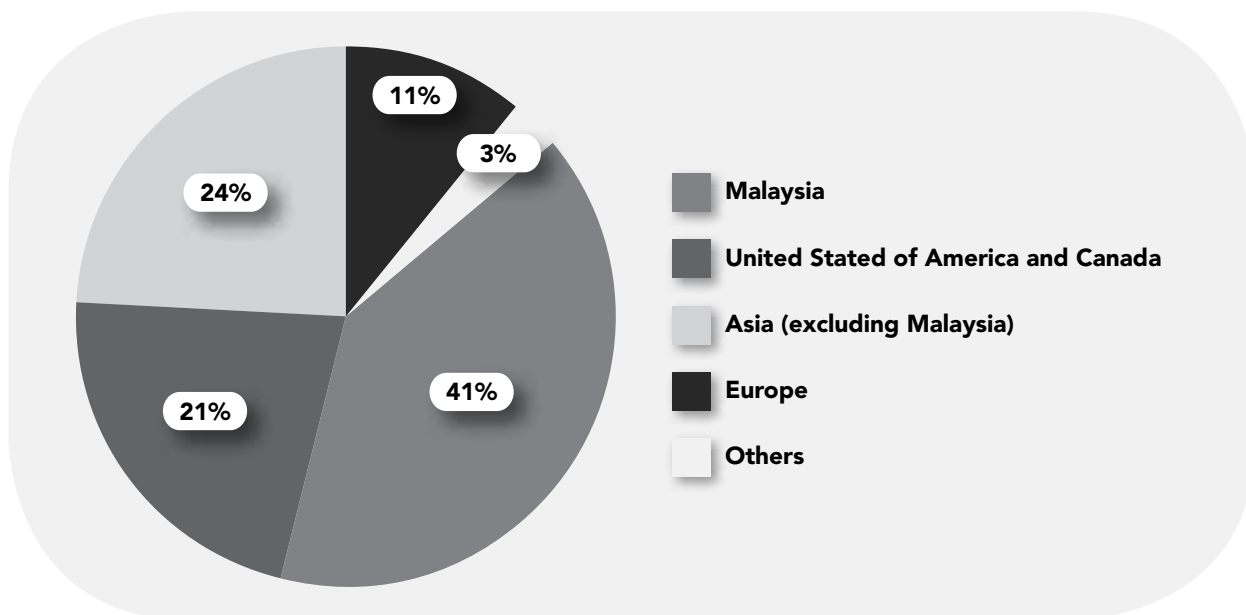
Our Group is involved in the manufacture and trading of natural and synthetic speciality examination gloves. We have two plants located in Simpang and Matang, Taiping, consisting of 50 production lines as at 31 December 2021.

- **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 specialty 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:



Malaysia	41%
United States of America and Canada	21%
Asia (excluding Malaysia)	24%
Europe	11%
Others	3%

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Financial Review

Financial Results	FPE 31 Dec 2021 (1 Feb 2021 - 31 Dec 2021) RM 000	FYE 31 Jan 2021 RM 000
Revenue	1,390,655	946,447
Gross profit	681,746	407,098
Profit before tax	539,168	363,317
Profit after tax	421,519	280,223

Margin	FPE 31 Dec 2021 (1 Feb 2021 - 31 Dec 2021) %	FYE 31 Jan 2021 %
Gross profit margin	49%	43%
Profit before tax margin	39%	38%
Profit after tax margin	30%	30%

Earnings per share	FPE 31 Dec 2021 (1 Feb 2021 - 31 Dec 2021) Sen	FYE 31 Jan 2021 Sen
Basic earnings per share	72.56	48.07
Diluted earnings per share	72.56	48.07

In the FPE 31 December 2021:

- the Group recorded revenue and profit before taxation RM1,390.7 million and RM681.7 million respectively. This was mainly driven by higher average selling price.
- the Group's net profit increased to RM421.5 million and it was corresponded to the increase in profit before taxation.
- the Group reported gross profit margins and net profit margins of 49% and 30% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Financial Review (Cont'd)

- **Selling and marketing**

The Group incurred selling and marketing expenses of RM 17.7 million for FPE 31 December 2021. These were mainly due to distribution cost of RM 7.0 million, sales commission of RM 7.7 million and custom duties of RM 2.6 million.

- **Administrative expense**

The Group incurred administrative expenses of RM 132.3 million. These were mainly due to Directors' remuneration of RM 84.8 million, staff cost of RM 19.1 million and inventory written down/inventory written off of RM 17.5 million.

- **Net impairment loss on financial instruments**

The Group incurred net impairment loss on financial instruments of RM 4.3 million. These were due to bad debt written off of RM 1.1 million and allowance for doubtful debts of RM 3.2 million.

- **Other income**

The Group recorded other income of RM11.1 million. This was mainly due to foreign exchange realised / unrealised gain of RM10.3 million.

- **Finance income**

Finance income of RM1.8 million was derived from interest income as disclosed details in Note 18 of the Financial Statements.

- **Finance Cost**

Finance cost of RM1.1 million was incurred mainly from interest expenses on bills payables, amounting to RM0.6 million and interest expenses on term loans amounting to RM0.5million.

The details are disclosure in Note 19 of the Financial Statements.

- **Liquidity and capital resources**

As at 31 December 2021, the Group has deposits, other cash and cash equivalents amounting to RM221.3 million as well as unutilised banking facilities amounting to RM71.5 million.

The Group has sufficient banking facilities for working capital.

The Group's remaining capital commitment on property, plant and equipment for FPE 31 December 2021 amounted to RM15.2 million was mainly relation to ancillary facilities for operation.

Managing Risks

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

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Operation Review

During this financial period, twelve (12) single former old production lines were dismantled at Simpang. With this restructuring, additional eight (8) double former lines were put in Simpang operation to achieve better production efficiency and economies of scales. Overall, the Group's capacity will be increased from 6.8 billion to 7.0 billion.

Our R&D is working closely with operation to continuously exploring new raw material and chemicals to improve our product quality.

We are continuously reviewing strategies in automation and energy saving areas to monitor performance for production lines improvements.

Forward Looking Statement

In the near term, the glove industry remains challenging owing to the increase in of gloves supply and slower buying patterns from customer. The Group expects the Average Selling Prices (ASPs) will begin to stabilize with lower profit margin.

With an increase of segmentation in rubber gloves market, the Group is developing more specialty gloves to differentiate ourselves from others. The Group believes that there is potential to grow its specialty glove segment as consumers' now focus and emphasis on hygiene and sanitation increases due to the COVID-19 pandemic.

Moving forward, the Group remains optimistic towards its long-term prospects and well prepared to capitalize the market opportunities to continue growing and succeed for years to come.

- **Dividend**

The amount of dividend declared and paid by the Company in respect of the financial period ended 31 December 2021:

- A single tier interim dividend of 4.00 sen per ordinary share, amounting to RM23.2 million. The dividend was declared on 21 June 2021 and subsequently paid on 22 July 2021; and
- Second single tier interim dividend of 2.00 sen per ordinary share, amounting to RM11.6 million. The dividend was declared on 21 September 2021 and subsequently paid on 22 October 2021.

The Directors do not recommend payment of final dividend in respect of the financial period ended 31 December 2021.

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 period ended 31 December 2021 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 Khoo Chie Yuan – Member
(Independent Non-Executive Director)

Mr Lum Dick Son – Member (Appointed on 9 April 2021)
(Independent Non-Executive Director)

The AC comprised three members of the Board, all of whom are Independent Non-Executive Directors (“INEDs”) 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) of the Bursa Securities Listing Requirements.

The AC Chairman, Ng Seik Wah, is a fellow member of the Institute of Financial Accountants and is not the Chairman of the Board. Accordingly, the Company complies with the requirement of Paragraph 15.09(c)(i) of the Bursa Securities and in line with the Practice 9.1 under the Malaysia Code on Corporate Governance (“the Code”).

All members of the AC are financially literate and are able to analyze and interpret financial statements in order to effectively discharge their duties and responsibilities as members of AC.

The Nomination 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 Nomination Committee 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. During the financial period ended 31 December 2021, the Board is satisfied that the AC has discharged its statutory duties and responsibilities in accordance with the TOR of the AC.

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 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.

AUDIT COMMITTEE REPORT (Cont'd)

1. COMPOSITION AND ATTENDANCE (Cont'd)

Meetings (Cont'd)

The AC convened a total of five (5) meetings during the financial period ended 31 December 2021 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
Khoo Chie Yuan (Independent Non-Executive Director)	Member	5 of 5
Mr Lum Dick Son (Independent Non-Executive Director)	Member	5 of 5

The EA were in attendance at two meetings during the financial period ended 31 December 2021 where discussion between the AC and EA were held without the presence of the Group Executives. During the Meetings, the AC would enquired on the Management's cooperation with the EA, their sharing of information and the proficiency and adequacy of resources in financial reporting functions.

2. SUMMARY OF ACTIVITIES

During the financial period, the AC carried out its duties as set out in the TOR. The main activities performed by the AC during the financial period ended 31 December 2021 were as follows:

(a) External Audit

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.

- (i) Met with the EA, Messrs Baker Tilly Monteiro Heng ("Baker Tilly") without the presence of management including the Group CEO and CFO to discuss issues requiring attention/significant matters arising from the audit. The EA did not have any areas major of concern to highlight to the AC and they have received full co-operation from the management.

Baker Tilly 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, including the *By-Laws (on Professional Ethics, Conduct and Practice)* of the MIA.

- (ii) Reviewed the audit fee for the financial period and recommended the audit fee to the Board for approval.
- (iii) The AC has received a special notice dated 12 May 2021 from Keen Setup Sdn. Bhd. of their intention to nominate Messrs KPMG PLT for appointment as Auditors of the Company, to replace the outgoing Auditors, Baker Tilly who have expressed that they did not wish to seek for re-appointment at the Annual General Meeting held on 22 June 2021.

The AC having assessed the qualification and capabilities of Messrs KPMG PLT (including their reputation and credentials and experience, firm's competitive advantage, qualification and independence of its professional), then recommended to the Board for the appointment of Messrs KPMG PLT as the new Auditors, in place of Baker Tilly for shareholders' approval.

AUDIT COMMITTEE REPORT (Cont'd)

2. SUMMARY OF ACTIVITIES (Cont'd)

(a) External Audit (Cont'd)

- (iv) Reviewed prior to the commencement of audit, the external auditors' 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 period ended 31 December 2021.

(b) Financial Reporting

- (i) reviewed all the 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:

- change in accounting policies and its implementation;
- significant and unusual events arising from audit;
- going concern assumption;
- compliance with accounting standards and other legal requirement;
- adequacy of impairment loss made on trade receivables.
- significant judgement made by the Management.

- (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:

- appropriate accounting policies had been adopted and applied consistently;
- the going concern basis applied in the Annual Financial Statements was appropriate;
- prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS;
- 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 financial period ended 31 December 2021.

(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 Auditors 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 Auditors including assessment of their suitability and independence in performing their obligations by completing a formal evaluation form.

The Internal Auditors provided written assurance on 18 February 2022 to the AC that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for financial period ended 31 December 2021.

AUDIT COMMITTEE REPORT (Cont'd)

2. SUMMARY OF ACTIVITIES (Cont'd)

(d) Related Party Transactions

Reviewed the related party transactions to ensure they are transacted within the limits prescribed under the Main Market Listing Requirements, if any.

(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.

(f) Whistle Blowing/Anti-Bribery and Corruption cases

Ensured that the Group's Whistle Blowing Policy and Anti-Bribery and Corruption Policy are actively implemented with appropriate actions taken whenever reports are received. There were no reporting of whistle blowing nor bribery and corruption cases for the financial period ended 31 December 2021.

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 period, the audited processes carried out by the internal audit function included:

Human Resources	<ol style="list-style-type: none"> 1. To ensure there is proper internal control system in place for: <ul style="list-style-type: none"> • Recruitment (local and foreign staff) • Resignation • Overtime and allowances • Staff attendance • Leave management • Payroll processing • Payment to statutory authorities (eg. EPF, SOCSO, HRDF, IRB, EIS) 2. Ensuring compliance to laws and regulations.
Property, Plant & Equipment (PPE) and Investment Properties	<ol style="list-style-type: none"> 1. To ensure there is a proper internal control system in place for: <ul style="list-style-type: none"> • Additions • Disposals / Write-off • Transfers • Capital Works in Progress • Assets sighting • Annual assets verification • Review of Property, Plant and Equipment Register • Review of Insurance Policies in connection with Property, Plant and Equipment • Review of Land Titles • Review of Prepaid Lease Payments for land 2. To ensure compliance with policies and procedures & authority limits.

AUDIT COMMITTEE REPORT (Cont'd)

3. GROUP INTERNAL AUDIT FUNCTION (Cont'd)

During the financial period, the audited processes carried out by the internal audit function included: (Cont'd)

Production	<ol style="list-style-type: none"> 1. To ensure there is a proper internal control system in place for: <ul style="list-style-type: none"> • Production scheduling • Quality inspection during production • Transfer from production to warehouse • Production daily and monthly reporting • Occupational Safety and Health (OSH) (including compliance with CGB's policies, processes and procedures in connection with OSH, monitoring and reporting and relevant legislations and regulations). 2. To ensure compliance with policies and procedures & limit of authority.
Procurement	<ol style="list-style-type: none"> 1. To ensure there is a proper internal control system in place for: <ul style="list-style-type: none"> • Ordering of goods • Receiving of goods • Payment to suppliers • Monitoring completion of Purchase Orders • Accounting for sales service tax (if applicable) 2. To ensure compliance with policies and procedures & limit of authority.
Related party transactions	<ul style="list-style-type: none"> • Review of related party transactions reporting. • Review of compliance with the Malaysian Code of Corporate Governance 2017 (MCCG 2017) and the Listing Requirements of the Main Market of Bursa Malaysia Securities Bhd (Chapter 15).
Inventory Management	<ol style="list-style-type: none"> 1. To ensure there is a proper internal control system in place for: <ul style="list-style-type: none"> • Receipt of finished goods • Issuance from Finished Goods Warehouse to customers • Periodic inventory count • Inventory transfer • Inventory adjustments (e.g. stock variances, stocks issued for own use, downgrades, goods return, goods exchange etc.) • Environment Quality Act 1975 including Regulations, Rules and Orders as well as guidelines issued by the Department of Environment (DoE). 2. To ensure compliance with policies and procedures & authority limits.

- 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 period ended 31 December 2021 was RM18,000.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) 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 Management and Internal Control which has been prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

BOARD RESPONSIBILITIES

The Board has overall responsibility in maintaining an appropriate system of risk management and internal control in the Group. Thus, 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 enhance 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 reliable and robust.

Nonetheless, the Board wishes to point out that all risk management systems and systems of internal control could only mitigate 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 and reliable 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.

Principal risks are continuously identified and incorporated into the risk register. Risk rating is placed on each risk identified with guidance of a matrix of possibility of occurrence and the associated impacts. Financial and non-financial consequences are duly considered. Owners of these risk factors will steer the risk mitigation measures towards achieving an acceptable risk tolerance.

The active subsidiary of the Group has ISO 9001:2015, ISO 13485:2016, EN ISO 13485:2016 accredited by BSI certification body and Regulation (EU)2016/425 accredited by SGS certification body 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 can respond 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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

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:

(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 is monitoring and minimise the exposure to default. Credit evaluations are performed on all customers requiring credit terms.

(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 Auditors 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 Auditors is independent of the operational and management activities they audit.

The Internal Auditors develops risk-based audit plans to determine the priorities of the internal audit activities, consistent with the Group's objectives and activities. The Internal Auditors 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 Auditors through its follow-up reviews.

During this financial period, the internal auditors have reviewed the internal processes on property, plant & equipment, production policies and procedures, procurement, inventory management and related party transactions.

In addition, the Internal Auditors have reviewed the key management register framework and assist in identifying the inherent risk factors from business operations. The rating process is guided by the matrix of likelihood of occurrence and associated impacts of which both financial and non-financial consequences are duly considered. The Internal Auditors summarises the risk identified in the risk register and individually rated as "high" and "significant" in nature will be further assessed and considered for continuous monitoring.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

Apart from risk management and internal control function, the other key elements of the group internal control systems are as follows:

- Company policy and procedures that adhere to ISO 9001:2015 and ISO 13485:2016 management systems are in place and reviewed annually for their effectiveness.
- Whistleblowing policy in place to channel for facilitating whistleblowing process and safeguard the whistleblower.
- Organisational structure with clearly defined delegation of responsibility and accountability. Appropriate authority is established for the approval process.
- Management meeting held to provide timely and comprehensive information for monitoring the performance against strategic and operational plan.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the period from 1 February 2021 to 31 December 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on the Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board has received assurance from the Group Chief Executive Officer ("GCEO") 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 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. The Group prides itself as a corporate socially responsible company and has always strives to achieve a balance between economic and social responsibility. These include working within the law to be innovative and demonstrating initiative to meet the requirements of various stakeholders and other interest persons in this area.

ECONOMIC

- **Process and Resources Efficiency**

We are actively investing in automation and robotic in our plants to remain cost competitive, environmentally friendly, and efficient. With central monitoring system, we are able to keep track and gather data on real time basis. With retrofitting the latest automated stripping and stacking equipment, it further eliminate dependency of human labour process. With these, resources planning, and energy consumption can be optimised throughout the entire manufacturing process.

We are committed to continuous process improvement to achieve optimal operating efficiency. Through materials and resources management, we can maximise cost saving without compromising quality and environmental expectations.

- **Our customer & product development**

The Group always aim to be a knowledgeable and supportive partner on sustainability to our customers. We interact with customers with a deep understanding of our responsibility for safeguarding our customers' brand. Our operation team work closely with customers to co-develop product, supply chain solution, and explore new production methodology that bring greater satisfaction and value-added benefits to customers. While we are working hard for customer retention, we are also aiming to grow our business together with our customers.

- **Our supplier**

Our goal is to achieve responsible sourcing by building strong and resilient partnership with suppliers and customers, for protecting our customers and our reputation as well as to mitigate risks and issues linked to raw material supply chain.

- **Investors**

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

To maximise the shareholder benefits, management always look out for opportunities that escalate the company growth for long term in responsible manner. With our Group's strong cash financial position and careful strategic planning, we are well positioned to seize any available opportunities to maximise shareholders' return while taking care of other stakeholders' interest.

ENVIRONMENT

- **Waste disposal**

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.

SUSTAINABILITY STATEMENT (Cont'd)

ENVIRONMENT (Cont'd)

- **Waste disposal** (Cont'd)

We have complied with Local Environmental Regulation by ensuring our Industrial Effluent System and Air Emission is within the limit specified. Our Scheduled Waste Management is in compliant with the provisions of local environmental law.

- **Energy saving**

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.

Besides, we are always exploring new technologies that help in reducing energy consumption.

SOCIAL

The Social compliance policy services a formal guide for the Group to uphold and protect human rights in accordance with local and international standards, including Malaysia Labour law, the UN Guiding Principles on Business and Human Rights, and the International Labour Organisation (ILO) 11 indicators of forced labour.

During this financial period, the Group has appointed leading auditor from Association of Professional Social Compliance Auditors (APSCA) to perform social compliance audit on the factory operations, internal process, and practices. In addition, the Group undertook of total nine internationally recognised audits to review matters which relate to social compliance.

- **Giving back to Community**

Looking after the community where we operate is a key emphasis for us with the aim to integrate ourselves into the local communities and contribute to their development.

We donated sundries and food supplies to underprivileged families' villages and flood victims at Matang area. We also sponsored electronic product, stationeries and other supplies for primary and secondary schools. In addition, we also contributed gloves to COVID-19 frontliners at Daerah Larut, Matang dan Selama.

- **Human Rights and Equal Opportunities**

The Group believing in protecting human rights and providing equal opportunity with no regards to nationality, race, religion, gender, and age.

Human Resource have countermeasures during the employment by screening the age using official identification document such as identity card or passport to ensure no underage (below age of 18) workers are recruited. We are also emphasised in strict adherence to the current policies and laws regulating foreign workers in Malaysia. All foreign workers must not be less than 18 years old and not more than 45 years during recruitment.

All workers are paid not less than the minimum rates dictated by Malaysian Laws for their working hours or overtime. We are strictly adhered to working days and working hours stipulated in Laws of Malaysia – Employment Act 1955. They are required to work for 8 hours with no forced on contractual overtime daily.

- **Non-discrimination on foreign workers**

All foreign workers are applied through Foreign Workers Integrated Management System (ePPAx) and Online Application for Employment of Foreign Workers (SPPA).

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (Cont'd)

- **Non-discrimination on foreign workers (Cont'd)**

The Group implemented Zero Recruitment Cost Policy to ensure foreign workers rights are being protected and not subjected to any unknown recruitment cost to agencies or fees to any third parties at any stage of the recruitment process. This aims to eliminate the risk of debt bonding on foreign workers which in line with the best social compliance and ILO indicators of Forced Labour,

The Group has established a remediation program to reimburse current employee who had joined the company prior to the implementation of Zero Recruitment Cost Policy and had previously paid recruitment fee to employment agents in source countries during the recruitment process.

During this financial period, the Group has engaged ELEVATE independent sustainability service provider to conduct third party assessment to investigate and validate the fees paid and evaluate the robustness of the remediation approach in comparison with industry standard.

The Group has completed the first batch of remediation of total payment of RM 4.1 million in recruitment fee to foreign workers in Oct 2021. The Group will disburse the balance of RM 4.9 million to the specific group of workers identified and scheduled the payment to be completed by end of April 2022. All repayments are completed within 3 months to align with best practice.

We have provided foreign workers' hostel in accordance to the guidelines on Minimum Standard of Accommodation. Hostels are ample with toilets for use. Beds and pillows are provided and free replaced when torn out. Hostel has been equipped with firefighting equipment, first aid box, water cooler for clean water etc. Fire drill also has been conducted at hostel.

During the financial period, the Group has invested RM 2.5 million in upgrading and expanding the foreign worker hostel facilities.

We do not take custody of passport of foreign workers and they are allowed to go back to their country freely for long holiday without putting any security deposit with the company. They are also allowed to end their contract without any penalty imposed.

- **Safety and Health**

To provide employees with more convenient means of addressing health needs, we have established an in-house medical clinic in Matang factory. During this financial period, the Group has spent RM 1.5 million on medical fee and equipment which included Covid-19 screening test for our employees. The Company has also arranged on-site Covid-19 vaccinations for those employees on voluntarily basis.

We comply with current health and safety legislations with objective of ensuring that all reasonable and proper measures are taken to protect the safety and health of employees. We have provided all the workers with Personal Protective Equipment (PPE) and trained them on how to use all PPE equipment correctly. We also make sure chemical exposure monitoring, noise monitoring, audiometry test, chemical exposure, chemical health risk assessment and other safety inspections were conducted.

Factories and machineries are inspected and certified by Department of Occupational and Safety and Health (DOSH). During recent annual workplace inspection, we were accorded a Grade A scoring. We also joined Systematic Occupational Health Enhancement Level Programme (SoHELP) conducted by DOSH and achieved Level 4 (High) result.

We have our own Safety & Health Policy to be followed and practised by all the employees. Workers also involved in company safety programmes and trainings such as fire drills, chemical spillage handling, chlorine safety handling, first aider training, forklift driving training and fire evacuation training.

Emergency Response Team (ERT) is ready to help and assist everyone in case of emergency. Besides, we also trained chlorine team to handle chlorine leakage at factory if any. Fixed and portable chlorine detector have been installed.

SUSTAINABILITY STATEMENT (Cont'd)

MOVING FORWARD

Based on Bursa's August 2021 Sustainability Disclosure Review, we plan to change our approach in sustainability but making it more all-encompassing through various means including:

- staff briefings.
- dialogue with internal and external stakeholders.
- providing and maintaining our Groups' sustainability statement and updating news on the various initiatives we embark on a reward system for staff that propose beneficial improvements.

EVENT HIGHLIGHTS

**Contribution of
Advanced Teaching
Aid to Schools**



**Contribution
Sundries bags
for Hujung
Matang village**



**SOCSCO's Road
Accident Prevention
Advocacy Program**



**Contribution
Sundries bags
during Bulan Puasa
at Kg Hujung
Matang /Kg Boyan**



**Contribution
Sundries bags
during Deepavali**



ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the financial period ended 31 December 2021.

Details of the Recurrent Related Party Transactions (“RRPT”)

There was no RRPT during the financial period.

Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from any corporate proposal during the financial period ended 31 December 2021.

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 period.

Auditors’ Remuneration

The auditors’ remuneration of the Group and of the Company for the financial period ended 31 December 2021 is as follows:

	Group RM	Company RM
Audit Fees	232,000	115,000
Non-Audit Fees	22,000	15,000
	<u>254,000</u>	<u>130,000</u>

Material Contracts and Contract Relating to Loan awarded to Directors, Chief Executive and Major 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 major shareholders entered into since the end of the previous financial year except where the Company, had on 9 March 2022, entered into a conditional share purchase agreement (“SPA”) with the following parties: (i) CN Lau & Sons. Sdn. Bhd.; (ii) HN Lau & Sons. Sdn. Bhd.; (iii) Lau Joo Yong; (iv) Puan Sri Goh Kim Kooi; and (v) LTN Resources Sdn. Bhd. (collectively, referred to as the “Vendors”) for the acquisition of 100,000 ordinary shares in Goldhill Melody Sdn. Bhd (“GMSB”) (“Sale Shares”) from the Vendors for a total cash consideration of RM25,750,000 (“Purchase Consideration”), subject to the terms and conditions of the SPA (“Proposed Acquisition”).

ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

Material Contracts and Contract Relating to Loan awarded to Directors, Chief Executive and Major Shareholders (Cont'd)

None of the Directors and/or major shareholders of CGB and/or persons connected to them have any interests, direct or indirect, in the Proposed Acquisition except: -

- (i) Tan Sri Dato' Lau Eng Guang, the Executive Chairman and major shareholder of CGB through Keen Setup Sdn Bhd, is also the major shareholder of GMSB through his indirect shareholdings via his wife, Puan Sri Goh Kim Kooi and son, Lau Joo Yong;
- (ii) Lau Joo Yong, the Group Chief Executive Officer of CGB and son to Tan Sri Dato' Lau Eng Guang, is also a shareholder of GMSB;
- (iii) Lau Joo Pern, an Executive Director of CGB and nephew to Tan Sri Dato' Lau Eng Guang; and
- (iv) Puan Sri Goh Kim Kooi, is the wife of Tan Sri Dato' Lau Eng Guang and major shareholder of CGB through her shareholdings in Keen Setup Sdn Bhd.

(collectively, Tan Sri Dato' Lau Eng Guang, Lau Joo Yong and Lau Joo Pern are referred to as the "Interested Directors")

DIRECTORS' RESPONSIBILITY STATEMENT

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

The Board is satisfied that in preparing the financial statements of the Company and the Group as at 31 December 2021, the Company and Group have used appropriate accounting policies and applied them consistently and prudently.

DIRECTORS' REPORT

For the period from 1 February 2021 to 31 December 2021

The Directors have pleasure in submitting the report and the audited financial statements of the Company for the financial period from 1 February 2021 to 31 December 2021.

PRINCIPAL ACTIVITIES

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

CHANGE OF FINANCIAL YEAR END

On 26 November 2021, the Company announced that the Board of Directors approved the change of the Company's financial year end from 31 January to 31 December. The current audited financial statements of the Company and of the Group are for a period of eleven (11) months, made up from 1 February 2021 to 31 December 2021. Thereafter, the subsequent financial years of the Company and of the Group shall end on 31 December.

SUBSIDIARIES

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

RESULTS

	Group RM	Company RM
Profit for the period attributable to:		
Owners of the Company	<u>421,519,097</u>	<u>111,296,372</u>

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial period under review.

DIRECTORS' REPORT (Cont'd)

For the period from 1 February 2021 to 31 December 2021

DIVIDEND

Since the end of the previous financial year, the amount of dividends declared and paid by the Company were as follows:

- (i) In respect of the financial year ended 31 January 2021 as reported in the Directors' Report of that year:
 - a second single tier interim dividend of 1.50 sen per ordinary share totalling RM8,744,238 declared on 15 March 2021 and paid on 13 April 2021; and
 - a special dividend of 3.50 sen per ordinary share totalling RM20,403,220 declared on 15 March 2021 and paid on 13 April 2021.
- (ii) In respect of the financial period ended 31 December 2021.
 - a first interim dividend of 4.00 sen per ordinary share totalling RM23,217,722 declared on 21 June 2021 and paid on 22 July 2021; and
 - a second interim dividend of 2.00 sen per ordinary share totalling RM11,608,861 declared on 21 September 2021 and paid on 22 October 2021.

The Directors do not recommend any final dividend to be paid for the financial period under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial period until the date of this report are:

Lau Joo Yong^
Lau Joo Pern^
Ng Seik Wah
Khoo Chie Yuan
Tan Sri Dato' Lau Eng Guang^ (Appointed on 5 March 2021)
Lum Dick Son (Appointed on 9 April 2021)
Sean Kar Seng Cheang^ (Resigned on 31 March 2021)
Chan Seng Fatt (Resigned on 31 March 2021)
Cheang Phoy Ken^ (Resigned on 30 April 2021)

^ Directors of the Company and certain subsidiaries

DIRECTORS OF THE SUBSIDIARIES

Pursuant to Section 253 (2) of the Companies Act 2016 in Malaysia, the list of directors of the subsidiaries (excluding directors who also Directors of the Company) in office during the financial period and up to the date of this report are as follows:

Lau Joo Kien Brian
Mohd Roslan Bin Yaacob

DIRECTORS' REPORT (Cont'd)

For the period from 1 February 2021 to 31 December 2021

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interest in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial period end (including the interests of the spouse and children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.2.2021 / Date of appointment	Number of ordinary shares		
		Transfer In / Bought	Transfer Out / Sold	At 31.12.2021
Direct interests in the Company				
Tan Sri Dato' Lau Eng Guang	23,402,100	11,104,900	(21,000,000)	13,507,000
Lau Joo Yong	21,000,000	-	(21,000,000)	-
Indirect interests in the Company				
Tan Sri Dato' Lau Eng Guang#	125,100,050	8,600,000	(5,500,000)	128,200,050

	At 1.2.2021 / Date of appointment	Number of warrants			
		Issued	Bought	Sold	At 31.12.2021
Direct interests in the Company					
Tan Sri Dato' Lau Eng Guang	-	10,352,100	-	(10,352,100)	-
Indirect interests in the Company					
Tan Sri Dato' Lau Eng Guang#	-	44,549,515	-	(27,197,015)	17,352,500

Shares and warrants held through spouse, children and Keen Setup Sdn. Bhd.

By virtue of his interest in the shares of the Company, Tan Sri Dato' Lau Eng Guang is also deemed interested in the shares of the subsidiaries during the financial period to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at 31 December 2021 had any interest in ordinary shares or debentures of the Company and its related corporations during the financial period.

DIRECTORS' REPORT (Cont'd)

For the period from 1 February 2021 to 31 December 2021

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial period which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, apart from the issuance of the warrants by the Company.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial period.

There were no debentures issued during the financial period.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial period apart from the issue of warrants and establishment and implementation of an employees' share scheme ("ESS").

- (i) On 29 June 2021, the Company issued 174,132,762 free warrants on the basis of three (3) free warrant for every ten (10) existing ordinary shares. The warrants are constituted by a Deed Poll dated 10 June 2021 and were listed on Bursa Malaysia Securities Berhad on 6 July 2021.

The main feature of the warrants are as follows:

- (a) each warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, which has been fixed at RM2.30 per share, subject to adjustment in accordance with the provisions of the Deed Poll.
- (b) the warrants are valid for exercise for a period of five (5) years from the issue date, and may be exercised at any time on or after the issue date, until the expiry date on 26 June 2026. Any warrants not exercised by its expiry date shall thereafter lapse and cease to be valid.

There were no warrants exercised during the financial period.

- (ii) At an extraordinary general meeting held on 18 May 2021, the Company's shareholders approved the establishment of an ESS of not more than 15% of the total number of Issued Shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESS for eligible Employees and Directors of the Company (excluding subsidiary companies which are dormant).

The salient features of the ESS scheme are, inter alia, as follows:

- (a) The maximum number of shares grant and ESS option which may be made available under the ESS shall not exceed 15% of the total number of issued shares of the Group (excluding treasury shares, if any) during the duration of the ESS period.

DIRECTORS' REPORT (Cont'd)

For the period from 1 February 2021 to 31 December 2021

OPTIONS GRANTED OVER UNISSUED SHARES (Cont'd)

- (ii) The salient features of the ESS scheme are, inter alia, as follows: (Cont'd)
- (b) Any Directors (including non-executive Directors) or employee of a company in the Group (excluding the subsidiaries which are dormant), who have attained the age of 18 years and hold the designated job grade or rank/position of a non-dormant company within the Group at the Offer Date will be eligible for consideration and selection as a Participant by the ESS Committee.
 - (c) The aggregate maximum number of shares grant and ESS option that may be granted to a selected person will be determined entirely at the discretion of the ESS Committee, provided that certain criteria to be met as stipulated in ESS.
 - (d) The Company has, on 2 July 2021 ("Effective Date"), implemented the ESS. The ESS will be in force for a period of 5 years and may be extended for up to another 5 years immediately from the expiry of the first 5 years, but will not in aggregate exceed 10 years from the Effective Date.
 - (e) A participant who is an eligible non-executive director must not sell, transfer or assign the shares obtained through the exercise of ESS within one (1) year from the date of the offer. No other retention period unless stipulated in the offer.
 - (f) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the preceding the date of offer.
 - (g) The option granted to eligible person will lapse when they are no longer in employment with the Group, in bankruptcy or any circumstances prescribed by the ESS Committee.
 - (h) A Grantee shall not be entitled to any dividends, rights, allotments and/or other distribution declared, made or paid to shareholders on this unexercised Options.

There were no ESS allotted to the eligible Directors and Employees of the Company during the financial period.

INDEMNITY AND INSURANCE COSTS

During the financial period, the total amount of indemnity sum insured and premium paid for Directors and Officers of the Company and its subsidiaries are RM10,000,000 and RM18,000 respectively. There is no indemnity given to or insurance effected for auditors of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT (Cont'd)

For the period from 1 February 2021 to 31 December 2021

OTHER STATUTORY INFORMATION (Cont'd)

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial period.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial period ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

SUBSEQUENT EVENT

The details of event subsequent to the end of financial period is disclosed in Note 29 to the financial statements.

DIRECTORS' REPORT (Cont'd)

For the period from 1 February 2021 to 31 December 2021

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
LAU JOO YONG

Director

.....
LAU JOO PERN

Director

Kuala Lumpur

Date: 8 April 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Company	
		31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Assets					
Property, plant and equipment	3	427,561,986	358,793,138	257,875	18,315,191
Intangible assets		22,211	22,211	-	-
Right-of-use assets	4	13,651,200	14,019,202	-	-
Investment in subsidiaries	5	-	-	176,950,005	175,950,003
Other receivables	6	-	-	81,350,000	84,350,000
Total non-current assets		441,235,397	372,834,551	258,557,880	278,615,194
Inventories	7	198,204,936	120,221,461	-	-
Trade and other receivables	6	140,637,550	159,776,926	8,459,565	3,871,687
Prepayments		4,328,356	9,201,992	-	41,844
Tax recoverable		60,555,768	-	684,677	576,832
Derivative financial assets	8	377,829	224,604	-	-
Other investments	9	112,891,229	22,582,327	36,708,176	2,078,496
Cash and cash equivalents	10	221,348,252	101,983,404	6,490,875	1,769,242
		738,343,920	413,990,714	52,343,293	8,338,101
Assets classified as held for sale	11	-	-	17,956,501	-
Total current assets		738,343,920	413,990,714	70,299,794	8,338,101
Total assets		1,179,579,317	786,825,265	328,857,674	286,953,295
Equity					
Share capital	12.1	142,985,383	142,985,383	142,985,383	142,985,383
Treasury shares		(4,771,408)	-	(4,771,408)	-
Other reserves	12.2	11,319,230	11,319,230	11,319,230	11,319,230
Revaluation reserve	12.3	18,597,207	19,216,275	5,020,001	5,202,072
Retained earnings		766,816,007	408,651,883	172,332,319	124,827,917
Total equity		934,946,419	582,172,771	326,885,525	284,334,602

STATEMENTS OF FINANCIAL POSITION (Cont'd)

As at 31 December 2021

	Note	Group		Company	
		31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Liabilities					
Loan and borrowings	13	13,990,715	16,566,896	-	-
Deferred tax liabilities	14	30,396,375	28,285,012	929,417	986,912
Total non-current liabilities		44,387,090	44,851,908	929,417	986,912
Loan and borrowings	13	80,862,799	38,382,062	-	-
Trade and other payables	15	84,894,600	75,529,431	1,042,732	1,631,781
Contract liabilities	16	7,899,395	25,717,033	-	-
Tax payable		26,589,014	20,172,060	-	-
Total current liabilities		200,245,808	159,800,586	1,042,732	1,631,781
Total liabilities		244,632,898	204,652,494	1,972,149	2,618,693
Total equity and liabilities		1,179,579,317	786,825,265	328,857,674	286,953,295

The notes on pages 66 to 135 are an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December 2021

	Note	Group		Company	
		01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Revenue	17	1,390,655,377	946,447,305	112,876,056	1,200,000
Cost of sales		(708,909,326)	(539,349,375)	-	-
Gross profit		681,746,051	407,097,930	112,876,056	1,200,000
Other income		11,156,122	137,189	1,325,072	91,609,999
Selling and marketing expenses		(17,727,708)	(8,228,050)	-	-
Administrative expenses		(132,373,105)	(33,432,948)	(6,352,644)	(4,527,710)
Net impairment loss on financial instruments		(4,322,946)	(96,816)	(32,743)	-
Results from operating activities		538,478,414	365,477,305	107,815,741	88,282,289
Finance income	18	1,814,619	610,084	3,423,136	3,582,377
Finance costs	19	(1,125,149)	(2,770,561)	-	-
Profit before tax	20	539,167,884	363,316,828	111,238,877	91,864,666
Taxation	21	(117,648,787)	(83,093,600)	57,495	62,723
Profit and total comprehensive income for the period/year		421,519,097	280,223,228	111,296,372	91,927,389
Earnings per ordinary share (sen)					
Basic	22	72.56	48.07		
Diluted	22	72.56	48.07		

The notes on pages 66 to 135 are an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the period ended 31 December 2021

	Attributable to owners of the Company						Total equity RM
	Share capital RM	Treasury shares RM	Other reserve RM	Revaluation reserve RM	Retained profit RM	Distributable RM	
Group							
At 1 February 2020	142,985,383	-	11,319,230	19,891,622	136,497,546	310,693,781	
Profit for the year	-	-	-	-	280,223,228	280,223,228	
Realisation of revaluation reserve	-	-	-	(675,347)	675,347	-	
Total comprehensive income for the year	-	-	-	(675,347)	280,898,575	280,223,228	
Dividends paid	-	-	-	-	(8,744,238)	(8,744,238)	
At 31 January 2021/1 February 2021	142,985,383	-	11,319,230	19,216,275	408,651,883	582,172,771	
Profit for the period	-	-	-	-	421,519,097	421,519,097	
Realisation of revaluation reserve	-	-	-	(619,068)	619,068	-	
Total comprehensive income for the period	-	-	-	(619,068)	422,138,165	421,519,097	
Shares repurchased	(4,771,408)	-	-	-	-	(4,771,408)	
Dividends paid	-	-	-	-	(63,974,041)	(63,974,041)	
Transactions with owners for the period	(4,771,408)	-	-	-	(63,974,041)	(68,745,449)	
At 31 December 2021	142,985,383	(4,771,408)	11,319,230	18,597,207	766,816,007	934,946,419	

Note 12.1

Note 12.2

Note 12.3

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the period ended 31 December 2021

	Attributable to owners of the Company						Total equity RM
	Share capital RM	Treasury shares RM	Other reserve RM	Revaluation reserve RM	Retained profit RM	Distributable RM	
Company							
At 1 February 2020	142,985,383	-	11,319,230	5,400,695	41,446,143	201,151,451	
Profit for the year	-	-	-	-	91,927,389	91,927,389	
Realisation of revaluation reserve	-	-	-	(198,623)	198,623	-	
Total comprehensive income for the year	-	-	-	(198,623)	92,126,012	91,927,389	
Dividends paid	-	-	-	-	(8,744,238)	(8,744,238)	
At 31 January 2021/1 February 2021	142,985,383	-	11,319,230	5,202,072	124,827,917	284,334,602	
Profit for the period	-	-	-	-	111,296,372	111,296,372	
Realisation of revaluation reserve	-	-	-	(182,071)	182,071	-	
Total comprehensive income for the period	-	-	-	(182,071)	111,478,443	111,296,372	
Shares repurchased	-	(4,771,408)	-	-	-	(4,771,408)	
Dividends paid	-	-	-	-	(63,974,041)	(63,974,041)	
Transactions with owners for the period	-	(4,771,408)	-	-	(63,974,041)	(68,745,449)	
At 31 December 2021	142,985,383	(4,771,408)	11,319,230	5,020,001	172,332,319	326,885,525	
	Note 12.1		Note 12.2		Note 12.3		

The notes on pages 66 to 135 are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the period ended 31 December 2021

	Group		Company	
	01.02.2021 to 31.12.2021 Note	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Cash flows from operating activities				
Profit before tax	539,167,884	363,316,828	111,238,877	91,864,666
<i>Adjustments for:</i>				
Bad debts written off	1,102,440	96,816	32,743	-
Allowance for doubtful debts	3,220,506	-	-	-
Depreciation of right-of-use assets	368,002	348,963	-	-
Interest expense	1,125,149	2,770,561	-	-
Interest income	(1,814,619)	(610,084)	(3,423,136)	(3,582,377)
Net fair value (gain)/loss on derivatives	(153,225)	64,697	-	-
Net fair value loss on other investments	508,044	-	146,699	-
Property, plant and equipment:				
- Loss/(gain) on disposal	50,544	(29,608)	-	-
- depreciation	37,230,914	27,311,685	817,591	682,054
- written off	13,183	348,689	-	-
Reversal of impairment loss on:				
- investment in a subsidiary	-	-	-	(90,299,999)
Inventories written down	13,262,411	-	-	-
Inventories written off	4,216,530	-	-	-
Unrealised (gain)/loss on foreign exchange	(4,142,188)	3,018,000	-	-

STATEMENTS OF CASH FLOWS (Cont'd)

For the year ended 31 December 2021

	Group		Company	
	01.02.2021 to 31.12.2021 Note	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Operating profit/(loss) before working capital changes	594,155,575	396,636,547	108,812,774	(1,335,656)
Changes in working capital:				
Inventories	(95,462,416)	(55,741,308)	-	-
Receivables	16,078,926	(54,272,958)	-	(21,826)
Prepayments	4,873,636	(3,563,416)	41,844	(41,044)
Payables	9,352,460	12,656,418	(589,049)	1,067,686
Net payment (to)/from subsidiaries	-	-	(4,620,621)	4,283,151
Contract liabilities	(17,817,638)	24,726,089	-	-
Cash from operations	511,180,543	320,441,372	103,644,948	3,952,311
Income tax paid	(170,112,974)	(57,980,262)	(107,845)	(168,358)
Income tax refunded	436,566	822	-	-
Interest paid	(43)	(4,688)	-	-
Interest received	350,431	402,653	5,691	34,880
Net cash from operating activities	341,854,523	262,859,897	103,542,794	3,818,833
Cash flows from investing activities				
Purchase of property, plant and equipment	(106,084,487)	(129,444,877)	(716,776)	(5,484,125)
Proceeds from disposal of property, plant and equipment	20,998	341,500	-	-
Additions to other investments	(90,816,946)	(20,638,431)	(34,776,379)	(1,053,498)
Interest income from other investments	1,464,188	207,431	324,612	53,497
Repayment of loans by a subsidiary	-	-	3,000,000	3,000,000
Interest income from a subsidiary	-	-	3,092,833	3,494,000
Net cash (used in)/from investing activities	(195,416,247)	(149,534,377)	(29,075,710)	9,874

STATEMENTS OF CASH FLOWS (Cont'd)

For the year ended 31 December 2021

	Group		Company	
	01.02.2021 to 31.12.2021 Note	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Cash flows from financing activities				
Repurchase of treasury shares	(4,771,408)	-	(4,771,408)	-
Investment in subsidiaries	-	-	(1,000,002)	-
Net changes in bill payables	42,267,905	(18,303,436)	-	-
Repayment of term loans	(2,563,000)	(12,472,705)	-	-
Repayment of lease liability (a)	(12,739)	(4,001)	-	-
Dividends paid	(63,974,041)	(8,744,238)	(63,974,041)	(8,744,238)
Interest paid	(1,125,106)	(2,765,873)	-	-
Net cash used in financing activities	(30,178,389)	(42,290,253)	(69,745,451)	(8,744,238)
Net increase/(decrease) in cash and bank balances	116,259,887	71,035,267	4,721,633	(4,915,531)
Effect of exchange rate fluctuations	3,104,961	(1,972,308)	-	-
Cash and bank balances at beginning of the period/year	101,983,404	32,920,445	1,769,242	6,684,773
Cash and bank balances at end of the period/year	10 221,348,252	101,983,404	6,490,875	1,769,242

STATEMENTS OF CASH FLOWS (Cont'd)

For the year ended 31 December 2021

(a) Cash outflows for leases as a lessee

	Group		Company	
	01.02.2021 to 31.12.2021	01.02.2020 to 31.01.2021	01.02.2021 to 31.12.2021	01.02.2020 to 31.01.2021
Note	RM	RM	RM	RM
Included in net cash from operating activities				
Payment relating to short-term lease	(2,141,998)	(1,844,124)		
Payment relating to low-value assets	(32,680)	(44,070)	-	-
	(2,174,678)	(1,888,194)		
Included in net cash used in financing activities				
Repayment of lease liability	(12,739)	(4,001)	-	-
Interest paid in relation to lease liability	(31,262)	(2,842)	-	-
Total cash outflows for leases	(2,218,679)	(1,895,037)	-	-

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Term loans RM	Bill payables RM	Lease liabilities RM	Total liabilities from financing activities RM
Group				
At 1 February 2020	30,819,899	53,616,269	-	84,436,168
Net changes from financing cash flow	(12,472,705)	(18,303,436)	(4,001)	(30,780,142)
Acquisition of new lease	-	-	1,033,640	1,033,640
Foreign exchange movement	-	259,292	-	259,292
At 31 January 2021/ 1 February 2021	18,347,194	35,572,125	1,029,639	54,948,958
Net changes from financing cash flow	(2,563,000)	42,267,905	(12,739)	39,692,166
Foreign exchange movement	-	212,390	-	212,390
At 31 December 2021	15,784,194	78,052,420	1,016,900	94,853,514

The notes on pages 66 to 135 are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Comfort Gloves Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Lot. 821, Jalang Matang
34750 Matang
Taiping
Perak Darul Ridzuan

Registered office

55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan

The consolidated financial statements of the Company as at and for the period ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the period ended 31 December 2021 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 8 April 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts* – Initial application of MFRS 17 and MFRS 9 – *Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements* – *Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* – *Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes* – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures* – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for Amendments to MFRS 1 and MFRS 141 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1. BASIS OF PREPARATION

(d) Use of estimates and judgements (Cont'd)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Expected credit loss for trade receivables

Allowance for doubtful debts is made by an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. A considerable amount of judgement is required in assessing the loss rates, which are based on actual credit loss experience. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

(ii) Valuation of inventories

The cost of inventories comprises 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 Group's judgement is required to estimate the cost of finished goods and work-in-progress which comprise the cost of raw materials, direct labour and the appropriate allocation of overheads based on normal production capacity.

The Group write down the inventories based on the assessment of their estimated net realisable value. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The assessment requires judgement in determining the level of inventories written down.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the 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.

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.

(iii) Loss of control

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 surplus or deficit 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 equity-accounted investee or as a financial asset depending on the level of influence retained.

(iv) 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.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a financing component is initially measured at the transaction price.

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note (k)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Fair value through profit or loss (Cont'd)

All financial assets except for those measured at fair value through profit or loss are subject to impairment assessment (see Note (k)(i)).

Financial liabilities

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

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) 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.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(iv) 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 guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, 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 of the financial asset and the sum of 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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land, factory and office buildings are measured at valuation less any accumulated depreciation and any accumulated impairment losses. Other items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

The Group revalues its freehold land, factory and office buildings every five (5) years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to their revaluation are stated in the financial statements at costs until the next revaluation exercise.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surpluses reserve are transferred to retained earnings.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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 plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "administrative expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Freehold land is not depreciated. Plant and equipment under construction are not depreciated until the asset are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

The estimated depreciation annual rates for the current and comparative periods are as follows:

	Current period	Comparative period
• Factory and office buildings	5%	5%
• Infrastructure	10%	10%
• Plant, machinery and formers	5% - 50%	5% - 33.33%
• Motor vehicles	10% - 16%	10% - 16%
• Office equipment, furniture and fittings	8% - 50%	8% - 50%

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

During the financial period, the Group revised the depreciation annual rates of formers from 25% to 50% to better reflect its current useful lives. An additional depreciation of RM5,251,113 has been recognised during the financial period following changes in the accounting estimates.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are a lessee, they have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases (Cont'd)

(ii) Recognition and initial measurement

As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group entities incremental borrowing rate. Generally, the respective Group entities' use their incremental borrowing rate as the discount rate. The Group has presented lease liabilities within loans and borrowings.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change their assessment of whether they will exercise a purchase, extension or termination option.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases (Cont'd)

(iii) Subsequent measurement (Cont'd)

As a lessee (Cont'd)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

COVID-19-Related Rent Concessions

The Group and the Company have applied Amendment to MFRS 16, *Leases — COVID-19-Related Rent Concessions*. The Group and the Company apply the practical expedient allowing them not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications.

The changes in lease payments arising from rent concessions to which the Group and the Company have applied the practical expedient for COVID-19-related rent concessions are recognised in profit or loss.

(f) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

(ii) Amortisation

Goodwill are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note (k)(i)).

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Cash and bank balances

Cash and bank balances consist of cash on hand and balances with banks and which is used by the Group and the Company in the management of their short-term commitments.

(j) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale or distribution to owners rather than continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal. Property, plant and equipment once classified as held for sale or distribution are not depreciated.

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt security that are determined to have low credit risk at the reporting date, and cash and bank balance, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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 historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events 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.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and assets held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units 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 cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the 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. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

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

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Revenue and other income (Cont'd)

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(o) Government grants

Government grants are recognised when there is a reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

Grants that compensate the Group for expenses incurred are recognised initially as deferred income and recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(p) Borrowing cost

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 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax 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.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Income tax (Cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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, which comprise convertible notes and share options granted to employees.

(s) 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. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Fair value measurements

Fair value of an asset or a liability, except for 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 asset 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 the Group and the Company can access 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.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

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
Cost/valuation								
At 1 February 2020	26,231,507	50,180,465	2,233,653	264,012,223	2,400,303	7,061,935	29,453,344	381,573,430
Additions	1,987,824	9,818,265	569,933	39,545,023	1,513,286	1,200,280	74,810,266	129,444,877
Transfer	-	966,001	2,076,020	32,735,849	-	-	(35,777,870)	-
Disposal	-	(228,251)	-	(744,146)	(395,511)	-	-	(1,367,908)
Written off	-	-	-	(74,605,288)	-	(269,076)	(82,440)	(74,956,804)
At 31 January 2021/ 1 February 2021	28,219,331	60,736,480	4,879,606	260,943,661	3,518,078	7,993,139	68,403,300	434,693,595
Additions	4,296,507	3,091,643	946,178	16,852,776	3,168,276	2,195,238	75,533,869	106,084,487
Transfer	-	8,700,734	267,090	83,274,628	-	768,921	(93,011,373)	-
Disposal	-	-	-	(1,077,264)	(85,199)	-	-	(1,162,463)
Written off	-	-	-	(2,563,705)	-	-	-	(2,563,705)
At 31 December 2021	32,515,838	72,528,857	6,092,874	357,430,096	6,601,155	10,957,298	50,925,796	537,051,914

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. 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
Depreciation								
At 1 February 2020	-	3,939,042	757,496	115,130,356	1,053,904	3,372,105	-	124,252,903
Depreciation for the year	-	3,036,573	428,500	22,582,407	334,577	929,628	-	27,311,685
Disposals	-	(225,556)	-	(655,117)	(175,343)	-	-	(1,056,016)
Written off	-	-	-	(74,358,095)	-	(250,020)	-	(74,608,115)
At 31 January 2021/ 1 February 2021	-	6,750,059	1,185,996	62,699,551	1,213,138	4,051,713	-	75,900,457
Depreciation for the period	-	3,251,214	507,628	31,724,379	489,935	1,257,758	-	37,230,914
Disposals	-	-	-	(1,005,724)	(85,197)	-	-	(1,090,921)
Written off	-	-	-	(2,550,522)	-	-	-	(2,550,522)
At 31 December 2021	-	10,001,273	1,693,624	90,867,684	1,617,876	5,309,471	-	109,489,928

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. 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
Carrying amounts								
At 1 February 2020	26,231,507	46,241,423	1,476,157	148,881,867	1,346,399	3,689,830	29,453,344	257,320,527
At 31 January 2021/ 1 February 2021	28,219,331	53,986,421	3,693,610	198,244,110	2,304,940	3,941,426	68,403,300	358,793,138
At 31 December 2021	32,515,838	62,527,584	4,399,250	266,562,412	4,983,279	5,647,827	50,925,796	427,561,986

Company	Freehold land RM	Factory buildings RM	Infrastructure RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in- progress RM	Total RM
Cost/valuation							
At 1 February 2020	6,900,000	7,103,727	190,000	300,417	-	-	14,494,144
Additions	-	5,484,125	-	-	-	-	5,484,125
At 31 January 2021/ 1 February 2021	6,900,000	12,587,852	190,000	300,417	-	-	19,978,269
Additions	-	-	76,563	-	46,000	594,213	716,776
Transfer	-	272,700	-	-	-	(272,700)	-
Transfer to assets held for sale	(6,900,000)	(12,860,552)	(266,563)	-	-	(321,513)	(20,348,628)
At 31 December 2021	-	-	-	300,417	46,000	-	346,417

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

Company	Freehold land RM	Factory buildings RM	Infrastructure RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in- progress RM	Total RM
Depreciation							
At 1 February 2020	-	846,482	104,500	30,042	-	-	981,024
Depreciation for the year	-	633,013	19,000	30,041	-	-	682,054
At 31 January 2021/ 1 February 2021	-	1,479,495	123,500	60,083	-	-	1,663,078
Depreciation for the period	-	771,716	17,416	27,539	920	-	817,591
Transfer to assets held for sale	-	(2,251,211)	(140,916)	-	-	-	(2,392,127)
At 31 December 2021	-	-	-	87,622	920	-	88,542
Carrying amounts							
At 1 February 2020	6,900,000	6,257,245	85,500	270,375	-	-	13,513,120
At 31 January 2021/ 1 February 2021	6,900,000	11,108,357	66,500	240,334	-	-	18,315,191
At 31 December 2021	-	-	-	212,795	45,080	-	257,875

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.1 Assets pledged as security

Freehold land, factory and office buildings of the Group with total carrying amount of RM23,694,925 (31.01.2021: RM24,327,506) have been pledged as security to secure term loans and credit facilities of the Group as disclosed in Note 12 to the financial statements.

3.2 Capital work-in-progress

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

3.3 Revaluation of freehold land, factory and office buildings

The freehold land, factory and office buildings have been revalued by an external independent valuer in June 2018.

Valuation process applied by the Group and the Company

Fair value of the freehold land, factory and office buildings have been derived using the replacement cost method and the sales comparison method. The replacement cost method being the sum of the market value of the land for its existing use and the depreciated replacement cost (DRC) of the buildings and other improvements. The sales comparison method being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences.

Had the revalued assets been carried at historical cost less accumulated depreciation, the net carrying amount of the revalued assets that would have been included in the financial statements at end of the financial period would be as follows:

Group	Cost RM	Accumulated depreciation RM	Net carrying amount RM
31.12.2021			
Freehold land	21,115,838	-	21,115,838
Factory and office buildings	70,706,482	(18,512,269)	52,194,213
	91,822,320	(18,512,269)	73,310,051
31.01.2021			
Freehold land	16,819,331	-	16,819,331
Factory and office buildings	58,914,105	(16,075,619)	42,838,486
	75,733,436	(16,075,619)	59,657,817

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.4 Revaluation of freehold land, factory and office buildings (Cont'd)

	Cost RM	Accumulated depreciation RM	Net carrying amount RM
Company			
31.12.2021			
Freehold land	3,300,000	-	3,300,000
Factory buildings	11,748,953	(3,513,503)	8,235,450
	15,048,953	(3,513,503)	11,535,450
31.01.2021			
Freehold land	3,300,000	-	3,300,000
Factory buildings	11,476,253	(2,981,354)	8,484,899
	14,776,253	(2,981,354)	11,794,899

4. RIGHT-OF-USE ASSETS

Group	Leasehold lands RM
Cost	
At 1 February 2020	13,681,557
Addition	1,030,798
At 31 January 2021/1 February 2021/31 December 2021	14,712,355
Depreciation	
At 1 February 2020	344,190
Depreciation for the year	348,963
At 31 January 2021/1 February 2021	693,153
Depreciation for the period	368,002
At 31 December 2021	1,061,155

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. RIGHT-OF-USE ASSETS (Cont'd)

Group	Leasehold lands RM
Carrying amounts	
At 1 February 2020	<u>13,337,367</u>
At 31 January 2021/1 February 2021	<u>14,019,202</u>
At 31 December 2021	<u>13,651,200</u>

The Group's leasehold lands have lease term ranging from 204 to 442 months. The leasehold land with carrying amount of RM12,677,669 (31.01.2021: RM12,993,177) has been pledged as security to secure bill payables facility of the Group as disclosed in Note 12 to the financial statements.

5. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2021 RM	31.01.2021 RM
Unquoted shares, at cost	187,806,007	186,806,005
Less: Impairment loss		
At beginning of year	(10,856,002)	(101,156,001)
Reversal of impairment loss for the year	-	90,299,999
At end of year	(10,856,002)	(10,856,002)
	176,950,005	175,950,003

In the previous financial year, the Company reversed an impairment loss previously provided for a subsidiary as the indication of impairment no longer exist.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest	
			31.12.2021 %	31.01.2021 %
Comfort Rubber Gloves Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of latex gloves	100	100
PBT Sdn. Bhd. ^(Note 1)	Malaysia	Dormant	100	100
I Quality Rubber Industries Sdn. Bhd.	Malaysia	Dormant	100	100
Pacewell Asia Sdn. Bhd.	Malaysia	Dormant	100	100
QMG Manufacturing Sdn. Bhd. ^(Note 2)	Malaysia	Dormant	100	-
Fruitful Achievement Sdn. Bhd. ^(Note 2)	Malaysia	Dormant	100	-
Subsidiaries of Comfort Rubber Gloves Industries Sdn. Bhd.				
Gallant Quality Sdn. Bhd.	Malaysia	Trading of latex gloves	100	100

Note 1: PBT Sdn Bhd has been struck off on 24 January 2022.

Note 2: QMG Manufacturing Sdn. Bhd. and Fruitful Achievement Sdn. Bhd. were incorporated on 2 June 2021 and 22 July 2021, respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Non-current					
Non-trade					
Amount owing by a subsidiary	(a)	-	-	81,350,000	84,350,000
Current					
Trade					
Trade receivables		141,597,185	158,047,522	-	-
Less: Impairment loss		(3,220,506)	-	-	-
	(b)	138,376,679	158,047,522	-	-
Non-trade					
Other receivables		1,237,818	21,826	21,826	21,826
Amount owing by subsidiaries	(c)	-	-	8,330,739	3,742,861
GST refundable		-	924,996	-	-
Deposits		1,023,053	782,582	107,000	107,000
		2,260,871	1,729,404	8,459,565	3,871,687
Total (current)		140,637,550	159,776,926	8,459,565	3,871,687
Total (non-current and current)		140,637,550	159,776,926	89,809,565	88,221,687

- (a) The non-current amount owing by a subsidiary represents advances to a subsidiary which are unsecured, subject to interest at 4% (31.01.2021: 4%) per annum with annual principal repayment of RM3,000,000 within a period of 31 years commencing from financial year 2019.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms range from 30 to 120 days (31.01.2021: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.
- (c) The current amount owing by subsidiaries is unsecured, interest free, repayable on demand and is expected to be settled by cash, except for an amount of RM3,000,000 (31.01.2021: RM3,000,000) which is subject to interest at 4% (31.01.2021: 4%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. INVENTORIES

	Group	
	31.12.2021 RM	31.01.2021 RM
At cost		
Finished goods	68,567,358	53,649,620
Work in progress	71,913,352	38,544,087
Raw materials	55,047,580	23,815,489
Packing materials	1,180,176	3,080,216
Consumables	467,109	102,688
Rights to recover returned goods	1,029,361	1,029,361
	<u>198,204,936</u>	<u>120,221,461</u>

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM501,997,678 (31.01.2021: RM346,038,786).

8. DERIVATIVE FINANCIAL ASSETS

	Group			
	31.12.2021		31.01.2021	
	Contract/ Notional amount RM	Assets RM	Contract/ Notional amount RM	Assets RM
Non-hedging derivative:				
Current				
Forward exchange contracts	<u>51,786,775</u>	<u>377,829</u>	<u>49,225,983</u>	<u>224,604</u>

The Group uses forward exchange contracts to manage some of the foreign currency exposures. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure.

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.

During the financial year, the Group recognised a gain of RM153,225 (31.01.2021: loss of RM64,697) arising from fair value changes of derivative. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. OTHER INVESTMENTS

	Group		Company	
	31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Investment in unit trusts	112,891,229	22,582,327	36,708,176	2,078,496
	112,891,229	22,582,327	36,708,176	2,078,496

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Cash on hand and bank balances	221,348,252	101,983,404	6,490,875	1,769,242
	221,348,252	101,983,404	6,490,875	1,769,242

11. ASSETS CLASSIFIED AS HELD FOR SALE

The freehold land, factory building, infrastructure and capital work-in-progress in relation to factory building amounting to RM17,956,501 is presented as assets held for sale following the commitment of the Company to transfer the assets to a subsidiary, QMG Manufacturing Sdn Bhd. Effort to transfer the assets have commenced and the transfer is expected to complete by end of year 2022.

	Company 31.12.2021 RM
Assets classified as held for sale	
Freehold land	6,900,000
Factory building	10,609,341
Infrastructure	125,647
Capital work-in-progress in relation to factory building	321,513
	17,956,501

The carrying value of the assets is the same as its net book value as at 31.12.2021 before it was reclassified to current assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. SHARE CAPITAL AND RESERVES

12.1 Share capital

	Group and company			
	31.12.2021		31.01.2021	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid shares with no par value classified as equity instruments:				
At 1 February/ 31 January/ 31 December	<u>582,949,143</u>	<u>142,985,383</u>	<u>582,949,143</u>	<u>142,985,383</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets

12.2 Other reserves

	Group and Company	
	31.12.2021 RM	31.01.2021 RM
Other reserve	<u>11,319,230</u>	<u>11,319,230</u>

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

12.3 Revaluation reserves

The revaluation reserve represents the surplus on revaluation of freehold land, factory and office buildings of the Group and of the Company, net at deferred tax.

12.4 Warrants

On 29 June 2021, the Company issued 174,132,762 free warrants on the basis of three (3) free warrant for every ten (10) existing ordinary shares. The warrants are constituted by a Deed Poll dated 10 June 2021 and were listed on Bursa Malaysia Securities Berhad on 6 July 2021.

The main feature of the warrants are as follows:

- i. each warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, which has been fixed at RM2.30 per share, subject to adjustment in accordance with the provisions of the Deed Poll.
- ii. the warrants are valid for exercise for a period of five (5) years from the issue date, and may be exercised at any time on or after the issue date, until the expiry date on 26 June 2026. Any warrants not exercised by its expiry date shall thereafter lapse and cease to be valid.

There were no warrants exercised during the financial period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. SHARE CAPITAL AND RESERVES (Cont'd)

12.5 Employee Share Options Scheme ("ESS")

At an extraordinary general meeting held on 18 May 2021, the Company's shareholders approved the establishment of an ESS of not more than 15% of the total number of Issued Shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESS for eligible Employees and Directors of the Company (excluding subsidiary companies which are dormant).

The salient features of the ESS scheme are, inter alia, as follows:

- i. The maximum number of shares grant and ESS option which may be made available under the ESS shall not exceed 15% of the total number of issued shares of the Group (excluding treasury shares, if any) during the duration of the ESS period.
- ii. Any Directors (including non-executive Directors) or employee of a company in the Group (excluding the subsidiaries which are dormant), who have attained the age of 18 years and hold the designated job grade or rank/position of a non-dormant company within the Group at the Offer Date will be eligible for consideration and selection as a Participant by the ESS Committee.
- iii. The aggregate maximum number of shares grant and ESS option that may be granted to a selected person will be determined entirely at the discretion of the ESS Committee, provided that certain criteria to be met as stipulated in ESS.
- iv. The Company has, on 2 July 2021 ("Effective Date"), implemented the ESS. The ESS will be in force for a period of 5 years and may be extended for up to another 5 years immediately from the expiry of the first 5 years, but will not in aggregate exceed 10 years from the Effective Date.
- v. A participant who is an eligible non-executive director must not sell, transfer or assign the shares obtained through the exercise of ESS within one (1) year from the date of the offer. No other retention period unless stipulated in the offer.
- vi. The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the preceding the date of offer.
- vii. The option granted to eligible person will lapse when they are no longer in employment with the Group, in bankruptcy or any circumstances prescribed by the ESS Committee.
- viii. A Grantee shall not be entitled to any dividends, rights, allotments and/or other distribution declared, made or paid to shareholders on this unexercised Options.

There were no ESS allotted to the eligible Directors and Employees of the Company during the financial period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. LOANS AND BORROWINGS

	Note	Group	
		31.12.2021 RM	31.01.2021 RM
Non-current			
Term loans		12,988,194	15,551,194
Lease liability		1,002,521	1,015,702
		13,990,715	16,566,896
Current			
Term loans		2,796,000	2,796,000
Bill payables		78,052,420	35,572,125
Lease liability		14,379	13,937
		80,862,799	38,382,062
Total loans and borrowings			
Term loans	(a)	15,784,194	18,347,194
Bill payables	(b)	78,052,420	35,572,125
Lease liability	(c)	1,016,900	1,029,639
		94,853,514	54,948,958

(a) Term loan

Term loan of a subsidiary of RM15,784,194 (31.01.2021: RM18,347,194) bears interest at 3.44% - 3.48% (31.01.2021: 3.43% - 4.81%) per annum and is repayable by monthly principal instalments of RM233,000 together with interest accrued over four years commencing from full release of the term loan and is secured as follows:

- (i) Legal charge over the freehold land, factory and office building of a subsidiary as disclosed in Note 3.1 to the financial statements; and
- (ii) Corporate guarantee of the Company.

(b) Bill payables

The bill payables bear interest at 0.66% to 2.77% (31.01.2021: 0.86% to 2.81%) per annum and are secured as follows:

- (i) Legal charge over the freehold land, factory and office building of a subsidiary as disclosed in Note 3.1 to the financial statements;
- (ii) Legal charge over the leasehold land of a subsidiary as disclosed in Note 4 to the financial statements; and
- (iii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. LOANS AND BORROWINGS (Cont'd)

(c) Lease liability

Lease payments are as follows:

	Group	
	31.12.2021 RM	31.01.2021 RM
Not later than one year	14,379	13,937
Later than one year and not later than five years	93,528	81,852
Later than five years	908,993	933,850
	<u>1,016,900</u>	<u>1,029,639</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Property, plant and equipment	-	-	(38,021,548)	(28,781,357)	(38,021,548)	(28,781,357)
Others	7,625,173	496,345	-	-	7,625,173	496,345
Tax assets/(liabilities)	7,625,173	496,345	(38,021,548)	(28,781,357)	(30,396,375)	(28,285,012)
Set off of tax	(7,625,173)	(496,345)	7,625,173	496,345	-	-
Net tax assets/(liabilities)	-	-	(30,396,375)	(28,285,012)	(30,396,375)	(28,285,012)
Company						
Property, plant and equipment	-	-	(929,417)	(986,912)	(929,417)	(986,912)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. DEFERRED TAX LIABILITIES (Cont'd)

Movement in temporary differences during the financial year/period

Group	At 01.02.2020 RM	Recognised in profit or loss (Note 21) RM	At 31.01.2021/ 01.02.2021 RM	Recognised in profit or loss (Note 21) RM	At 31.12.2021 RM
Property, plant and equipment	(26,698,468)	(2,082,889)	(28,781,357)	(9,240,191)	(38,021,548)
Unutilised tax losses	1,953,696	(1,953,696)	-	-	-
Others	527,683	(31,338)	496,345	7,128,828	7,625,173
	<u>(24,217,089)</u>	<u>(4,067,923)</u>	<u>(28,285,012)</u>	<u>(2,111,363)</u>	<u>(30,396,375)</u>
Company					
Property, plant and equipment	(1,049,635)	62,723	(986,912)	57,495	(929,417)
	<u>(1,049,635)</u>	<u>62,723</u>	<u>(986,912)</u>	<u>57,495</u>	<u>(929,417)</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. DEFERRED TAX LIABILITIES (Cont'd)

Unrecognised deferred tax assets

The temporary differences of which no deferred tax assets have been recognized in the statements of financial position are as follows:

	Group		Company	
	31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Unutilised tax losses	20,783,034	29,710,607	20,687,563	29,615,136
Taxable temporary differences	(139,106)	(1,910,694)	(139,106)	(1,886,688)
Deductible temporary differences	-	407,384	-	-
	20,643,928	28,207,297	20,548,457	27,728,448

Based on the provisions in the Finance Bill 2021, unutilised tax losses carry forwards up to the year of assessment 2018 can be deductible against aggregate statutory income until the year of assessment 2028. Any unutilised tax losses for the year of assessment 2019 onwards can be carried forward for a maximum of 10 consecutive year of assessment.

The other deductible temporary differences of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority as follows:

The unused tax losses are available for offset against future taxable profits of the Group entities which will expire in the following year of assessment:

	Group		Company	
	31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Expired in				
YA 2028	20,687,563	29,615,136	20,687,563	29,615,136
YA 2029	3,515	3,515	-	-
YA 2030	53,296	53,296	-	-
YA 2031	38,660	38,660	-	-
	20,783,034	29,710,607	20,687,563	29,615,136

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Current					
Trade					
Trade payables	(a)	42,750,491	42,907,065	-	-
Non-trade					
Other payables	(b)	8,938,989	10,150,093	31,324	79,447
Accruals		33,205,120	22,472,273	1,011,408	1,552,334
		84,894,600	75,529,431	1,042,732	1,631,781

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (31.01.2021: 30 days to 90 days) from the date of invoice.

(b) Other payables are unsecured and non-interest bearing.

16. CONTRACT LIABILITIES

	Group	
	31.12.2021 RM	31.01.2021 RM
Refund liabilities	3,017,315	2,056,565
Consideration received in advance	4,882,080	23,660,468
	7,899,395	25,717,033

Contract liabilities are recognised for the expected refund to customers on the products returned and advance consideration received from customers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. CONTRACT LIABILITIES (Cont'd)

Significant changes in contract balances:

	Group	
	31.12.2021 RM	31.01.2021 RM
Revenue recognised that was included in contract liabilities at the beginning of the year	23,660,468	-
Increase due to consideration received from customers, but revenue not recognised	(4,882,080)	(23,660,468)

17. REVENUE

	Group		Company	
	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Revenue from contracts with customers				
Sales of latex gloves	1,390,655,377	946,447,305	-	-
Other revenue				
Management fee	-	-	3,701,256	1,200,000
Dividend income	-	-	109,174,800	-
	<u>1,390,655,377</u>	<u>946,447,305</u>	<u>112,876,056</u>	<u>1,200,000</u>
Timing of revenue recognition:				
At a point in time	<u>1,390,655,377</u>	<u>946,447,305</u>	<u>-</u>	<u>-</u>

Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Obligation to returns or refunds
Sales of latex gloves	Revenue is recognised when control is transferred to the customers based on the delivery/ shipping terms.	Average credit term of 30 to 120 days.	The Group allows returns/refunds in exceptional circumstances only.

There were no variable element in consideration and warranties given to the customers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. FINANCE INCOME

	Group		Company	
	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Interest income from fixed deposits	350,431	402,653	5,691	34,880
Interest income from loan to subsidiary	-	-	3,092,833	3,494,000
Distribution from other investments	1,464,188	207,431	324,612	53,497
	1,814,619	610,084	3,423,136	3,582,377

19. FINANCE COSTS

	Group	
	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Interest expense on:		
- bank overdrafts	43	4,688
- bill payables	552,442	1,657,338
- lease liability	31,262	2,842
- letter of credit	-	490
- term loans	541,402	1,105,203
	1,125,149	2,770,561

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. PROFIT BEFORE TAX

	Note	Group		Company	
		01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Profit before tax is arrived at after charging:					
Auditors' remuneration					
Audit fees					
- current		232,000	180,000	115,000	94,000
- underprovided in prior year		35,000	-	-	-
Non-audit fees		22,000	10,000	15,000	10,000
Material expenses/ (income)					
Bad debt written off		1,102,440	96,816	32,743	-
Allowance for doubtful debts		3,220,506	-	-	-
Depreciation of right-of-use assets		368,002	348,963	-	-
(Gain)/Loss on foreign exchange:					
- realised		(6,205,338)	197,446	(41,772)	-
- unrealised		(4,142,188)	3,018,000	-	-
Net fair value (gain)/loss on derivatives		(153,225)	64,697	-	-
Net fair value loss on other investments		508,044	-	146,699	-
Property, plant and equipment:					
- loss/(gain) on disposal		50,544	(29,608)	-	-
- depreciation		37,230,914	27,311,685	817,591	682,054
- written off		13,183	348,689	-	-
Directors' remuneration	20.1	84,821,249	15,323,025	716,800	1,297,680
Staff costs:					
- salaries, wages, bonuses and allowances		59,615,897	63,224,529	2,295,032	1,296,208
- defined contribution plan		2,842,432	2,196,805	265,790	163,600
Reversal of impairment loss on investment in a subsidiary		-	-	-	(90,299,999)
Insurance recovery		(1,168,402)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. PROFIT BEFORE TAX (Cont'd)

	Group		Company	
	01.02.2021 to 31.12.2021 Note	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Material expenses/ (income) (Cont'd)				
Inventories written down	13,262,411	-	-	-
Inventories written off	4,216,530	-	-	-
Expenses arising from leases				
Expenses relating to short-term leases	2,141,998	1,844,124	-	-
Expenses relating to low-value assets	32,680	44,070	-	-

20.1 Directors' remuneration

	Group		Company	
	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Executive directors:				
Salaries and other emoluments	73,153,971	14,328,058	-	913,673
Fees	-	75,000	-	75,000
Defined contribution plan	10,950,478	688,960	-	78,000
	<u>84,104,449</u>	<u>15,092,018</u>	-	<u>1,066,673</u>
Non-executive directors:				
Fees	627,000	148,000	627,000	148,000
Other emoluments	89,800	83,007	89,800	83,007
	<u>716,800</u>	<u>231,007</u>	<u>716,800</u>	<u>231,007</u>
Total directors' remuneration	<u>84,821,249</u>	<u>15,323,025</u>	<u>716,800</u>	<u>1,297,680</u>
Benefit-in-kind	<u>31,933</u>	<u>66,089</u>	<u>19,958</u>	<u>40,819</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. TAXATION

	Group		Company	
	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Current tax expense				
Current year	121,790,624	78,993,267	-	-
(Over)/Under provision in prior year	(6,253,200)	32,410	-	-
	115,537,424	79,025,677	-	-
Deferred tax				
Current year	247,588	8,566,414	(57,495)	(62,723)
Under/(Over) provision in prior year	1,863,775	(4,498,491)	-	-
	2,111,363	4,067,923	(57,495)	(62,723)
	117,648,787	83,093,600	(57,495)	(62,723)

Reconciliation of tax expense

	Group		Company	
	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Profit before tax	539,167,884	363,316,828	111,238,877	91,864,666
Income tax calculated using Malaysian tax rate of 24%	129,400,293	87,196,039	26,697,331	22,047,520
Non-deductible expenses	6,567,511	10,324,528	657,673	189,890
Reinvestment allowance claim	(11,154,147)	(6,623,106)	-	-
Non-taxable income	(670,034)	(2,575,206)	(25,445,087)	(21,684,772)
Utilisation of previously unrecognised tax losses and capital allowance	(1,909,917)	(549,306)	(1,909,917)	(552,638)
Cyrstallisation of deferred tax liability on revaluation of property	(195,494)	(213,268)	(57,495)	(62,723)
Over provision in prior year	(4,389,425)	(4,466,081)	-	-
	117,648,787	83,093,600	(57,495)	(62,723)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	31.12.2021 RM	31.01.2021 RM
Profit for the year attributable to owners of the Company	<u>421,519,097</u>	<u>280,223,228</u>
Weighted average number of ordinary shares outstanding		
Issued ordinary shares at the beginning of the year	582,949,143	582,949,143
Effect of treasury shares held	<u>(2,057,441)</u>	-
Weighted average number of ordinary shares (basic)	<u>580,891,702</u>	<u>582,949,143</u>
Basic earnings per ordinary share (sen)	<u>72.56</u>	<u>48.07</u>

Diluted earnings per ordinary 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.

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as the exercise price of warrants is higher than the average market price of the ordinary shares during the financial period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. OPERATING SEGMENTS

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:

Segments	Products and services
Manufacturing	Manufacturing and trading of latex gloves.
Investment holding	Investment holding and provision of management services.
Trading	Trading of latex gloves.
Others	Dormant subsidiaries.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment profit

Segment performance is used to measure performance as Group's chief operating decision maker believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets of a segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. OPERATING SEGMENTS (Cont'd)

	Manufacturing RM	Investment holding RM	Trading RM	Others RM	Inter-segment eliminations RM	Notes	Total RM
31.12.2021							
Revenue							
Revenue from external customers	908,274,547	-	482,380,830	-	-		1,390,655,377
Inter-segment revenue	356,084,855	112,876,056	-	-	(468,960,911)	A	-
Total revenue	<u>1,264,359,402</u>	<u>112,876,056</u>	<u>482,380,830</u>	<u>-</u>	<u>(468,960,911)</u>		<u>1,390,655,377</u>
Results							
Interest income	1,383,418	3,423,136	100,898	-	(3,092,833)		1,814,619
Interest expense	(4,217,982)	-	-	-	3,092,833		(1,125,149)
Property, plant and equipment:							
- depreciation	(36,406,951)	(817,591)	(6,372)	-	-		(37,230,914)
- written off	(13,183)	-	-	-	-		(13,183)
Depreciation of right-of-use assets	(368,002)	-	-	-	-		(368,002)
Segment profit/(loss) before tax	<u>416,513,071</u>	<u>111,238,876</u>	<u>120,696,544</u>	<u>(105,807)</u>	<u>(109,174,800)</u>	B	<u>539,167,884</u>
Deferred tax (expense)/income	(2,168,860)	57,496	-	-	-		(2,111,364)
Income tax expense	(86,049,446)	-	(29,487,977)	-	-		(115,537,423)
Profit/(loss) for the financial period	<u>328,294,761</u>	<u>111,296,374</u>	<u>91,208,568</u>	<u>(105,806)</u>	<u>(109,174,800)</u>	B	<u>421,519,097</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. OPERATING SEGMENTS (Cont'd)

	Manufacturing RM	Investment holding RM	Trading RM	Others RM	Inter-segment eliminations RM	Notes	Total RM
31.12.2021 (Cont'd)							
Assets							
Additions to non-current assets	100,748,949	716,776	-	4,618,762	-		106,084,487
Segment assets	1,020,188,651	328,857,674	129,663,747	5,714,092	(304,844,847)	C	1,179,579,317
Liabilities							
Segment liabilities	335,819,636	1,972,149	29,340,069	4,921,868	(127,420,824)	D	244,632,898

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. OPERATING SEGMENTS (Cont'd)

	Manufacturing RM	Investment holding RM	Trading RM	Others RM	Inter-segment eliminations RM	Notes	Total RM
31.01.2021							
Revenue							
Revenue from external customers	722,001,565	-	224,445,740	-	-		946,447,305
Inter-segment revenue	214,483,303	1,200,000	-	-	(215,683,303)	A	-
Total revenue	936,484,868	1,200,000	224,445,740	-	(215,683,303)		946,447,305
Results							
Interest income	440,050	3,582,377	81,641	16	(3,494,000)		610,084
Interest expense	(6,264,561)	-	-	-	3,494,000		(2,770,561)
Property, plant and equipment:							
- depreciation	(26,622,679)	(682,054)	(6,952)	-	-		(27,311,685)
- written off	(348,689)	-	-	-	-		(348,689)
Depreciation of right-of-use assets	(348,963)	-	-	-	-		(348,963)
Segment profit/(loss) before tax	357,211,971	91,864,666	4,644,124	(103,934)	(90,299,999)	B	363,316,828
Deferred tax (expense)/income	(4,130,646)	62,723	-	-	-		(4,067,923)
Income tax expense	(77,697,726)	-	(1,327,951)	-	-		(79,025,677)
Profit/(loss) for the financial year	275,383,599	91,927,389	3,316,173	(103,934)	(90,299,999)	B	280,223,228

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. OPERATING SEGMENTS (Cont'd)

	Manufacturing RM	Investment holding RM	Trading RM	Others RM	Inter-segment eliminations RM	Notes	Total RM
31.01.2021 (Cont'd)							
Assets							
Additions to non-current assets	123,960,752	5,484,125	-	-	-		129,444,877
Segment assets	748,436,685	286,376,463	85,918,910	143,442	(334,050,235)	C	786,825,265
Liabilities							
Segment liabilities	283,187,634	2,041,862	76,803,798	245,414	(157,626,214)	D	204,652,494

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. OPERATING SEGMENTS (Cont'd)

Notes **Nature of eliminations to arrive at amounts reported to the consolidated financial statements**

- A Inter-segment revenues are eliminated on consolidation;
 B Inter-segment expenses and other operating income are eliminated on consolidation;
 C Inter-segment assets are eliminated on consolidation; and
 D Inter-segment liabilities are eliminated on consolidation.

Geographical information

	Revenue RM	Non-current assets RM
31.12.2021		
Malaysia	567,591,210	441,235,397
United States of America and Canada	295,340,290	-
Asia (excluding Malaysia)	327,729,082	-
Europe	157,280,405	-
Others	42,714,390	-
	<u>1,390,655,377</u>	<u>441,235,397</u>
31.01.2021		
Malaysia	388,397,644	372,834,551
United States of America and Canada	219,521,168	-
Asia (excluding Malaysia)	241,889,598	-
Europe	73,381,589	-
Others	23,257,306	-
	<u>946,447,305</u>	<u>372,834,551</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. OPERATING SEGMENTS (Cont'd)

Major customers

Major customers' information are revenues from transactions with a single external customer amounting to 10% or more of the Group's revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer.

The following is a major customer with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segment
	31.12.2021 RM	31.01.2021 RM	
Customer A	215,463,647	189,465,518	Manufacturing
	203,579,032	85,247,854	Trading
	419,042,679	274,713,372	

24. DIVIDEND

Dividend recognised by the Company:

	Sen per share	Total amount RM	Date of payment
31.12.2021			
Second interim 31.01.2021 ordinary	1.50	8,744,238	13 April 2021
Special 31.01.2021 ordinary	3.50	20,403,220	13 April 2021
First interim 31.12.2021 ordinary	4.00	23,217,722	22 July 2021
Second interim 31.12.2021 ordinary	2.00	11,608,861	22 October 2021
		63,974,041	
31.01.2021			
First interim 31.01.2021 ordinary	1.50	8,744,238	28 August 2020

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as:

- (i) Amortised cost ("AC")
- (ii) Fair value through profit or loss ("FVTPL").

Group	Carrying amount RM	AC RM	FVTPL RM
31.12.2021			
Financial assets			
Trade and other receivables	140,637,550	140,637,550	-
Derivative financial assets	377,829		377,829
Other investments	112,891,229	-	112,891,229
Cash and cash equivalents	<u>221,348,252</u>	<u>221,348,252</u>	-
	<u>475,254,860</u>	<u>361,985,802</u>	<u>113,269,058</u>
Financial liabilities			
Loan and borrowings	(94,853,514)	(94,853,514)	-
Trade and other payables	<u>(84,894,600)</u>	<u>(84,894,600)</u>	-
	<u>(179,748,114)</u>	<u>(179,748,114)</u>	<u>-</u>
31.01.2021			
Financial assets			
Trade and other receivables [#]	158,851,930	158,851,930	-
Derivative financial assets	224,604	-	224,604
Other investments	22,582,327	-	22,582,327
Cash and cash equivalents	<u>101,983,404</u>	<u>101,983,404</u>	-
	<u>283,642,265</u>	<u>260,835,334</u>	<u>22,806,931</u>

[#]Exclude GST refundable

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.1 Categories of financial instruments (Cont'd)

Group	Carrying amount RM	AC RM	FVTPL RM
31.01.2021			
Financial liabilities			
Loan and borrowings	(54,948,958)	(54,948,958)	-
Trade and other payables	(75,529,431)	(75,529,431)	-
	<u>(130,478,389)</u>	<u>(130,478,389)</u>	<u>-</u>
Company			
31.12.2021			
Financial assets			
Other receivables	89,809,565	89,809,565	-
Other investments	36,708,176	-	36,708,176
Cash and cash equivalents	6,490,875	6,490,875	-
	<u>133,008,616</u>	<u>96,300,440</u>	<u>36,708,176</u>
Financial liabilities			
Other payables	<u>(1,042,732)</u>	<u>(1,042,732)</u>	<u>-</u>
31.01.2021			
Financial assets			
Other receivables	88,221,687	88,221,687	-
Other investments	2,078,496	-	2,078,496
Cash and cash equivalents	1,769,242	1,769,242	-
	<u>92,069,425</u>	<u>89,990,929</u>	<u>2,078,496</u>
Financial liabilities			
Other payables	<u>(1,631,781)</u>	<u>(1,631,781)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.2 Net gains or losses arising from financial instruments

	Group		Company	
	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Financial assets at amortised cost	6,374,991	(2,909,609)	3,140,296	3,528,880
Financial assets at fair value through profit or loss	1,109,369	118,734	177,913	53,497
	7,484,360	(2,790,875)	3,318,209	3,582,377

	Group		Company	
	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Financial liabilities at amortised cost	(1,093,888)	(2,767,719)	-	-
	(1,093,888)	(2,767,719)	-	-

25.3 Financial risks management

The Group and the Company have exposure to the following risks from their financial instruments:

- Credit risk
- Liquidity risk
- Market 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.

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.

25.4 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 are exposed to credit risk from its trade and other receivables and deposits with banks. The Company's exposure to credit risk arises principally from advances to subsidiaries, deposits with banks and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no changes as compared to prior years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.4 Credit risk (Cont'd)

Trade receivables

Risk management objectives, policies and processes for managing the risk

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 consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. Any credit exceeding those limits require approval from the management. The Group have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults before the Group's standard payment and delivery terms and conditions are offered.

Trade receivables are monitored on an ongoing basis to mitigate risk of bad debts. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

At each reporting date, the Group assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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 statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Concentration of credit risk

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:

By country:	Group			
	31.12.2021		31.01.2021	
	RM	%	RM	%
Malaysia	65,200,229	47%	44,767,602	29%
United States of America and Canada	26,365,129	19%	70,037,785	44%
Asia (excluding Malaysia)	4,584,264	3%	26,552,268	17%
Europe	41,440,669	30%	13,123,553	8%
Others	786,388	1%	3,566,314	2%
	138,376,679	100%	158,047,522	100%

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manage its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group applies the simplified approach to provide for expected credit losses ("ECLs") prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECLs, 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 Group do not hold collateral as security.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
31.12.2021			
Current (not past due)	98,675,502	-	98,675,502
1 – 30 days past due	25,488,130	-	25,488,130
31 – 60 days past due	12,754,148	-	12,754,148
61 – 90 days past due	687,131	-	687,131
More than 90 days past due	771,768	-	771,768
	138,376,679	-	138,376,679
Credit Impaired	3,220,506	(3,220,506)	-
Individually impaired	141,597,185	(3,220,506)	138,376,679
31.01.2021			
Current (not past due)	136,368,563	-	136,368,563
1 – 30 days past due	20,623,924	-	20,623,924
31 – 60 days past due	998,146	-	998,146
61 – 90 days past due	-	-	-
More than 90 days past due	56,889	-	56,889
	158,047,522	-	158,047,522

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Trade receivables		Total RM
	Lifetime ECL RM	Credit Impaired RM	
Group			
Balance at 1 February 2020	1,007,626	-	1,007,626
Amounts written off	(1,007,626)	-	(1,007,626)
Balance at 31 January 2021/1 February 2021	-	-	-
Net remeasurement of loss allowance	-	3,220,506	3,220,506
Balance at 31 December 2021	-	3,220,506	3,220,506

For financial period ended 31 December 2021, the Group is not subjected to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics except for 40% of the Group's trade receivables were due from Customer A.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.4 Credit risk (Cont'd)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid and insurance receivable. These deposits will be received at the end of each lease terms and the insurance receivable is expected to be recovered in the next financial year. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. As at the end of the reporting period, the Group and the Company did not recognised any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary. The Company monitors the ability of the subsidiary to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM94,797,918 (31.01.2021: RM55,208,036) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiary's secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, the Company did not recognise any provision in respect of financial guarantee.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.4 Credit risk (Cont'd)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 90 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

25.5 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.

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 and the Company 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarizes the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Less than 1 year RM	2 - 5 years RM	More than 5 years RM
31.12.2021						
<i>Non-derivative financial liabilities</i>						
Loan and borrowings						
- Term loan	15,784,194	3.44 - 3.48	16,530,760	3,296,288	13,234,472	-
- Bill payables	78,052,420	0.66 - 2.77	78,267,158	78,267,158	-	-
- Lease liability	1,016,900	3.47	1,383,612	48,000	220,800	1,114,812
Trade and other payables	84,894,600	-	84,894,600	84,894,600	-	-
	179,748,114		181,076,130	166,506,046	13,455,272	1,114,812
31.01.2021						
<i>Non-derivative financial liabilities</i>						
Loan and borrowings						
- Term loan	18,347,194	3.43 - 4.81	19,635,911	3,384,401	16,251,510	-
- Bill payables	35,572,125	0.86 - 2.81	35,642,649	35,642,649	-	-
- Lease liability	1,029,639	3.47	1,427,612	48,000	212,000	1,167,612
Trade and other payables	75,529,431	-	75,529,431	75,529,431	-	-
	130,478,389		132,235,603	114,604,481	16,463,510	1,167,612

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

Company	Carrying amount RM	Discount rate	Contractual cash flows RM	Less than 1 year RM	2 - 5 years RM	More than 5 years RM
31.12.2021						
Non-derivative financial liabilities						
Other payables	1,042,732	-	1,042,732	1,042,732	-	-
Financial guarantee contracts#	-	-	94,797,918	94,797,918	-	-
	1,042,732		95,840,650	95,840,650	-	-
31.01.2021						
Non-derivative financial liabilities						
Other payables	1,631,781	-	1,631,781	1,631,781	-	-
Financial guarantee contracts#	-	-	55,208,036	55,208,036	-	-
	1,631,781		56,839,817	56,839,817	-	-

The Company has given corporate guarantee to financial institutions on credit facilities granted to a subsidiary. The potential exposure of the financial guarantee contract is equivalent to the outstanding amount of the banking facilities of the said subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's and the Company's financial position or cash flows. The Group's and the Company's exposure to other price risk is insignificant.

25.6.1 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).

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's practice 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.

Exposure to foreign currency risk

The Group's principal foreign currency exposures relates mainly to United States Dollar ("USD").

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group's entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

Group	Denominated in USD	
	31.12.2021 RM	31.01.2021 RM
Trade receivables	133,885,509	144,026,651
Cash and cash equivalents	147,786,951	49,096,598
Loan and borrowings	(54,214,116)	(23,194,250)
Trade and other payables	(19,781,879)	(11,995,676)
	<u>207,676,465</u>	<u>157,933,323</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.6 Market risk (Cont'd)

25.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 1% (31.01.2021: 1%) strengthening of Ringgit Malaysia against the following currency at the end of the reporting period would have increased/(decreased) post-tax profit or loss and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular profit rates, remain constant.

Group	Profit or loss / Equity	
	31.12.2021 RM	31.01.2021 RM
USD	<u>(1,578,341)</u>	<u>(1,200,293)</u>

A 1% (31.01.2021: 1%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

25.6.2 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 is presently enjoying competitive interest rates which are reviewed and negotiated on a yearly basis.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.6 Market risk (Cont'd)

25.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Fixed rate instruments				
Financial assets	-	-	84,350,000	87,350,000
Financial liabilities	(1,016,900)	(1,029,639)	-	-
	(1,016,900)	(1,029,639)	84,350,000	87,350,000
Floating rate instruments				
Financial liabilities	(93,836,614)	(53,919,319)	-	-
	(93,836,614)	(53,919,319)	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.6 Market risk (Cont'd)

25.6.2 Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss / Equity	
	100 bp Increase RM	100 bp Decrease RM
Group		
31.12.2021		
Financial liabilities	<u>(713,158)</u>	<u>713,158</u>
	(713,158)	713,158
31.01.2021		
Financial liabilities	<u>(409,787)</u>	<u>409,787</u>
	(409,787)	409,787

25.7 Fair value information

The carrying amounts of cash and cash equivalents, liquid investments, short-term receivables and payables and variable loans and borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of the floating rate borrowings approximate fair values as they are subject to variable interest rates which in turn approximate the current market interest rates for similar loans at the end of the reporting period.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.7 Fair value information (Cont'd)

Group	Fair value of financial instruments at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
31.12.2021								
Financial assets								
Other investments – unit trusts	- 112,891,229	-	-	-	-	-	112,891,229	112,891,229
Derivative financial assets	-	337,829	-	-	-	-	337,829	337,829
31.01.2021								
Financial assets								
Other investments – unit trusts	-	22,582,327	-	-	-	-	22,582,327	22,582,327
Derivative financial assets	-	224,604	-	-	-	-	224,604	224,604

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.7 Fair value information (Cont'd)

Company	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
31.12.2021									
Financial assets									
Other investments – unit trusts	- 36,708,176	-	- 36,708,176	-	-	-	-	- 36,708,176	36,708,176
Amount due from a subsidiary	-	-	-	-	-	- 85,981,697	85,981,697	85,981,697	84,350,000
31.01.2021									
Financial assets									
Other investments – unit trusts	-	2,078,496	-	2,078,496	-	-	-	2,078,496	2,078,496
Amount due from a subsidiary	-	-	-	-	-	- 89,275,686	89,275,686	89,275,686	87,350,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.7 Fair value information (Cont'd)

Level 2 fair value

Derivatives

The fair value of forward exchange contracts are based on the market price obtained from licensed financial institutions.

Other investments – unit trusts

The fair value of unit trusts are based on the net asset value obtained from licensed financial institutions.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period (31 January 2021: no transfer in either directions).

Level 3 fair value

Financial instrument not carried at fair value

Type	Description of valuation technique and input used
Amount due from a subsidiary	Discounted cash flow using a rate based on current market rate of deposits of the Group at reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. 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.

No changes were made in the objectives, policies and processes during the financial period/year ended 31 December 2021 and 31 January 2021.

	Note	Group	
		31.12.2021 RM	31.01.2021 RM
Loans and borrowings	13	94,853,514	54,948,958
Trade and other payables	15	84,894,600	75,529,431
Total debts		179,748,114	130,478,389
Less: Cash and cash equivalents	10	(221,348,252)	(101,983,404)
Net debt		(41,600,138)	28,494,985
Total equity attributable to the owners of the Company		934,946,419	582,172,771
Capital and net debts		893,346,281	610,667,756
Gearing ratio		-	5%

27. COMMITMENTS

Capital commitments

The Group has made commitments for the following capital expenditures:

	Group		Company	
	31.12.2021 RM	31.01.2021 RM	31.12.2021 RM	31.01.2021 RM
Property, plant and equipment	15,172,310	39,375,221	-	272,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. RELATED PARTIES

Identity of related parties

For the purposes of the financial statements, parties are considered to be related to the Group of the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly and entity that provides key management personnel services to the Group or the Company. The key management personnel include all the Directors of the Group and of the Company.

The Group and the Company have related party relationship with their subsidiaries and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. RELATED PARTIES (Cont'd)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 6.

	Group		Company	
	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM	01.02.2021 to 31.12.2021 RM	01.02.2020 to 31.01.2021 RM
Subsidiaries				
<i>Comfort Rubber Gloves Industries Sdn. Bhd.</i>				
Management fees	-	-	3,329,155	1,200,000
Rental income	-	-	880,000	960,000
Interest income	-	-	3,092,833	3,494,000
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Gallant Quality Sdn. Bhd.</i>				
Management fees	-	-	372,101	-
Rental income	-	-	550,000	350,000
	<hr/>	<hr/>	<hr/>	<hr/>
Key management personnel				
Directors' remuneration (Note 20.1)	84,821,249	15,323,025	716,800	1,297,680
Other key management personnel				
Short term employee benefits	381,262	216,250	381,262	216,250
Post-employment employee benefits	49,565	26,483	49,565	26,483
	<hr/>	<hr/>	<hr/>	<hr/>
	85,252,076	15,565,758	1,147,627	1,540,413

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. SUBSEQUENT EVENT

On 9 March 2022, the Company announced to Bursa Malaysia Securities Berhad that the Company had on the same date, entered into a conditional Share Purchase Agreement (“SPA”) for the acquisition of 100,000 ordinary shares in Goldhill Melody Sdn Bhd of 100% of the equity for a total cash consideration of RM 25,750,000. Upon completion of the proposed acquisition, Goldhill Melody Sdn Bhd will become a wholly owned subsidiary of the Group.

30. COMPARATIVE FIGURES

- (i) Certain comparatives have been restated to conform with current period presentation.

	As restated RM	As previously restated RM
31 January 2021		
Group		
Statement of financial position		
Other investments	22,582,327	-
Cash and cash equivalents	101,983,404	124,565,731
Statement of profit or loss and other comprehensive income		
Other income	137,189	747,273
Finance income	610,084	-
Company		
Statement of financial position		
Other investments	2,078,496	-
Cash and cash equivalents	1,769,242	3,847,738
Statement of profit or loss and other comprehensive income		
Other income	91,609,999	95,192,376
Finance income	<u>3,582,377</u>	<u>-</u>

- (ii) Change of Financial Year End

During the financial period, the Company changed its financial year end from 31 January to 31 December. Accordingly, the comparatives for the statements of profit or loss and other comprehensive income, changes in equity and cash flows as well as the comparatives in the notes to the financial statements relating to the statements of profit or loss and other comprehensive income for the year ended 31 January 2021 are not comparable to the results for the current financial period ended 31 December 2021.

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 57 to 135 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
LAU JOO YONG

Director

.....
LAU JOO PERN

Director

Kuala Lumpur

Date: 8 April 2022

STATUTORY DECLARATION

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

I, Choong Choon Keat, the officer primarily responsible for the financial management of Comfort Gloves Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 135 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Choong Choon Keat, (MIA CA: 30250) at Taiping in the State of Perak Darul Ridzuan on 8 April 2022.

.....
Choong Choon Keat

Before me:

Commissioner for Oaths
Toon Hoon Eng
A218

INDEPENDENT AUDITORS' REPORT

To The Members Of Comfort Gloves Berhad (Registration No. 193701000006 (852-D)) (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 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 February 2021 to 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 132.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial period from 1 February 2021 to 31 December 2021 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. 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.

Valuation of inventories

Refer to Note 1(d)(ii) and Note 2(g) – Significant accounting policy and Note 7 – Inventories

The key audit matter

As at 31 December 2021, the carrying amount of inventories held by the Group was RM198,204,936, of which RM68,567,358 were to finished goods and RM71,913,352 were to work in progress.

Inventories were measured at the lower of cost and net realisable value. The valuation of finished goods and work in progress involves multiple inputs and the Group's judgement was required to estimate the cost of finished goods and work in progress which comprise the cost of raw materials, direct labour and the appropriate allocation of overheads based on normal production capacity.

INDEPENDENT AUDITORS' REPORT (Cont'd)

To The Members Of Comfort Gloves Berhad (Registration No. 193701000006 (852-D)) (Incorporated In Malaysia)

Key Audit Matters (Cont'd)

The key audit matter (Cont'd)

The Group write down the inventories based on the assessment of their estimated net realisable value. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The assessment requires judgement in determining the level of inventories written down.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Obtained an understanding of the inventories valuation policy, production processes and types of costs included in the valuation of finished goods and work in progress;
- Tested on sampling basis the cost of raw materials, direct labour and overhead costs to suppliers' invoices and other relevant supporting documents;
- Assessed the basis used by the Group for the allocation of production costs and overheads for the purpose of inventory valuation based on normal production capacity; and
- Evaluated the Group's assessment of the net realisable value of finished goods and work in progress and compared the carrying amount on sampling basis against the selling price subsequent to period end.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements 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 ability of the Group and of the Company 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.

INDEPENDENT AUDITORS' REPORT

To The Members Of Comfort Gloves Berhad (Registration No. 193701000006 (852-D)) (Incorporated In Malaysia)

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (Cont'd)

To The Members Of Comfort Gloves Berhad (Registration No. 193701000006 (852-D)) (Incorporated In Malaysia)

Other Matters

1. The financial statements of the Group and of the Company as at and for the year ended 31 January 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 18 May 2021.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 8 April 2022

Ooi Eng Siong
Approval Number: 03240/02/2024 J
Chartered Accountant

LIST OF PROPERTIES HELD

At 31 December 2021

Location	Tenure/ Leasehold (expiry of Lease)	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	14,114,996	26	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	18,148,382 1,299,698	9	1999
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	17,509,341	21	2010

LIST OF PROPERTIES HELD (Cont'd)

At 31 December 2021

Location	Tenure/ Leasehold (expiry of Lease)	Area (Hectares)	Year Lease Expiry	Description/ Existing Use	Net Book /Revalued Value (RM)	Age of Building (Years)	Year of Acquisition
GM 1725, Lot No. 6860, Jebong District Larut & Matang Perak	Freehold	3.4	-	Single storey factory building with an adjacent double-storey office/factory building currently used for production of gloves	22,557,863	2	2015
				Building occupied for chemical store	57,775	4	2018
GM 1726, Lot No. 6861, Jebong District Larut & Matang, Perak	Freehold	0.55	-	Industrial land	1,079,286	-	2015
PN00271977, Lot No. 312712, Mukim Sungai Terap Kinta, Perak.	Leasehold for 54 years	15.75	2058	Industrial land	12,677,669	-	2018
Geran 80472, Lot No. 1244, Mukim Sungai Limau, Daerah Larut & Matang, Perak.	Freehold	1.582	-	Hostel Building	3,865,799	1	2020
Geran 80519, Lot No. 1291, Mukim Sungai Limau, Daerah Larut & Matang, Perak.	Freehold	1.875	-	Former Warehouse and hostel building	3,763,663	1	2020
GM 200, Lot No. 722, Jebong District Larut & Matang, Perak	Freehold	2.507	-	Agricultural Land	4,218,585	-	2021
GM 1475, Lot No. 1852, Mukim Asam Kumbang Larut & Matang, Perak	Freehold	1.3076	-	Single storey factory building with an adjacent single storey gloves warehouse	8,428,034	-	2021

STATISTICS ON SHAREHOLDINGS

As at 31 March 2022

Issued and Fully Paid-up Capital : 580,443,043 Ordinary Shares
(Excluding 2,506,100 Treasury Shares)
Class of Shares : Ordinary shares
Voting Rights : One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	386	1.46	11,311	0.00
100 - 1,000	7,238	27.38	4,752,793	0.82
1,001 - 10,000	13,987	52.91	62,520,170	10.72
10,001 - 100,000	4,399	16.64	126,830,353	21.76
100,001 - 29,147,456 (*)	422	1.60	299,534,516	51.38
29,147,457 And Above (**)	1	0.00	89,300,000	15.32
Total	26,433	100.00	582,949,143	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	Tan Sri Dato' Lau Eng Guang	13,507,000	2.327	*128,200,050	22.087	141,707,050	24.414
2	Lau Joo Yong	-	-	-	-	-	-
3	Lau Joo Pern	-	-	-	-	-	-
4	Ng Seik Wah	-	-	-	-	-	-
5	Khoo Chie Yuan	-	-	-	-	-	-
6	Lum Dick Son	-	-	-	-	-	-

Note: * Deemed interested by virtue of his shareholding in Keen Setup Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 as well as the shareholding of his spouse and children in the Company pursuant to Section 59 (11) (c) of the Companies Act 2016

STATISTICS ON SHAREHOLDINGS (Cont'd)

As at 31 March 2022

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	Keen Setup Sdn Bhd	104,300,000	17.969	-	-	104,300,000	17.969
2	Tan Sri Dato' Lau Eng Guang	13,507,000	2.327	*#128,200,050	22.087	141,707,050	24.414
3	Puan Sri Goh Kim Kooi	175,000	0.030	#104,300,000	17.969	104,475,000	17.999

Note: * Deemed interested by virtue of his shareholding in Keen Setup Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 as well as the shareholding of his spouse and children in the Company pursuant to Section 59 (11) (c) of the Companies Act 2016

#Deemed interested by virtue of his/her shareholdings in Keen Setup Sdn. Bhd. pursuant to the Section 8 of the Companies Act 2016

STATISTICS ON SHAREHOLDINGS (Cont'd)

As at 31 March 2022

LIST OF TOP 30 HOLDERS

NO.	NAME	HOLDINGS	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KEEN SETUP SDN BHD (PB)	89,300,000	15.32
2	LAU TUANG NGUANG	21,000,000	3.60
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	15,230,500	2.61
4	LAU GEOK HONG	14,959,050	2.57
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MELATI ANGSANA SDN BHD (KLC)	12,500,000	2.14
6	WARISAN DIPRIMA SDN BHD	12,500,000	2.14
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANDUAN JITU SDN BHD (KLC)	10,600,000	1.82
8	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEEN SETUP SDN BHD	8,000,000	1.37
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU ENG GUANG	7,727,000	1.33
10	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	7,478,750	1.28
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CEMPAKA MADU SDN BHD (PB)	7,014,500	1.20
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEEN SETUP SDN BHD	7,000,000	1.20
13	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	6,643,218	1.14
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IMPIAN SEMARAK SDN BHD (KLC)	6,120,000	1.05
15	LAU JOO HAN	5,275,000	0.90
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU JOO KIEN BRIAN	5,100,000	0.87
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU ENG GUANG	4,180,000	0.72
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU JOO KIEN BRIAN	3,666,000	0.63
19	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND TCT9 FOR CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	3,505,500	0.60
20	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	3,158,600	0.54
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN	3,078,800	0.53
22	LAU JOO PING	3,006,400	0.52

STATISTICS ON SHAREHOLDINGS (Cont'd)

As at 31 March 2022

LIST OF TOP 30 HOLDERS (Cont'd)

NO.	NAME	HOLDINGS	%	
23	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGU LEONG HOOK (KUCHING-CL)	2,855,000	0.49	
24	PANDUAN JITU SDN BHD	2,785,625	0.48	
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN (TJJ/KEN)	2,590,000	0.44	
26	COMFORT GLOVES BERHAD SHARE BUY BACK ACCOUNT	2,506,100	0.43	
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR NORMAH BINTI MOHAMAD ARIP	2,488,300	0.43	
28	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	2,418,973	0.41	
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK YOON LIM	2,307,700	0.40	
30	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND NOTU FOR CITY OF NEW YORK GROUP TRUST	1,947,000	0.33	
		Total	276,942,016	47.49

ANALYSIS OF WARRANT B HOLDINGS

As at 31 March 2022

Class of Securities : Warrant B
 No. of Outstanding Warrant B : 174,132,762
 Voting Rights : One vote per Warrant B in respect of a meeting of Warrant B Holders

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	3,553	17.15	180,308	0.10
100 - 1,000	9,239	44.60	4,278,542	2.46
1,001 - 10,000	6,308	30.45	19,938,582	11.45
10,001 - 100,000	1,419	6.85	43,626,303	25.05
100,001 - 8,706,637 (*)	196	0.95	90,359,027	51.89
8,706,638 And Above (**)	1	0.00	15,750,000	9.04
Total	20,716	100.00	174,132,762	99.99

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	Tan Sri Dato' Lau Eng Guang	-	-	*16,852,500	9.678	*16,852,500	9.678
2	Lau Joo Yong	-	-	-	-	-	-
3	Lau Joo Pern	-	-	-	-	-	-
4	Ng Seik Wah	-	-	-	-	-	-
5	Khoo Chie Yuan	-	-	-	-	-	-
6	Lum Dick Son	-	-	-	-	-	-

Note: * Deemed interested by virtue of his/her shareholding in Keen Setup Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016, as well as the shareholding of his spouse in the Company pursuant to Section 59 (11) (c) of Companies Act 2016.

ANALYSIS OF WARRANT B HOLDINGS (Cont'd)

As at 31 March 2022

LIST OF TOP 30 HOLDERS

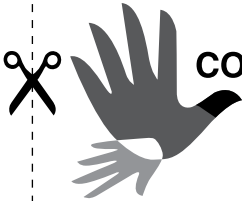
NO.	NAME	HOLDINGS	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KEEN SETUP SDN BHD (PB)	15,750,000	9.04
2	PANDUAN JITU SDN BHD	4,015,687	2.31
3	LIM SZE HOCK	4,000,000	2.30
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MELATI ANGSANA SDN BHD (KLC)	3,750,000	2.15
5	WARISAN DIPRIMA SDN BHD	3,750,000	2.15
6	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEIK YEE KOK	3,560,900	2.04
7	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	3,400,000	1.95
8	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	2,234,625	1.28
9	LIM SOH HONG	2,050,000	1.18
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IMPIAN SEMARAK SDNBHD (KLC)	1,836,000	1.05
11	WOON JAN SENG	1,492,000	0.86
12	MAHMUD FAUZI BIN HJ MOHAMED NAPIS SHUKRI	1,400,000	0.80
13	OUI KEE SENG	1,400,000	0.80
14	KENANGA INVESTMENT BANK BERHAD IVT (EDSP-NAGA 8-DO)	1,346,280	0.77
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PUA CHYE (E-SKC)	1,314,200	0.75
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	1,307,670	0.75
17	NEO YIAP SENG	1,302,000	0.75
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	1,251,900	0.72
19	PUAH SIEW MOOI	1,200,000	0.69
20	HILARY FERNANDEZ	1,150,000	0.66
21	LIM HENG LOONG	1,150,000	0.66
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES AC- COUNT FOR KOK YOON LIM	973,280	0.56
23	LEE MEE KUEN	959,100	0.55
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH SENG (E-SS2)	953,600	0.55

ANALYSIS OF WARRANT B HOLDINGS (Cont'd)

As at 31 March 2022

LIST OF TOP 30 HOLDERS (Cont'd)

NO.	NAME	HOLDINGS	%
25	CHAI MING TECK	862,000	0.50
26	TNEOH KIAN CHAI	855,000	0.49
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LENG KOK LIANG (E-PRA/BTW)	848,700	0.49
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN	819,300	0.47
29	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT PHUA CHEE EE	800,000	0.46
30	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	791,220	0.45
	Total	66,523,462	38.18



COMFORT GLOVES BERHAD

193701000006 (852-D)
(Incorporated in Malaysia)

Form of Proxy

No. of Shares held	
CDS Account No.	
Telephone No.	

I/We, _____ NRIC No. / Company No. _____
(Name of Shareholder as per NRIC)

of _____
(Full Address)

being a member(s) of Comfort Gloves Berhad, hereby appoint the following person(s):

Proxy	Full Name (in Block Letters) NRIC/Passport No.	Tel. No.	Email Address	No. of Shares	(%)
1	NRIC/Passport No. :				
2	NRIC/Passport No. :				

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 81st Annual General Meeting of the Company to be held on 31 May 2022 or at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business	Ordinary Resolution	For	Against
The payment of Directors' Fees	1		
The payment of Directors' Benefits to Non-Executive Directors	2		
The re-election of Lau Joo Yong as Director	3		
The re-election of Ng Seik Wah as Director	4		
The re-appointment of Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration.	5		
Special Business			
Authority to Allot and Issue Shares in General Pursuant to Section 76 of the Companies Act, 2016	6		
Proposed Renewal of Share Buy-Back Authority	7		

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:

- Only members whose names appear on the Record of Depositors as at 23 May 2022 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.
- 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 office of the Share Registrar of our Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting either by hand, post, electronic mail to bsr.helpdesk@boardroomlimited.com or fax +603-7890 4670, otherwise the instrument of proxy should not be treated as valid.
- 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.
- 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 Share Registrar
COMFORT GLOVES BERHAD

[Registration No.193701000006 (852-D)]

11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

Fold



COMFORT GLOVES BERHAD

193701000006 (852-D)

Lot 821, Jalan Matang,
34750 Matang, Taiping, Perak Darul Ridzuan.

www.comfort-rubber.com.my