



COMFORT GLOVES BERHAD

193701000006 (852-D)



TOGETHER WE ESTABLISH **EXCELLENCE**

ANNUAL REPORT 2022

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**Together We
Establish Excellence**

Comfort Gloves Berhad establishes a strong connection with customers to ensure consistency of quality precision. We innovate solution for our wide range of quality gloves in order to consistently improve better for our customers, progressively achieves better position as a pre-eminent player in the glove manufacturing industry worldwide.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 82nd Annual General Meeting (“AGM”) of Comfort Gloves Berhad (“CGB” or “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	: Monday, 22 May 2023
Time	: 10.00 a.m.
Broadcast Venue	: Summit 1, 3 rd Floor, Wisma Westcourt, No.126, Jalan Klang Lama, 58000 Kuala Lumpur, Malaysia.
Online Meeting Platform	: https://meeting.boardroomlimited.my
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 year ended 31 December 2022 together with the Directors’ and Auditors’ Reports thereon. **(Please refer to Note 1)**
2. To approve the payment of Directors’ Fees of RM350,000 in respect of the financial year ended 31 December 2022. **(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 82nd AGM until the next AGM of the Company. **(Ordinary Resolution 2)**
4. To re-elect Tan Sri Dato’ Lau Eng Guang who retired by rotation pursuant to Article 18.4(a) of the Company’s Constitution. **(Ordinary Resolution 3)**
5. To re-elect the following Directors who were appointed during the year pursuant to Article 18.2 of the Company’s Constitution.
 - 5.1 Datuk Amnah Binti Ibrahim **(Ordinary Resolution 4)**
 - 5.2 Chu Nyet Kim **(Ordinary Resolution 5)**
6. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

Notice of Annual General Meeting (Cont'd)

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

7. AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016 (Ordinary Resolution 7)

"THAT pursuant to Section 75 and Section 76 of the Companies Act 2016 ("Act"), the Directors be and are hereby empowered to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issuance.

THAT pursuant to Section 85 of the Act, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of new shares pursuant to this Mandate.

AND THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company."

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

"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 authorised 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.

Notice of Annual General Meeting (Cont'd)

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

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;

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.”

9. 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 11 May 2023 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)

CHAN WAI MAN
(SSM PC No. 202008003871)
(MAICSA 7075421)

Chartered Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
21 April 2023

Notice of Annual General Meeting (Cont'd)

Explanatory Notes:

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 year ended 31 December 2022 shall remain unchanged as follows:

Description	Non-Executive Directors / Members (FYE 2021 per annum per director)	Non-Executive Directors / Members (FYE 2022 per annum per director)
Directors' Fee - Board of Directors	RM75,000	RM75,000
Directors' Fee - Board Committees		
Chairman of Audit Committee	RM25,000	RM25,000
Members of Audit Committee	RM15,000	RM15,000
Chairman of Nomination Committee	RM15,000	RM15,000
Members of Nomination Committee	RM10,000	RM10,000
Chairman of Remuneration Committee	RM15,000	RM15,000
Members of Remuneration Committee	RM10,000	RM10,000

Description	Non-Executive Directors / Members
Meeting Allowance for Directors' Meeting and Board Committees	RM1,500 per meeting
Travelling Allowance per director (for outstation Director)	RM500 per trip (2 ways)

Notes:

The Directors' benefits payable to the Non-Executive Directors would be calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees and includes all benefits payable to the Directors, such as meeting allowances, committees' fees, etc.

Notice of Annual General Meeting (Cont'd)

Explanatory Notes: (Cont'd)

3) Ordinary Resolutions 3, 4 and 5 – Re-election of Directors

Tan Sri Dato' Lau Eng Guang, Datuk Amnah Binti Ibrahim and Chu Nyet Kim are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this 82nd AGM.

The Board has via the Nomination Committee held on 23 February 2023 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.

4) Ordinary Resolution 6 – Appointment of Auditors

The Audit Committee ("AC") has on 23 February 2023 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 2023 be put forward for the shareholders' approval at the 82nd AGM.

5) Ordinary Resolution 7 – Authority to Allot and Issue Shares in General Pursuant to Section 75 and Section 76 of the Companies Act 2016

The Ordinary Resolution proposed under item 7 if passed, will empower the Directors of the Company, from the date of the above AGM until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten percent (10%) of the issued share capital of the Company ("Share Mandate"). This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting.

With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares without making a pre-emptive offer to existing shareholders. In addition, any delay arising from and cost involved in convening an Extraordinary General Meeting ("EGM") to approve such issuance of shares should be eliminated. The Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

At the Annual General Meeting held on 31 May 2022, 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, which the generated mandate was then reinstated to 10% effective 1 January 2023. 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.

6) Ordinary 8 – Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution 8 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 2022.

Notice of Annual General Meeting (Cont'd)

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 or lodge electronically at <https://investor.boardroomlimited.com>, otherwise the instrument of proxy should not be treated as valid.

Directors

**Tan Sri Dato'
Lau Eng Guang**

Executive Chairman

Lau Joo Yong

Executive Director cum
Group Chief Executive Officer

Lau Joo Pern

Executive Director

Chu Nyet Kim

Independent
Non-Executive Director

Khoo Chie Yuan

Independent
Non-Executive Director

Datuk Amnah Binti Ibrahim

Independent
Non-Executive Director

Audit Committee

Chu Nyet Kim (Chairman)
Khoo Chie Yuan
Datuk Amnah Binti Ibrahim

Nomination Committee

Datuk Amnah Binti Ibrahim (Chairman)
Khoo Chie Yuan
Chu Nyet Kim

Remuneration Committee

Khoo Chie Yuan (Chairman)
Datuk Amnah Binti Ibrahim
Chu Nyet Kim

Committee to Review Press or Public Announcements

Lau Joo Yong
Lau Joo Pern

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

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

Registered Office

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

Tel No. : +605-5474 833
Fax No. : +605-5474 363

Secretaries

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

Chan Wai Man
(SSM PC No. 202008003871)
(MAICSA 7075421)

Auditors

KPMG PLT
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

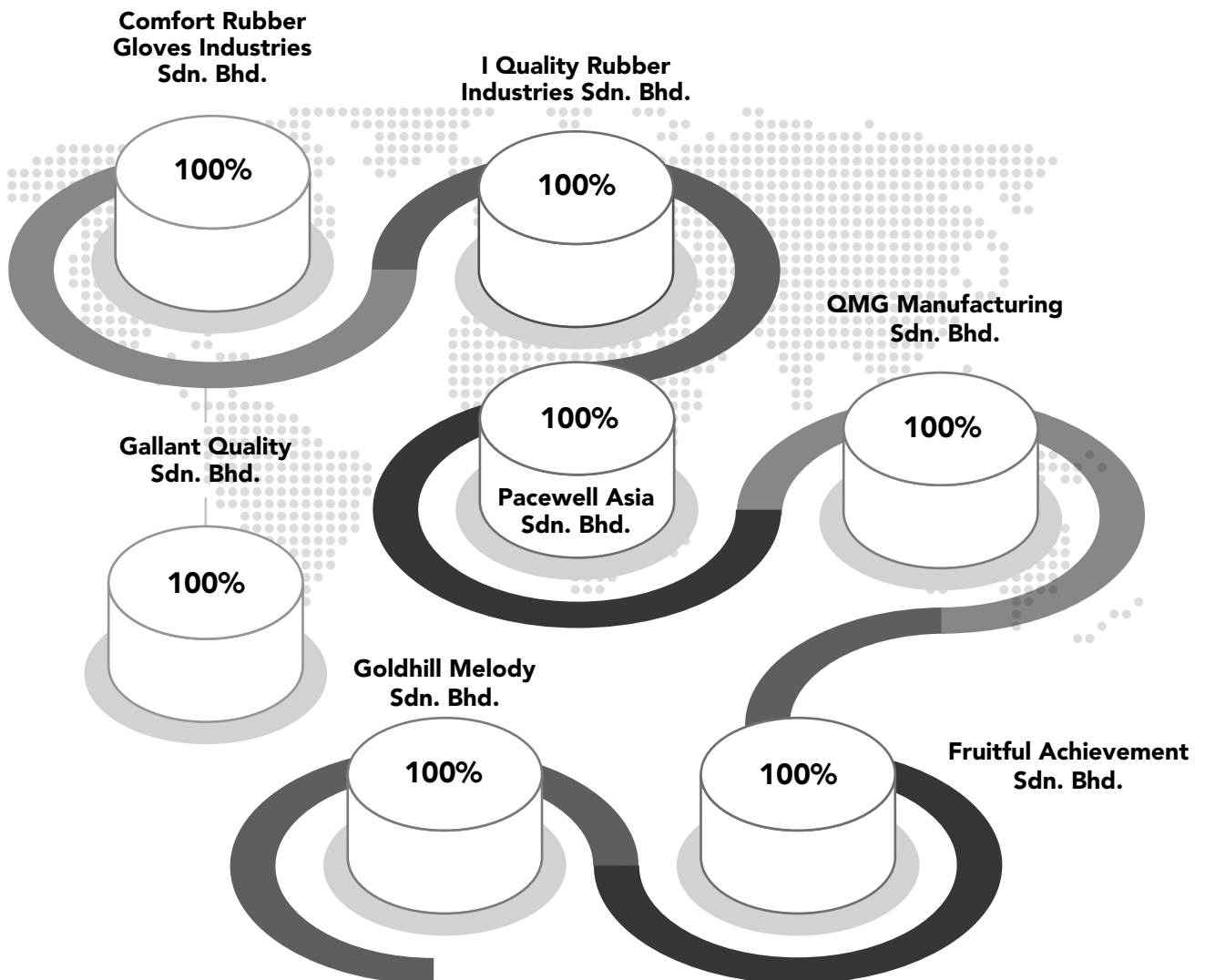
Stock Exchange Listing

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



COMFORT GLOVES BERHAD

193701000006 (852-D)



Profile of Directors



Tan Sri Dato' Lau Eng Guang

Executive Chairman

68 Male Malaysian

Date of Appointment

5 March 2021

Date of Last Re-Election

22 June 2021

Length of Services (as at 21 April 2023)

2 years 1 month

Board Meeting Attended

5/5

Board Committees Memberships

Not Applicable ("N/A")

Academic / Professional Qualifications

South Australian - Matriculation

Other Directorship(s) in Public Companies and Listed Issuers

Leong Hup International Berhad

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.

Family Relationship / Conflict of Interest

- › 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.
- › He is the spouse of Puan Sri Goh Kim Kooi, who is the major shareholder of the Company.

Conviction of Offence

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



Lau Joo Yong

Executive Director cum
Group Chief Executive Officer

36 Male Malaysian

Date of Appointment as Executive Director

9 September 2014

Date of Appointment as Group Chief Executive Officer

31 March 2021

Date of Last Re-Election

31 May 2022

Length of Services (as at 21 April 2023)

8 years 7 months

Board Meeting Attended

5/5

Board Committees Memberships

N/A

Academic / Professional Qualifications

Bachelor of Business Administration, East London University

Other Directorship(s) in Public Companies and Listed Issuers

Nil

Past Directorships and/or Appointments / Working Experience:

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

Family Relationship / Conflict of Interest

- › He is the son of Tan Sri Dato' Lau Eng Guang, who is the Executive Chairman and major shareholder of the Company.
- › He is also the son of Puan Sri Goh Kim Kooi, who is the major shareholder of the Company.
- › 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 year.



Lau Joo Pern
Executive Director

42 Male Malaysian

Date of Appointment as Non-Independent Non-Executive Director

30 January 2015

Redesignated to Executive Director

7 January 2021

Date of Last Re-Election

22 June 2021

Length of Services (as at 21 April 2023)

8 years 3 months

Board Meeting Attended

5/5

Board Committees Memberships

N/A

Academic / Professional Qualifications

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

Other Directorship(s) in Public Companies and Listed Issuers

Nil

Past Directorships and/or Appointments / Working Experience:

Mr. Lau Joo Pern 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.

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.

Conviction of Offence

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



Chu Nyet Kim
Independent Non-Executive Director

68 Female Malaysian

Date of Appointment

26 July 2022

Date of Last Re-Election

N/A

Length of Services (as at 21 April 2023)

8 months

Board Meeting Attended

2/2

Board Committees Memberships

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

Academic / Professional Qualifications

- › Member of Malaysian Institute of Accountants (MIA)
- › Fellow Member of Association of Chartered Certified Accountants, United Kingdom (ACCA)
- › Diploma in Accounting (Honors), Algonquin College of Applied Arts & Technology, Canada

Past Directorships and/or Appointments / Working Experience:

Madam Chu Nyet Kim worked in Deloitte Indonesia since June 1989 and retired on May 2016. Her last position before retirement was Deputy Managing Partner - Tax function Indonesia, Leader of Global Employer Services & Tax Risk Management Leader. She has been a Commissioner of PT PZ Cussons Indonesia, Jakarta, Indonesia since October 2016 and an Independent Director of Leong Hup International Berhad since August 2018.

Other Directorship(s) in Public Companies and Listed Issuers

Leong Hup International Berhad

Family Relationship / Conflict of Interest

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

Conviction of Offence

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

Profile of Directors (Cont'd)



Khoo Chie Yuan

Independent Non-Executive Director

65 Male Malaysian

Date of Appointment

7 January 2021

Date of Last Re-Election

22 June 2021

Length of Services (as at 21 April 2023)

2 years 3 months

Board Meeting Attended

5/5

Board Committees Memberships

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

Academic / Professional Qualifications

- › Diploma in Business Administration, Institute of Business Administration, Australia.
- › Diploma in General Insurance, Australian Insurance Institute.

Other Directorship(s) in Public Companies and Listed Issuers

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.

Family Relationship / Conflict of Interest

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

Conviction of Offence

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



Datuk Amnah Binti Ibrahim

Independent Non-Executive Director

65 Female Malaysian

Date of Appointment

19 July 2022

Date of Last Re-Election

N/A

Length of Services (as at 21 April 2023)

8 months

Board Meeting Attended

2/2

Board Committees Memberships

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

Academic / Professional Qualifications

STPM, Sekolah Datuk Bentara Luar Batu Pahat Johor

Other Directorship(s) in Public Companies and Listed Issuers

Nil

Past Directorships and/or Appointments / Working Experience:

Datuk Amnah Binti Ibrahim has more than 20 years working experience in the field of human resource and general affair. The last designation was Human Resource Director and General Affair Manager before she relinquished the positions in 2003. She then was appointed as Managing Director of Armada Baiduri Sdn. Bhd., a construction company with CIDB G7 License since 2003.

Family Relationship / Conflict of Interest

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

Conviction of Offence

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

Profile of Key Senior Management



Leong Wai Leong
Vice President cum
Chief Financial Officer

50 Male Malaysian

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

Past Directorships and/or Appointments / Working Experience:

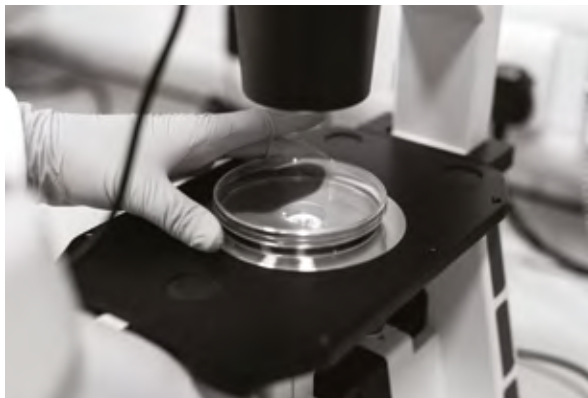
Mr. Leong started his career as Audit Assistant for Ernst & Young in 1993. His involvement in gloves manufacturing industries started when he joined a glove manufacturing company named Asia Pacific Latex Sdn Bhd in 1998 as Account Supervisor. He was subsequently promoted as Account Executive and Corporate 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 year.



Chairman's Statement

DEAR VALUED SHAREHOLDERS,

As we entered 2022, the impact of the Covid-19 pandemic and various geopolitical developments such as Covid-19 resurgence in China, the Russia-Ukraine conflict that cause a significant hike in crude oil prices, supply chain disruptions and thus rising inflationary pressure continues to pose significant challenges to the global economy and our Group is no exception. While we recognise that these challenges are significant, we are committed to taking the necessary steps to turn our fortunes around.

On this note, I am pleased to present you the Annual Report and Audited Financial Statements of Comfort Gloves Berhad for the financial year ended 31 December 2022 ("**FYE 2022**").

CORPORATE DEVELOPMENT

On 10 June 2022, CGB had completed the acquisition of entire equity interest in Goldhill Melody Sdn. Bhd. ("**GMSB**") for a total cash consideration of RM25.78 million.

GMSB is an investment holding company which is the registered owner of 5 parcels of freehold agriculture land, collectively measuring to 6.14 hectare located in Daerah Muar, Negeri Johor. Considering that property prices have been compressed in recent years due to the Covid-19 pandemic, the Group believes that this is an opportune time to redeploy some funds towards capital assets which may provide an opportunity for the Group to benefit from potential capital appreciation in the future.



FINANCIAL PERFORMANCE

Our performance in FYE 2022 reflects the endemicity of Covid-19, which in turn causes the gloves industry to be back to normalcy. In this financial year under review, CGB recorded revenue of RM606.68 million, representing a 56.4% decline compared to previous 11-month financial period ended 31 December 2021 ("**FPE 2021**") and posted a net loss of RM42.30 million compared to a net profit of RM421.52 million in FPE 2021. We faced multiple headwinds during FYE 2022, in particular, the oversupply of gloves resulting from increased capacity by major gloves companies, new competitors entering the glove industry, coupled with slower buying trend from our customers as a result of the excessive stockpiling during the Covid-19 pandemic phase. Collectively, these resulted in a temporary but substantial slowdown in demand which ultimately led to the declining average selling prices ("**ASP**") of our glove products.

For further insights into our financial and operational performance, please refer to our Management Discussion and Analysis section of this Annual Report.

UPHOLDING CORPORATE GOVERNANCE

Despite the hurdles faced by our Group, we remain committed to carrying out high standard governance practices throughout our Group. We believe that these fundamental practices can not only foster long-term growth but also protect and enhance the value of stakeholders and shareholders.

During the year, our Board has taken the initiative to adopt a new Fit and Proper Policy to ensure that all Key Responsible Persons have the requisite qualities, competencies, and experience to fulfill their duties and carry out the responsibilities required of their position effectively.

For further insight into our measures in upholding corporate governance, please refer to the Corporate Governance Overview Statement ("**CG Overview Statement**") of this Annual Report and the Corporate Governance Report ("**CG Report**").

SUSTAINABILITY

CGB has always been committed to ensure that our business growth adopt appropriate sustainability practices taking into consideration of Economic, Environmental, Social and Governance ("**EESG**") factors.

In an attempt to achieve our business objectives with minimal negative environmental impact, we will continue to monitor and embed sustainable practices in our daily operations. The safety of our employees remain a foremost priority and we will continue to focus our efforts on ensuring that employees are well cared for. During the year, we have provided our employees with fire safety and prevention training, distribute cloth face masks and provided free check-ups to our female employees.

Besides, we also tried to continue our corporate social responsibilities such as multiple foods and groceries donations to poor and needy during festive seasons, cash donation to various nearby schools and others in these challenging times.

For further insight into our sustainability commitment and strategies, please refer to the Sustainability Statement of this Annual Report.

LOOKING AHEAD

The rubber glove industry underwent a paradigm shift due to oversupply conditions and the gloves market demand remained weak in FYE 2022. In addition, the implementation of the minimum wages order and rises in other production costs such as the costs of shipping and natural gas coupled with the lower ASP continued to be our main challenges.

However, driven by our customers' replenishment cycle as well as an overall heighten hygiene awareness amongst consumers post pandemic, we remain cautiously optimistic towards our long-term prospects. At the same time, we are also closely monitoring the developments and adapting our strategies accordingly to ensure that we are well-positioned to take advantage of opportunities as they arise.

APPRECIATION

I want to take this opportunity to express my gratitude to our employees and management team for their dedication and hard work during these challenging times. I also want to thank our shareholders for their continuous support as we navigate through this unprecedented crisis. Together, we will emerge stronger and more resilient than ever before.

Thank you.

Tan Sri Dato' Lau Eng Guang
Executive Chairman
21 April 2023



Corporate Governance Overview Statement

INTRODUCTION

The Board of Directors recognises 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 2022, 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. In February 2022, the Board approved the amendments to the Board Charter including updates in line with the Bursa Securities Listing Requirement and MCCG 2021.

Corporate Governance Overview Statement (Cont'd)

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

Board Composition and Independence

The Board currently comprises six (6) members, comprising three (3) Independent Non-Executive Directors (INED) and three (3) Executive Directors, whereby 2 INED are woman directors. This complies with Paragraph 15.02(1) of the Bursa Securities Listing Requirement and also the Board Charter of having at least one-third (1/3) of the Board members as Independent Non-Executive Directors and also 1 woman director.

The presence of three (3) INED fulfills an important role in corporate accountability and also to provide an independent and unbiased views, advice and judgment on issues of strategy, performance, resource utilisation and standards of conduct, all of which are vital to the Group. The mixture of technical, industry expertise, entrepreneurial, financial, and business skills of the Directors also enhance the effectiveness of the Board. In addition, the Independent Directors play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process.

In adherence to the prescription of Practice 1.4 of the MCCG 2021, the Chairman of the Board is not a member of the Board Committees and neither is he invited to the Board Committees.

During the FYE 2022, there were several changes to the composition of the Board as follows:

- The appointment of Datuk Amnah Binti Ibrahim as Independent Non-Executive Director on 19 July 2022;
- The resignation of Lum Dick Son as Independent Non-Executive Director on 19 July 2022;
- The appointment of Chu Nyet Kim as Independent Non-Executive Director on 26 July 2022;
- The resignation of Ng Seik Wah as Independent Non-Executive Director on 26 July 2022.

Based on the Board's annual review of its size and composition, it was concluded that the Board of 6 members as at 31 December 2022 was appropriate and adequate to effectively govern the organisation and comprises a mixture of businessmen and professionals with wide financial and commercial experience.

Qualified and Competent Company Secretaries

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

The Board has direct access to the advice and services of the Company Secretaries who are 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

The Board Charter for Board requires having at least one (1) female Director. As at 31 December 2022, we have two female members namely Datuk Amnah Binti Ibrahim and Chu Nyet Kim sitting on the Board. The Board recognised the value of female members of the Board and the female Directors form 33% of the Board.

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 CGB serve in more than five (5) listed companies.

Corporate Governance Overview Statement (Cont'd)

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

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

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

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

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

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

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

- Review and approval of corporate, strategic directions and financial plans of the Group;
- Monitor financial performance including approval of annual and interim financial reports;
- Overseeing the conduct of the business of the Group;
- Approval of material acquisitions, and disposal of undertaking and properties or any significant which exceeds the authority limits delegated to the Managing Director or management;
- Changes to the management and control structure within the Company and its subsidiaries;
- Appointment of all other Board members, Board Committee members, Chief Financial Officer 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;
- Assume responsibility for good corporate governance including Environmental Sustainability Governance matters.

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.

Corporate Governance Overview Statement (Cont'd)

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

Board Meetings

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

A total of five (5) Board Meetings were held during the financial 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>	5 of 5
Lau Joo Yong <i>Executive Director cum Group Chief Executive Officer (Group CEO)</i>	5 of 5
Lau Joo Pern <i>Executive Director</i>	5 of 5
Khoo Chie Yuan <i>Independent Non-Executive Director</i>	5 of 5
Datuk Amnah Binti Ibrahim <i>Independent Non-Executive Director (Appointed on 19 July 2022)</i>	2 of 2
Chu Nyet Kim <i>Independent Non-Executive Director (Appointed on 26 July 2022)</i>	2 of 2
Lum Dick Son <i>Independent Non-Executive Director (Resigned on 19 July 2022)</i>	3 of 3
Ng Seik Wah <i>Independent Non-Executive Director (Resigned on 26 July 2022)</i>	3 of 3

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 days 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.

Corporate Governance Overview Statement (Cont'd)

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

Access to Information and Advice (Cont'd)

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

During the FYE 2022, the Board has adopted the Fit & Proper Policy for the appointment and re-election of Directors as required by the Main Market Listing Requirements of Bursa Securities, with the aim of strengthening board independence, quality, and diversity.

For the appointment of the 2 new Directors, the Nomination Committee ("NC") has its own review criteria as well as the Board's Fit and Proper requirements 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 ("**AGM**"). The Constitution also provide that all directors shall retire at least once in three (3) years. However, retiring Directors are eligible for re-election in accordance with its Constitution.

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

Continuous Directors' Training

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

Corporate Governance Overview Statement (Cont'd)

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

Continuous Directors' Training (Cont'd)

All Directors receive updates from time to time, on relevant laws and regulations to enhance their business acumen and skills to meet the changing commercial challenges. The Directors have participated in conferences, seminars and training programmes and during the FYE 2022, the following training programmes and seminars were attended by the Directors:

Name of Directors	Training or Seminars Attended
Tan Sri Dato' Lau Eng Guang	<ul style="list-style-type: none"> • ISO Management Review • Safety & Exit Drill Briefing • Training on Sustainability Governance, Management & Reporting • Talk on Singapore taxation conducted by corporate tax consulting, KPMG Singapore • Talk on Philippines taxation conducted by corporate tax consulting, Ramon F.Garcia & Company, CPA (Crowe Philippines)
Lau Joo Yong	<ul style="list-style-type: none"> • Training on Sustainability Governance, Management & Reporting
Lau Joo Pern	<ul style="list-style-type: none"> • Training on Sustainability Governance, Management & Reporting • Talk on Singapore taxation conducted by corporate tax consulting, KPMG Singapore • Talk on Philippines taxation conducted by corporate tax consulting, Ramon F.Garcia & Company, CPA (Crowe Philippines)
Khoo Chie Yuan	<ul style="list-style-type: none"> • Training on Sustainability Governance, Management & Reporting
Chu Nyet Kim	<ul style="list-style-type: none"> • Training on Sustainability Governance, Management & Reporting • ACCA Asia Pacific Thought Leadership Forum: 2022 Economic Outlook • ACCA Asia Pacific Thought Leadership Forum: Sustainability reporting: get ready for new ISSB standards • Asia School of Business - Governance in Groups by Prof. Mak Yuen Teen • Talk on Singapore taxation conducted by corporate tax consulting, KPMG Singapore • Talk on Philippines taxation conducted by corporate tax consulting, Ramon F.Garcia & Company, CPA (Crowe Philippines) • Asia School of Business : Corporate Governance & Remuneration Practices for the ESG world • Latest Tax Developments organised by Chartered Tax Institute of Malaysia • Bloomberg Business Summit at APEC : Interconnection Transformed • Conversation with Audit Committees organised by Securities Commission Malaysia's Audit Oversight Board • Double your reading speed, triple your effectiveness, specially crafted for accountants and financial leaders (webinar by MIA) • Neuroscience Development Programme for effective business leaders (webinar by MIA)
Datuk Amnah Binti Ibrahim	<ul style="list-style-type: none"> • Training on Sustainability Governance, Management & Reporting • ISO Management Review • Safety & Exit Drill Briefing

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

The Company Secretary also 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 year.

Corporate Governance Overview Statement (Cont'd)

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

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

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 INED, Madam Chu Nyet Kim.

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

Nomination Committee (“NC”)

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

Name of Member

- (i) Datuk Amnah Binti Ibrahim (Appointed as Chairman on 19 July 2022)
Chairman, INED
- (ii) Khoo Chie Yuan
Member, INED
- (iii) Chu Nyet Kim (Appointed as Member on 26 July 2022)
Member, INED
- (iv) Lum Dick Son, INED (Resigned on 19 July 2022)
- (v) Ng Seik Wah, INED (Resigned on 26 July 2022)

The role of the NC is set out in its TOR which was revised in February 2022 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.

During the FYE 2022, two meetings were held and undertook the following activities:

- a) Discussed and recommended the appointment of Leong Wai Leong as the Group Chief Financial Officer (CFO) in place of the outgoing Group CFO, Joseph Choong;
- b) Discussed and recommended the appointment of 2 new female directors, namely Datuk Amnah Binti Ibrahim and Chu Nyet Kim via the fit and proper assessment;

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

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

During the FYE 2022, two meetings were held and undertook the following activities: (Cont'd)

- c) Reviewed the performance of the Directors who are due for re-election/re-appointment at the next AGM via the fit and proper assessment;
- d) Assessed the independence of the Independent Directors;
- e) Reviewed the mix of skills, independence, experience and other qualities of the Board;
- f) 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;
- g) Reviewed the annual assessment of the effectiveness of the Board, Board committees and individual directors annually using a set of customised self-assessment questionnaires to be completed by each Director; with the following criteria: -

Audit Committee

- i) Committee and Governance Structure
- ii) Skills and Competencies
- iii) Meeting Administration and Meeting Conduct
- iv) Board Communication and Areas of Focus (Management, Internal Audit and External Audit)

Board of Directors

- i) Board Mix and Composition
- ii) Quality of Information and Decision Making
- iii) Board's Relationship with the Management
- iv) Board Activities
- v) Board Chairman's role and responsibilities
- vi) ESG issues

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; and
- the results of the self-assessment by Directors and Board's effectiveness were tabled to the Board for review and deliberation.

Corporate Governance Overview Statement (Cont'd)

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

Remuneration Committee ("RC")

The members of the Remuneration Committee during the financial year, 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) Datuk Amnah Binti Ibrahim (Appointed as Member on 19 July 2022)
Member, Independent Non-Executive Director
- (iii) Chu Nyet Kim (Appointed as Member on 26 July 2022)
Member, Independent Non-Executive Director
- (iv) Lum Dick Son (*Resigned on 19 July 2022*)
- (v) Ng Seik Wah (*Resigned on 26 July 2022*)

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.

Two meetings were held during the FYE 2022 under review and all committee members attended the meeting. The TOR of RC was revised in February 2022 and posted on the Company's website.

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 details of the remuneration of the Directors (on named basis) and Senior Management for the financial year ended 31 December 2022 are as follows:

Company Level

Non-Executive Directors' Remuneration

Name of Directors	Ng Seik Wah (Resigned on 26 July 2022)		Khoo Chie Yuan		Lum Dick Son (Resigned on 19 July 2022)	
	Fee	Other Emoluments	Fee	Other Emoluments	Fee	Other Emoluments
Below 50,000		√		√		√
50,001 - 100,000	√				√	
100,001 - 150,000			√			

Name of Directors	Chu Nyet Kim (Appointed on 26 July 2022)		Datuk Amnah Binti Ibrahim (Appointed on 19 July 2022)	
	Fee	Other Emoluments	Fee	Other Emoluments
Below 50,000	√	√	√	√

Group Level

Executive Directors' Remuneration

Tan Sri Dato' Lau Eng Guang

	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000					√
500,001 – 550,000				√	
2,850,001 – 2,900,000	√				

Corporate Governance Overview Statement (Cont'd)

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

DIRECTORS' REMUNERATION (Cont'd)

Group Level (Cont'd)

Executive Directors' Remuneration (Cont'd)

Lau Joo Yong

	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000					√
450,001 – 500,000				√	
2,400,001 - 2,450,000	√				

Lau Joo Pern

	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
50,001 – 100,000				√	
400,001 - 450,000	√				

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Risk Management and Internal Control

The Board, with the assistance of the AC, continue 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 MCCG 2021 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 AC 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 AC had on 23 February 2023 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within the Group's timeline. The AC was satisfied with the suitability of 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 AGM on the appointment of KPMG PLT as the EA of the Company for the financial year ending 31 December 2023.

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

Corporate Governance Overview Statement (Cont'd)

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

Relationship with Auditors

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

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

Communication with Stakeholders

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

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

During the virtual AGM held on 31 May 2022, 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 EA 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.

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.

Corporate Governance Overview Statement (Cont'd)

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

Compliance with the Code

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

- **Practice 5.10** on the board discloses in its annual report the company's policy on gender diversity for the board and senior management.
- **Practice 8.2** on 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 19 April 2023.

Management Discussion and Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Established in 1993, Comfort Rubber Gloves Industries Sdn Bhd is involved in the manufacturing and trading of quality natural and synthetic examination gloves. Located in Taiping, Perak, our Group have 53 production lines within 6 manufacturing plants which are equipped with advanced machinery and operations capable of producing a wide range of latex glove, nitrile glove and various specialty gloves.



Our Vision

"To be the market leader in providing safe gloves"



Key Strategies

- We believe by working together with our customers and through the use of advanced machineries, we can develop speciality products that can provide superior protection for specific applications; and
- Through a strong emphasis on research & development and flexible manufacturing, we can deliver the right protection in the right quantities to the right customers.

Our Group has the capacity and capability to produce 6 billion pieces of natural and synthetic gloves per year which are exported internationally to North America, Central America, Oceania, the Middle East, Europe, South America, Africa, as well as the Asia-Pacific region to meet the demands and quality needs of a diverse range of customers.



Creating and enhancing the value of our shareholders has always been one of our top priorities. The Group is constantly identifying and seeking opportunities to improve its earnings and strengthen its asset base. During FYE 2022, the Group has acquired the entire equity interest in Goldhill Melody Sdn. Bhd. ("GMSB") for a total cash consideration of RM25.78 million.

GMSB is an investment holding company which is the registered owner of 5 parcels of freehold agriculture land, collectively measuring to 6.14 hectare located in Daerah Muar, Negeri Johor. Taking into consideration that property prices have been compressed in recent years due to the Covid-19 pandemic, the Group believes that this is an opportune time to redeploy some funds towards capital assets which may provide an opportunity for the Group to benefit from potential capital appreciation in the future.

Management Discussion and Analysis (Cont'd)

FINANCIAL REVIEW

	FYE 2022	⁽¹⁾ FPE 2021	YoY Changes (%)
FINANCIAL RESULTS			
Financial Indicators (RM'000)			
Revenue	606,680	1,390,655	(56.4)
Gross (Loss)/ Profit ("GP")	(17,881)	681,746	> (100)
(Loss)/ Profit Before Tax ("PBT")	(60,160)	539,168	> (100)
(Loss)/ Profit After Tax ("PAT")	(42,304)	421,519	> (100)
Financial Ratios			
GL/GP margin (%)	(2.9)	49.0	> (100)
LBT/PBT margin (%)	(9.9)	38.8	> (100)
LAT/PAT margin (%)	(7.0)	30.3	> (100)
FINANCIAL POSITIONS			
Financial Indicators (RM'000)			
Total assets	990,585	1,179,579	(16.0)
Total liabilities	98,538	244,633	(59.7)
Equity attributable to equity holders of the Company	892,046	934,946	(4.6)
Financial Ratios			
Gearing ratio (times)	0.04	0.10	(60.0)
Current ratio (times)	6.02	3.64	65.4
CASHFLOW STATEMENT			
Financial Indicators (RM'000)			
Net cash generated from operating activities	38,300	344,891	
Net cash used in investing activities	(74,217)	(195,416)	
Net cash used in financing activities	(58,572)	(33,215)	
Net change in Cash and Cash Equivalent ("CCE")	(94,489)	116,260	
Effect of exchange rate fluctuations	7,704	3,105	
CCE at the beginning of the financial year/ period	221,348	101,983	
CCE at the end of the financial year/ period	134,563	221,348	

Note:

- (1) The Group has changed its financial year end from 1 January to 31 December and hence, the financial reporting period for FPE 2021 shall be for 11 months commencing from 1 February 2021 to 31 December 2021.

FINANCIAL REVIEW (Cont'd)

The year 2022 is when most countries worldwide transitioned to Covid-19 endemicity. However, the global economic outlook continues to be clouded from the Covid-19 flare-ups as well as international developments such as geopolitical conflicts, global inflationary pressures and tightening monetary policies, leading to a weaker economic prospect. Against a highly challenging and volatile environment, the Group recorded revenue of RM606.68 million and a loss after tax of RM42.30 million during FYE 2022.

The Group's financial performance in FYE 2022 has dipped considerably in comparison with FPE 2021's record high performance as the overall glove industry realigns to normality post Covid-19 pandemic. The Group was faced with multiple headwinds during FYE 2022, in particular, the oversupply of gloves resulting from increased capacity by major gloves companies, new competitors entering the glove industry, coupled with slower buying trend from our customers as a result of the excessive stockpiling during the Covid-19 pandemic phase. Collectively, these resulted in a temporary but substantial slowdown in demand which ultimately led to the declining average selling prices ("ASP") of our glove products. As compared to the previous financial period, our sales volume has decreased by 14% while our ASP eased by 51% year on year.

In addition to the declining revenue, the Group was also affected by an escalating cost structure on the back of supply chain disruptions and global inflationary pressures which resulted in higher cost of industrial chemicals used in our production, freight cost and packaging materials. Our overall manufacturing cost was also further escalated due to the hike in natural gas tariff which increased by approximately 59% during FYE 2022 as well as higher labour cost arising from the implementation of Malaysia's revised minimum wage policy which raised the minimum wage by 25% from RM1,200 to RM1,500. Faced with an escalating cost structure coupled with a declining sales volume and ASP, the Group recorded gross loss of RM17.88 million during FYE 2022.

Furthermore, the declining sales volume and ASP of our glove products has led to the write down of our inventory value to its net realisable value and a provision for slow-moving inventories amounting to RM 5.81 million and RM4.68 million respectively. Overall, the Group recorded a loss before tax of RM60.16 million and a loss after tax of RM42.30 million after the reversal of deferred tax amounted to RM28.14 million.

As at 31 December 2022, our total non-current assets increased by RM30.21 million mainly due to the recognition of investment properties arising from our acquisition of Goldhill Melody Sdn Bhd. The increase in non-current assets was set off by the decreased in current assets by RM219.2 million due to lower inventory, trade receivables and cash and bank balances resulting from the softer financial performance during the financial year.

Total liabilities as at 31 December 2022 decreased by RM146.10 million as compared to the previous financial year mainly due to the repayment of borrowings by RM56.12 million, reversal of deferred tax amounting to RM28.14 million, decrease in trade and other payables by RM32.64 million.

As at 31 December 2022, our Group generated a lower net operating cash flow of RM38.30 million as compared to RM344.89 million in the previous financial year mainly due to the softer financial performance during the financial year. Net cash used in investing activities mainly relates to purchase of additional property plant and equipment amounting to RM50.19 million and the net cash outflow arising from the acquisition of GMSB amounting to RM25.63 million. Net cash used in financing activity relates to the repayment of bills payable and other term loan facilities.

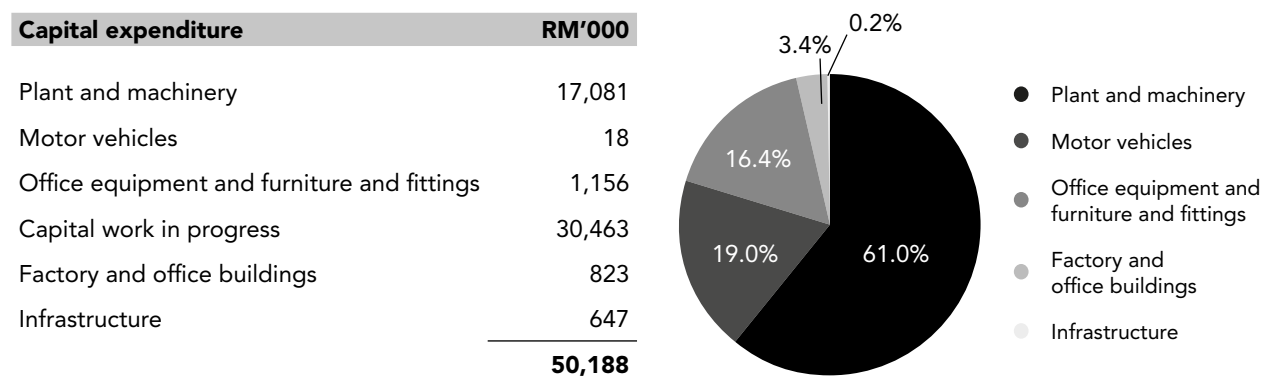
Overall, despite reporting financial loss in FYE 2022, the Group's financial position remains strong with a healthy cash and bank balance of RM134.56 million, strong current ratio of 6.02 times and a minimum gearing of 0.04 times. At the financial year, our shareholders fund amounts to RM892.05 million with a net asset per share of RM1.53.

Management Discussion and Analysis (Cont'd)

CAPITAL STRUCTURE, RESERVES AND EXPENDITURE

As at 31 December 2022, the Company's share capital amounts to RM142.99 million comprising 582,949,143 ordinary shares with net asset per share of RM1.53. Barring any unforeseen circumstances, our Group shall have adequate working capital to meet our budgeted requirements after taking into consideration our cash and cash equivalent of RM134.56 million as at 31 December 2022, current ratio of 6.02 times and a low gearing ratio of 0.04 times.

As of 31 December 2022, the Group has incurred a total capital expenditure of RM50.19 million, which consists of the following: -



As at 31 December 2022, our capital commitments are as follows: -

Capital expenditure commitments	RM'000
Property, plant and equipment	
- approved and contracted for	3,488
- approved but not contracted for	-
	3,488

RISK RELATING TO THE BUSINESS

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.

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.

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.

RISK RELATING TO THE BUSINESS (Cont'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.

FUTURE PROSPECT AND OUTLOOK

Amidst the various headwinds and the unfavorable economic conditions, the prospect of the overall glove industry remains promising in the longer term. Persevering through a challenging business environment, the Group is confident that the financial performance will also improve once the demand and supply mechanism realign in the near term.

Driven by the customer replenishment cycle as well as an overall heightened hygiene awareness amongst consumers post pandemic, the recent stabilisation in the ASP may indicated that a recovery is on the horizon.

Meanwhile, the Group will emphasise on cost controlling measure to ensure we operate efficiently, defer any unnecessary capital expenditures and conserve as much cash as possible in order weather through the challenges ahead. In tandem, the Group will also continue to research and develop more specialised gloves to differentiate itself from competitors.

Barring any unforeseen circumstances and with a clear vision, we are cautiously optimistic about the Group's outlook in enhancing our shareholders' value in a sustainable and long-term manner.

DIVIDEND

There was no dividend declared or paid in FYE 2022. Currently, the Company does not have any formal dividend policy in place. Any recommendation and declaration of dividends at the discretion of the Board and subject to various factors, including financial performance, capital expenditure requirements and cash flow management.

Audit Committee Report

The Board of Directors (“the Board”) of Comfort Gloves Berhad (“CGB” or “the Company”) is pleased to present the Audit Committee (“AC”) Report for the financial year ended 31 December 2022 (“FYE 2022”) 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

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 (“LR”).

The AC Chairman, Chu Nyet Kim, is a member of Malaysian Institute of Accountants (“MIA”) 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 LR and in line with the Practice 9.1 under the Malaysian Code on Corporate Governance 2021 (“MCCG”).

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

The Nomination Committee (“NC”) 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 NC 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 FYE 2022, 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 Secretaries 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.

1. COMPOSITION AND ATTENDANCE (Cont'd)

Meetings (Cont'd)

The AC convened a total of five (5) meetings during the FYE 2022 and the details of the AC members and meeting attendance are as follows:

Audit Committee Members	Designation	Number of Meetings Attended
Chu Nyet Kim (Appointed on 26 July 2022) <i>(Independent Non-Executive Director)</i>	Chairman	2 of 2
Khoo Chie Yuan <i>(Independent Non-Executive Director)</i>	Member	5 of 5
Datuk Amnah Binti Ibrahim (Appointed on 19 July 2022) <i>Independent Non-Executive Director</i>	Member	2 of 2
Ng Seik Wah (Resigned on 26 July 2022) <i>(Independent Non-Executive Director)</i>	Chairman	3 of 3
Mr Lum Dick Son (Resigned on 19 July 2022) <i>(Independent Non-Executive Director)</i>	Member	3 of 3

The EA were in attendance at two meetings during the FYE 2022 where discussion between the AC and EA were held without the presence of the Group Executives. During the Meetings, the AC 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 year, the AC carried out its duties as set out in the TOR. The TOR was revised in February 2022. The key activities performed by the AC during the FYE 2022 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 KPMG PLT ("KPMG") twice 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 of major concern to highlight to the AC and they have received full co-operation from the management.

KPMG 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 and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code').

- (ii) Reviewed the audit fee for the financial year and recommended the audit fee to the Board for approval.
- (iii) Reviewed prior to the commencement of audit, the EA' 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 Group's financial statement and their proposed fees for the statutory audit.

Audit Committee Report

(Cont'd)

2. SUMMARY OF ACTIVITIES (Cont'd)

(b) Financial Reporting

- (i) reviewed all the unaudited Quarterly Financial Statements, ensure compliance with the Companies Act 2016, Bursa Securities LR, 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.

(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 Auditor and management's response to the recommendations and presented the reports to the Board of Directors.
- (iii) appointment of Resolve IR Sdn. Bhd. in place of Agile Advisory Services PLT whereby sustainability and independence in carrying out their obligations were duly reviewed. In the assessment and selection process, the AC has considered several factors, including the calibre, business reputation, resource availability, staff experience and professionalism and also the proposed scope of audit.

The Internal Auditors provided written assurance on 30 March 2023 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 2022.

(d) Related Party Transactions

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

2. SUMMARY OF ACTIVITIES (Cont'd)

(e) Annual Report

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

(f) Whistleblowing/Anti-Bribery and Corruption cases

Ensured that the Group's Whistleblowing Policy and Anti-Bribery and Corruption Policy ("ABC 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 FYE 2022.

3. GROUP INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been changed and outsourced to Resolve IR 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 FYE 2022, the outsourced internal audit function has undertaken the following activities:

- a) Developed and proposed the internal audit plan for the AC's approval;
- b) Conducted internal audit reviews in accordance with the approved internal audit plan. The entity and business processes reviewed were as follows:

Entity	Business Process Reviewed
Comfort Rubber Gloves Industries Sdn Bhd	<ul style="list-style-type: none"> • Sales to receivables • Credit control & collection
Comfort Gloves Berhad	Review of related party transactions

- c) Presented the results of internal audits to AC by highlighting the key audit findings, recommendation of corrective actions and management action plans; and
- d) Performed follow-up review to verify status of action plans implementation.

The cost incurred for the Internal Audit function of the Group for the FYE 2022 was RM52,068.

Statement on Risk Management and Internal Control

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad’s (“Bursa Securities”), Malaysia Code of Corporate Governance (“MCCG”) and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present the Statement on Risk Management and Internal Control of the Group, which outlines the Group’s main features of risk management and internal control system for the FYE 2022.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for the Group’s risk management and internal control system, which designed to identify and manage risks faced by the Group on an ongoing basis to safeguard shareholders’ investment and the Group’s assets. The Board, supported by Audit Committee (“AC”), is committed to perform systematic review on the adequacy, effectiveness and integrity of the Group’s risk management and internal control system

The Board recognises that there are inherent limitations in risk management and internal control system, and such system is designated to manage risks with significant adverse impact towards achieving the Group’s business objectives rather than to eliminate risks that may impede the achievement of the Group’s business objectives. Therefore, the risk management and internal control can only provide reasonable, and not absolute assurance against material misstatement, loss fraud or any unforeseeable circumstances.

RISK MANAGEMENT

The Group regards risk management as an integral part of the Group business operations and has implemented an ongoing process for managing key risks in the context of its business objectives. These processes are embedded within the Group’s overall business operation and guided by operational manual, policies and procedures to ensure the clarity and consistency of risk management application across the Group.

Key elements of the Group’s risk management system that facilitates the proper conduct of the Group’s business are described as below:

- A formalised Risk Management IMS Procedure Manual based on ISO 14971:2019+A11;2021 to measure and manage risk analysis in order to produce safe and effective products;
- A risk management structure which outlines the responsibilities of Risk Management Team;
- A risk management process with the following steps adopted to provide guidelines for employees in managing risks: -



- Risk Analysis
determine hazard and estimate risk level



- Risk Evaluation
evaluate risk acceptability against risk acceptability criteria



- Risk Control
implement suitable action(s) to reduce risk to the acceptable level as determined



- Risk Management Review
collect, compile and review data to determine if risk management plan shall be updated

Statement on Risk Management and Internal Control (Cont'd)

RISK MANAGEMENT (Cont'd)

Key elements of the Group's risk management system that facilitates the proper conduct of the Group's business are described as below: (Cont'd)

- Management action plans are formulated to mitigate these risks to acceptable levels, considering the established risk parameters of the Group; and
- The independent review on the Group's Risk Assessment Report by former internal auditors (terminated services on 1 June 2022) provided certain degree of reasonable assurance to the AC that the Group's risk management is adequate and effective. Among others, the key risks identified in the FYE 2022 and its controls in place are: -

No.	Risks identified	Controls in place
1.	Risk of Covid-19	<ul style="list-style-type: none"> • Majority of our employees were vaccinated with booster • Implementing procedures that follow Ministry of Health of Malaysia
2.	Compliance with the minimum standards of housing and amenities	<ul style="list-style-type: none"> • Implemented the hostel inspection for its hostel
3.	Safety and environment	<ul style="list-style-type: none"> • Regular inspection and maintenance on machine equipment • Training to new employees and refresher training for existing employees
4.	Risk of fire	<ul style="list-style-type: none"> • Equip with emergency fire-fighting equipment such as fire extinguishers, sprinkler and hose reel system • Implement of emergency response plan
5.	Export ban due to inconsistent product quality	<ul style="list-style-type: none"> • Continue certification on ISO 13485, ISO 9001 and Medical Device Single Audit Program (MDSAP) to ensure the Quality Management System align to international standard and regulatory requirement • Perform weekly quality performance review on barrier defect per million and visual lot acceptance rate
6.	Supply shortage of raw materials	<ul style="list-style-type: none"> • Implement a tracking plan for all critical chemicals and raw materials • Building up safety buffer stock
7.	Increase in input costs	<ul style="list-style-type: none"> • Increase the number of Approved Vendors for comparison purposes • Review product costing regularly
8.	Anti-bribery/ Whistleblowing	<ul style="list-style-type: none"> • The ABC Policy and the Code of Conduct & Ethics which published on company website aim to promote a culture of integrity in the Group
9.	Foreign exchange risks	<ul style="list-style-type: none"> • Monthly hedging for USD
10.	Reduction in customer demand	<ul style="list-style-type: none"> • Look for new customers for the existing products range • Develop new products based on customer's requirements

INTERNAL CONTROL

The Group's internal control system covers not only day-to-day operations but also on the governance of the Group at the highest level through the Board and various Board Committees. The internal control system is reviewed and updated from time to time to ensure that they are relevant and effective when responding to changes in circumstances.

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL CONTROL (Cont'd)

Key elements of the Group's internal control are as follows: -

- A comprehensive organisation structure with defined lines of responsibilities to promote segregation of duties and delegation of authorities;
- Clearly defined company policies including the Code of Conduct and Ethics, ABC Policy and Whistleblowing Policy are implemented to promote ethical business conducts and dealings. The detailed policies can be accessed at the Company's corporate website;
- Fit and Proper Policy is introduced for guiding the Nomination Committee in considering the appointment and re-appointment of Directors;
- The Board Committees meet periodically to carry out their duties and responsibilities as prescribed in respective term of reference to ensure that the Board maintain effective supervision over the control processes;
- Standard operating policies and procedures that cover various operational areas are implemented across the Group to achieve uniformity of internal practices; and
- The policies and procedures form part of our Quality Management System is certified by International Organisation for Standardisation (ISO). The Quality Management System of the Group's active subsidiary, namely ISO 9001:2015, ISO 13485:2016, EN ISO 13485:2016 is accredited by the BSI certification body and Regulation (EU)2016/425 accredited by SGS certification body.

INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES

During FYE 2022, the internal audit function of the Group has been outsourced to external service provider, Resolve IR Sdn Bhd to support the Board and the AC in providing independent assessment on the overall adequacy and effectiveness of the Group's internal control system.

During FYE 2022, internal audit reviews were conducted according to the internal audit plan approved by the AC. The business processes reviewed were as follows: -

Internal Audit Coverage Area
Risk assessment report (reviewed by former internal auditors whom terminated services on 1 June 2022)
Sales to receivables and credit control and collection
Related party transactions

In order to ensure an effective internal audit function, six (6) internal auditors from Resolve IR Sdn Bhd including the engagement director, manager and consultants were assigned to the audit engagements during the financial year. Interviews with the Management and access to internal documents were made available to the internal auditors to ensure an effective conduct of audit process.

The results of the audit reviews and the recommendations for improvement were discussed with Senior Management. The internal audit reports which consist of internal audit findings, recommendations, as well as action plans were presented and deliberated at the scheduled AC meetings. Management is responsible to implement the corrective actions to rectify and improve such weaknesses highlighted. The internal auditors will perform subsequent follow-up while the AC shall monitor and ensure that the actions are undertaken within the stipulated timeframe.

Based on the internal audit reviews conducted in FYE 2022, the Board is satisfied that none of the weakness noted have, in all material aspects, raises any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

Statement on Risk Management and Internal Control (Cont'd)

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 FYE 2022 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 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.

MANAGEMENT’S ASSURANCE

The Group Chief Executive Officer and Vice President cum Chief Financial Officer, representing the Management, have given reasonable assurance to the Board that the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control adopted by the Group. The Board is also received assurance from the Management that nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material aspect.

CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements, the Board is of the view that there is no significant internal control deficiencies or material weaknesses resulting in significant impact on the achievement of Group’s business objective. The Board attests that the existing system of risk management and internal control is satisfactory and adequate to safeguard shareholders’ investments, stakeholders’ interests and the Group’s assets.

Nevertheless, the Board acknowledges that the Group’s risk management and internal control system shall be continuously improved and enhanced to support the Group’s operations and ever-changing business environment. The Board, together with the Management, will strive to strengthen the Group’s risk management and internal control on an ongoing basis.

The statement was approved by the Board on 19 April 2023.

Sustainability Statement



Comfort Gloves Berhad (“CGB” or “the Company”) and its subsidiaries (“the Group” or “CGB Group”) believe that sustainable business operations are vital in meeting the present needs of the Group while not compromising the ability of our future generations in meeting their future needs. It is our desire to fortify the presence of the latter in all initiatives carried out by CGB Group.

The Board of Directors (“the Board”) is pleased to present the Sustainability Statement (“Statement”) for the financial year ended 31 December 2022 (“FYE 2022”) to illustrate our strategic approaches in addressing sustainability challenges and opportunities.

SCOPE AND REPORTING PERIOD

This Statement covers the Group’s sustainability efforts and performance in the business operations of manufacturing and trading of natural and synthetic gloves within the period from 1 January 2022 to 31 December 2022, unless otherwise stated.



REPORTING GUIDELINES

This Statement is prepared in accordance to Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements relating to sustainability statement, and its Sustainability Reporting Guide (3rd Edition).

This year, we have also made reference to the United Nations Sustainable Development Goals (“UNSDG”) in mapping our material sustainability matters and developing the Group’s sustainability strategies.

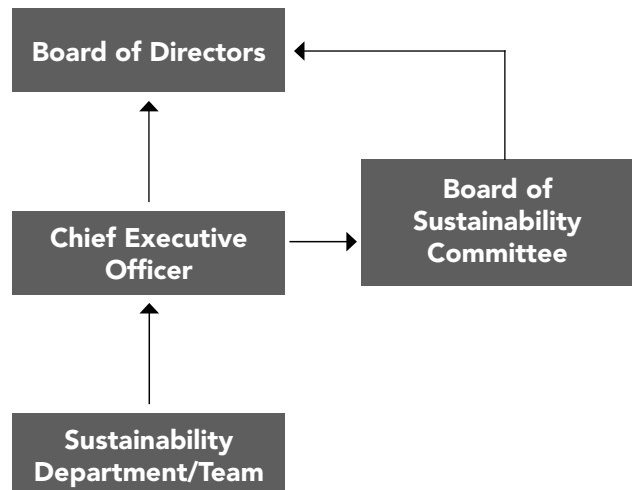
FEEDBACKS

As we progress in our sustainability journey, we value feedbacks in order for us to adopt continuous enhancement in our sustainability measures and reporting standards. All feedbacks, comments and enquiries are welcome to be directed to inquiry@comfort-rubber.com.my

OUR SUSTAINABILITY GOVERNANCE

The Board is ultimately responsible for the Group’s overall sustainability initiatives and strategies. In order to ensure effective implementation of the sustainability strategies within the Economic, Environment, Social and Governance (“EESG”) pillars, a multi-tier governing system has been established as follows: -

1. Appointment of Chief Executive Officer with responsibility for the planning and implementation of all sustainability related issues;
2. Introducing Sustainability Team at management level; and
3. Identifying Green Stewards at each factory with specific and defined responsibilities for identifying and implementing appropriate measures across the factory.



OUR SUSTAINABILITY COMMITMENT

At CGB, we firmly believe that no man is an island. Therefore, we strongly advocate the efficient use of natural resources to constitute impactful and sustainable products that will benefit our community. Furthermore, we are committed to ensure collaboration with stakeholders to implement sustainable best business practices and building our social responsibility in places where we have a presence.

We regularly review and update our sustainability commitments by aligning them with the evolving best practices and the changing needs of our stakeholders. This Statement laid the foundation of CGB's commitment to corporate responsibility as well as our dedication to the principles of economic resilience, environmental footprint reduction and social outreach.

Our commitments in delivering sustainable values to various stakeholders are embodied in the Group's vision and mission as follows: -

VISION

To be the market leader in providing safe gloves

MISSION

Making a difference where it matters

OBJECTIVE

Ensure that all initiatives are sustainable
Sustainability means balancing the following: People, Profits, Planet

KEY PILLARS



Economic



Environment



Social



Governance

CROSS-CUTTING TRUSTS



Engage Stakeholders



Measure and Report



Accountable









Sustainable

Sustainability Statement (Cont'd)

STAKEHOLDERS ENGAGEMENT

We understand that our stakeholders are imperative to the sustainability of the business and thus, it is essential to build and maintain our connections through better communication. Our engagement approaches with the key stakeholders during the FYE 2022 are as follows: -

Stakeholder	Areas of Interest/ Objectives	Our Response	Engagement Channels	Frequency
 Shareholders	<ul style="list-style-type: none"> • Business performance • Sustainable achievements 	<ul style="list-style-type: none"> • Periodical updates of business and financial performance 	<ul style="list-style-type: none"> • Annual General Meetings • Annual Reports • Quarterly announcements 	<ul style="list-style-type: none"> • Annually • Annually • Quarterly
 Employees	<ul style="list-style-type: none"> • Safe, secure and caring working environment 	<ul style="list-style-type: none"> • Implementation of health and safety policies • Conduct trainings and development • Maintenance of workforce diversity, equity and inclusion 	<ul style="list-style-type: none"> • Internal communication • Performance appraisal • Training and development programs • Feedback platforms 	<ul style="list-style-type: none"> • Monthly • Annually • As required • As required
 Customers	<ul style="list-style-type: none"> • Products • Pricing • Customer experience 	<ul style="list-style-type: none"> • Offer quality products through our quality assurance control 	<ul style="list-style-type: none"> • Marketing activities • Customer surveys 	<ul style="list-style-type: none"> • Ongoing • Annually
 Suppliers	<ul style="list-style-type: none"> • Relationship management • Pricing and business development 	<ul style="list-style-type: none"> • Fair and transparent procurement practices 	<ul style="list-style-type: none"> • Meetings • Face-to-face engagements 	<ul style="list-style-type: none"> • Ongoing • As required
 Regulators	<ul style="list-style-type: none"> • Compliance with laws and regulations 	<ul style="list-style-type: none"> • Ensure conformance and compliance to regulatory expectations and requirements 	<ul style="list-style-type: none"> • Consultations • Meetings • Forums • Webinars 	<ul style="list-style-type: none"> • Ongoing
 Local Communities	<ul style="list-style-type: none"> • Support community initiatives that will benefit the local areas 	<ul style="list-style-type: none"> • Create meaningful impact through Corporate Responsibility Programs that benefit the communities and environment 	<ul style="list-style-type: none"> • Corporate Responsibility activities • Sponsorship programs 	<ul style="list-style-type: none"> • Ongoing

MATERIALITY ASSESSMENT & SUSTAINABILITY STRATEGIES

Materiality Assessment Process

Materiality assessment is important for us to identify, analyse and prioritise all material sustainability matters which are relevant to the Group and our stakeholders. We have performed our materiality assessment for FYE 2022 using the following four-step approach: -

Objectives and Scope

- To identify the Group's sustainability scope and objective

Identify Material Matters

- To identify the relevant sustainability matters which are relevant to the Group

Engaging with Stakeholders

- To engage with the identified key stakeholders to understand their concerns, needs and expectations

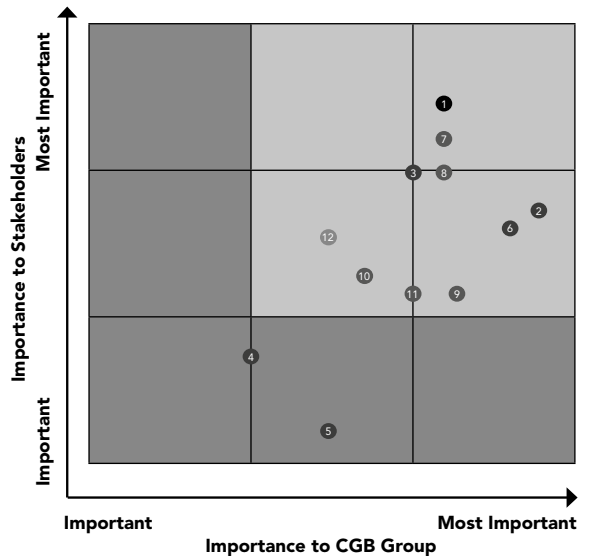
Review, Validate and Prioritise

- To assess, evaluate and prioritise the identified sustainability matters in accordance to the analysis of their impacts towards the Group and various stakeholders

MATERIALITY MATRIX

Materiality Assessment Process

Based on our assessment, a total of twelve (12) key areas were identified considering the impacts towards the Group and stakeholders, scaling from "Important" to "Most Important", as depicted in the following Material Matters Matrix: -



• ECONOMIC	• ENVIRONMENT
• SOCIAL	• GOVERNANCE

1	Financial Performance
2	Waste Management & Recycling
3	Energy Management
4	Water Management
5	Emission Management
6	Managing Environmental Impact and Compliance
7	Employee Health & Safety
8	Employee Working Conditions & Labour Practices
9	Empowering Local Communities
10	Supporting Human Rights
11	Diversity, Equity & Inclusion
12	Compliance with Regulations & Standards



Sustainability Statement (Cont'd)












MATERIALITY ASSESSMENT & SUSTAINABILITY STRATEGIES (Cont'd)

Sustainability Strategies & UNSDG Mapping

Malaysia's commitment towards sustainability has sparked a movement in business towards greater consideration for environmental, social and governance factors. In 2015, Malaysia became a signatory to the UNSDGs. Businesses no doubt have a role to play in fulfilling these ambitious aspirations. According to the 12th Malaysia plan, Malaysia has set a target in rebuilding a resilient economy for a prosperous, inclusive and sustainable country by 2025. This is to be achieved in a manner that includes being resilient, low-carbon use and resource-efficient. These can be attained with the help of green growth, which CGB has already begun to do.

In this respect, we have strategically mapped nine (9) UNSDGs that relevant to our material sustainability matters and have developed the corresponding sustainability strategies in the following table. These sustainability strategies are therefore practical and proactive, with clearly defined goals and milestones that are reviewed regularly. In doing so, CGB strives to be a responsible manufacturer, valued employer as well as a socially responsible corporate citizen.

In order to monitor our sustainability performance, detailed and goal-oriented checklists have been established which set out benchmarks for the measurement of our performance. This is in line with CGB's determination to make our own contribution, as acknowledged stewards, of the planet's finite resources and along with those that come through our doors.

Material Matters	Sustainability Strategies	UNSDGs
ECONOMIC		
<ul style="list-style-type: none"> Financial Performance 	<ul style="list-style-type: none"> To sustain business via new products development, improve production efficiency, enhance market presence and increase asset base. 	
ENVIRONMENT		
<ul style="list-style-type: none"> Waste Management & Recycling Energy Management Water Management Emission Management Managing Environmental Impact and Compliance 	<ul style="list-style-type: none"> To adopt proper waste management and recycling practices. To utilise natural resources diligently and efficiently. To strictly comply with environmental regulations. 	    
SOCIAL		
<ul style="list-style-type: none"> Employee Health & Safety Employee Working Conditions & Labour Practices Empowering Local Communities Supporting Human Rights Diversity, Equity & Inclusion 	<ul style="list-style-type: none"> To create a safe, healthy, diverse and inclusive workplace. To provide on-going training programs and employment-related assistance for employees. To connect with and contribute to the community. 	   
GOVERNANCE		
<ul style="list-style-type: none"> Compliance with Regulations & Standards 	<ul style="list-style-type: none"> To strictly adhere to all applicable laws and regulations. To continuously promote ethical business practices and maintain high standards of corporate governance. 	

ECONOMIC

FINANCIAL PERFORMANCE

CGB Group is principally engaged in the manufacturing and trading of nitrile and latex gloves. In FYE 2022, the Group's total revenue stood at RM0.61 billion, representing a 56.4% decrease as compared to the revenue of RM1.39 billion reported in the financial period ended 31 December 2021 ("FPE 2021"). The significant decline in revenue was mainly attributable to several headwinds faced by the Group during FYE 2022, including the oversupply of gloves in the market, new competitors entering the glove industry, as well as slower buying trend from our customers as a result of the excessive stockpiling during the Covid-19 pandemic phase. Please refer to the Management Discussion and Analysis ("MD&A") section of this Annual Report for further details on the Group's financial performance in FYE 2022.

Creating and enhancing the value of our shareholders has always been one of our top priorities. The Group is actively seeking for opportunities to improve its earnings and strengthen its asset base. During FYE 2022, the Group has acquired the entire equity interest in Goldhill Melody Sdn. Bhd. ("GMSB") for a total cash consideration of RM25.78 million.

GMSB is an investment holding company which is the registered owner of 5 parcels of freehold agriculture land, collectively measuring to 6.14 hectare located in Daerah Muar, Negeri Johor. Taking into consideration that property prices have been compressed in recent years due to the Covid-19 pandemic, the Group believes that this is an opportune time to redeploy some funds towards capital assets which may provide an opportunity for the Group to benefit from potential capital appreciation in the future.

Whilst strengthening our asset base, the Group will continue to embark on other strategic efforts such as expanding customer base, developing more specialties gloves and improving production efficiency to enhance our overall profit margin. In an attempt to enhance our market presence, the Group will continue to participate in trade sales in the region and overseas so as to promote in-house brand. We strongly believe that these initiatives shall contribute to the Group's business sustainability in the long run.

On the other hand, we understand that maintaining a smooth and efficient supply chain is a key in ensuring consistent delivery of quality materials for our production. In this respect, our procurement team is responsible to identify and evaluate our suppliers in order to maintain an effective and efficient supply chain in the Group. We conduct supplier evaluation as and when required, covering the scope of quality of products, competitive tenders and negotiations. Supplier who is unable to meet our stringent requirements will be ruled out.

In addition, all suppliers are required to comply with the Company's policies as well as the Code of Conduct and Business Ethics ("the Code"). This shall uphold the business integrity across the Group in business dealings at all times, in particular, the prevention of any potential bribery and/or corruption in line with SDG Target 16.5



Sustainability Statement (Cont'd)

ENVIRONMENT

WASTE MANAGEMENT AND RECYCLING

The Group's manufacturing activities inevitably generate scheduled wastes as follow: -

- SW 321 (Rubber or latex wastes or sludge containing organic solvents or heavy metals)
- SW 204 (Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminum, tin, vanadium and beryllium)
- SW 409 (Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes)
- SW 110 (Waste from electrical and electronic assemblies containing components such as accumulators, mercury-switches, glass from cathode-ray tubes and other activated glass or polychlorinated biphenyl-capacitors, or contaminated with cadmium, mercury, lead, nickel, chromium, copper, lithium, silver, manganese or polychlorinated biphenyl)

Apart from the scheduled wastes above, the Group also generates waste water and chlorine emissions from operations.

To ensure proper scheduled waste management, all scheduled wastes are stored at the designated area with proper labelling and to be declared in the Electronic Scheduled Waste Information System ("eSWIS") under Department of Environment ("DOE") before disposal. All scheduled wastes are disposed through licensed scheduled waste contractors within 180 days from generation. Particularly, with SDG Target 6.3 in mind, all sludge is collected at a collection point for treatment before disposal in order to minimise water contamination. We also support SDG Target 12.4 by collecting unused batteries and capacitors in appropriate containers before disposal in an effort to reduce their release to water and soil.

To align with SDG Target 12.5, we also promote recycling in our operations, wherever possible and appropriate. In this regard, we have been collecting and processing waste materials into new products through our recycling and reuse program.

In FYE 2022, we have recycled a total of 160 tonnes of paper and 45 tonnes of plastics.

We are also increasing our capacity to recycle domestic waste and we set to further improve its volume and conversion costs by 30% within the next two (2) years. In our operation, imported nitrile ("NBR") latex is kept in huge flexi bag during transportation. Before July 2022, these flexi bags are disposed as SW 409 through licensed schedule waste collector.



In order to promote recycling and reduce disposal costs, our Compounding Department has started to segregate the outer most canvas-like layer and the middle transparent plastic material from the flexi bags starting from July 2022. As such, only the inner most layer which is contaminated with NBR latex is disposed under SW 409 whereas the canvas-like layer and transparent plastic are sold to scrap collector. As a result, this has brought down our disposal cost for flexi bags with a total cost saving of RM0.01 million in FYE 2022.

The Group's Research and Development ("R&D") Department has been tasked to oversee waste management, chemical handling, spillage and disposal. The R&D Department is constantly reviewing and enhancing our waste management system to ensure greater durability towards the goal of sustainability.

WASTE MANAGEMENT AND RECYCLING (Cont'd)

Our efforts in contributing towards SDG Target 12.5 is further seen with our initiative to reuse the camlock hose shank coupler and pallet mesh. Camlock hose shank coupler is used in our operation to connect hoses for daily compounding activities. These couplers are made by stainless steel which is more expensive than other materials like iron. Previously, faulty couplers that cause leakages are disposed and replaced with new ones. According to our observation, there are three (3) major reasons for faulty couplers, including broken side clips, body crack and worn off rubber gasket. Hence, in FYE 2022, we have sourced for suitable rubber gaskets to replace the worn off gaskets and reuse the coupler, thereby saved an approximately RM0.01 million, as illustrated below: -

On the other hand, we purchased pallet mesh in the past for lump collection. The pallet mesh is costly and easily to be deformed. Thus, we have started to collect unused intermediate bulk containers ("IBC") tote tanks from April 2022 onwards, and cut them into desired form in order to replace the use of pallet mesh. From this initiative, we are proud to share that we have successfully replaced 40 pallet mesh by reusing the IBC tote tanks, and resulted in a total savings of RM15,072.80.

Item	Total Quantity Purchased (pcs)		Difference (pcs)	Average Unit Cost (RM)	Total Savings (RM)
	Year 2021	Year 2022			
Stainless Steel Coupling					
C200 (2")	74	10	64	61.23	3,918.72
C300 (3")	56	15	41	93.64	3,839.24
Rubber Gasket					
2" Gasket	0	20	20	2.00	(40.00)
3" Gasket	0	30	30	3.13	(93.90)
					7,624.06

ENERGY MANAGEMENT

With the SDG Target 8.4 and 12.2 in mind, we tend to manage our resources and energy usage efficiently so as to reduce the relevant environmental impacts and promote sustainable use of natural resources. The Group is taking initiatives to improve its electricity consumption by adopting energy efficient lighting and energy saving equipment for energy conservation. As a result, such efforts have brought about an approximately 5% reduction in our total electricity consumption for the FYE 2022. As at 31 December 2022, the total energy consumption in our Group was recorded at 21,283,393kWh. The Group also plans to reduce approximately 5% of gas usage in our production on an annual basis by replacing Infrared ("IR") burner with PT burner and installing boilers that can lower down our total gas usage which in turn reduce the Group's overall operating costs.

In addition, we have installed solar photovoltaics ("PV") system with a total capacity of approximately 2.3MWp on the rooftop of our factory, in advocating the SDG Target 7.2. It is expected to generate 2,300MWh of green energy annually, equivalent to 10.5% of our total annual electricity consumption. In FYE 2022, we have effectively reduced a total of 882.6 tonnes carbon dioxide ("CO₂") with the installation of the said solar PV system.



Sustainability Statement (Cont'd)

WATER MANAGEMENT

Water is a key natural resource for our manufacturing operations. In FYE 2022, we have recorded a total volume of 368,942m³ water consumption in our operation. In line with SDG Target 6.4, we are using rainwater harvesting method to limit the usage of river water and Jabatan Bekalan Air ("JBA") water. We have installed a total of ten (10) tanks with a total capacity of 11,800 gallons to collect the rainwater.

In addition, in view of the substantial usage of fresh water in our production processes, we have invested in our own raw water treatment plant, converting river water into clean water for our own consumption. This is to lessen the burden on our portable water system. In FYE 2022, we have treated more than 1.8 million m³ of river water.



EMISSION MANAGEMENT

Nowadays, climate change is a global issue that must be urgently addressed. As the impact of climate change continues to intensify, it is critical for us to take action to secure a brighter future for the planet.

As advocated by SDG Target 11.6, we focus on our emission management by installing fume hoods in our factories to control the air pollution from the laboratory. To ensure the effective functioning of the fume hoods, regular maintenance is carried out on the scrubber system of the fume hoods in compliance with the environmental regulations enforced by the DOE.



MANAGING ENVIRONMENTAL IMPACT AND COMPLIANCE

As a responsible public listed company, we acknowledge that our business operations, especially the manufacturing activities may cause negative impacts to the environment. In this regard, we ensure strict adherence to all the relevant environmental laws and regulations as follows: -

- Environmental Quality (Industrial Effluent) Regulations 2009;
- Environmental Quality (Scheduled Wastes) Regulations 2005; and
- Environmental Quality (Clean Air) Regulations 2014.

We are glad to highlight that no penalty or fine has been imposed by relevant environmental regulatory authorities in FYE 2022. We will continue to maintain the sound control and monitor our operations to ensure full compliance to the applicable environmental laws and regulations.

In an effort to promote the environmental awareness continuously, we organise Environmental Responsibility Program to raise awareness amongst our employees on an annual basis.

SOCIAL

EMPLOYEE HEALTH & SAFETY

Business sustainability is unachievable without the support of a healthy and productive workforce. Hence, confirming to SDG 3 and SDG Target 8.8, we are dedicated to provide and maintain a safe and healthy working environment for our people. In this regard, our Health and Safety Policy highlights our internal approach in maintaining a safe and secure environment, covering all employees and adopting the best industry standards to prevent any workplace injuries in our best effort.

On the other hand, we store our materials strictly in accordance with the Malaysia's occupational safety and health standards in order to protect and ensure the safety of our employees and any other person present at the operation site. Access to our operation site is also carefully managed to enhance our safety controls.

We are glad to share that we have improved our occupational health and safety management by reducing the lost-time injury ("LTI") frequency and work-related injuries in FYE 2022 as compared to FPE 2021, tabled as below: -

Our Health and Safety Performance		
Indicator	FPE 2021	FYE 2022
Total Number of Employees	1,660	1,703
LTI Frequency	339 days	166 days
Number of Work-Related Injuries	16	10
Number of Fatalities	0	0



We took these reported numbers seriously and strive to improve our occupational health and safety management further in order to achieve a zero-injury workplace moving forward.

To further monitor the health of our employees, we have offered free health screening service to our employees during FYE 2022.

EMPLOYEE WORKING CONDITIONS & LABOUR PRACTICES

Employees' learning and development is essential and critical to the Group's business growth and success. Therefore, CGB Group encourages and at the same time provides continuous training and development opportunities to the employees in order to enhance their knowledge and capabilities.

As a manufacturing company, we are currently focusing on training related to safety and environmental practices. During FYE 2022, we have conducted several training programs, such as: -

- Safety and Health Committee meeting;
- Heat stress monitoring for all plants;
- Hazmat training at Bomba Taiping;
- Noise awareness training;
- Fire safety organisation team training; and
- Safety and Health induction to new employees.

Training & Development Highlights in FYE 2022	
Total Expenditure	RM 135,825.68
Employees Participated	456 (External Trainings) 1,558 (Internal Trainings)
Total Training Hours	7,436 (External Trainings) 1,880 (Internal Trainings)
Average Training Hours Per Employee	16.3 hours

Sustainability Statement (Cont'd)

EMPLOYEE WORKING CONDITIONS & LABOUR PRACTICES (Cont'd)

Moving forward, we are planning to offer additional wider range of trainings to ignite our people's passion and drive their performance to higher levels. We understand that trainings also provide our employees with a platform to interact and create bonding with other employees which helps to create a motivational working environment.

In addition, we take good care of the wellbeing and interest of our employees. We have set up an Employee Assistance Counter ("EAC") to assist our employees with various matters pertaining to employee's welfare such as hostel and transportation, money remittance, passport and permit renewals. We believe that every employee shall be treated equally with respect and entitled to the equal opportunity to excel with a proper working environment. To this end, Ergo, a good standard of accommodation and facilities including kitchens, mini marts, laundry service, transportation, rainwater harvesting and in-house clinic are provided to our foreign employees who are staying nearby our factory.

EMPOWERING LOCAL COMMUNITIES

Whilst gaining public's supports on our business, the Group also wish to connect with the local community and give back to the society. Throughout the years, CGB Group has been organising donation drives, sponsoring for green tech events and awareness programs such as road safety and road accident prevention.

At CGB, we undertake our corporate social responsibility ("CSR") initiatives based on the following considerations: -

- Impact of project towards local community;
- Belief in cornerstone principles of family and community welfare; and
- Lasting legacy of the CSR programs.

A committee consisted of senior managers has been tasked with the responsibility to oversee all our CSR initiatives and to conduct meeting periodically to monitor each CSR program as well as to promote accountability towards CSR initiatives.

We are delighted to share that we have carried out more than ten (10) community aid programs and assisting over 100 local households that was in need during FYE 2022. In total, we have contributed approximately RM0.10 million in these CSR initiatives, includes: -

- Donation of food items to poor households;
- Adoption of two (2) animals in support of Taiping Zoo adoption program;
- Donation of school essentials to primary and secondary school students;
- Distribution of reusable face masks sewn by mothers, refugees and orang Asli communities to employees;
- Conduct Environmental, Social and Governance ("ESG") slogan competition to create awareness among employees;
- Clothes donation drive;
- 'Gotong-Royong' at a local pre-school and reading materials donation campaign; and
- Ring Pull Campaign to make prosthetic limbs and joints.

SUPPORTING HUMAN RIGHTS

CGB Group is a strong advocate for human rights. To protect our employees' human rights, we abide strictly to the Malaysian labour laws and international standards. In this respect, we provide induction training on social compliance policy and human rights matters to the employee upon his/her joining with the Group. For the FYE 2022, we are glad to inform that we have not received any substantiated complaints concerning human rights violations.

DIVERSITY, EQUITY & INCLUSION

In advocating SDG Target 10.3, we strive to develop a dynamic and inclusive workforce with the right mix of talents from various cultural backgrounds, skills, experiences, gender, age group as well as religions. We strongly believe that such diversity inspires greater creativity and productivity which could serve as a push for our business growth and sustainability.

CGB is committed to promote diversity and equity throughout our recruitment process and the selection of candidates should be purely based on merit and fairness. All our employees are treated with equal respect and opportunities irrespective of race, gender, age, religion, nationality and background.

In addition, as part of our efforts in gearing towards SDG Target 5.5, several key management positions in the Group are held by female employees, including two (2) members of the Board: -

- Head of Human Resources & Administration;
- Head of Branding;
- Head of Customer Service;
- Financial Controller;
- Planning Manager;
- Shipping Manager; and
- Regulatory Affair ("RA") Manager.

We recognise that employee retention is crucial to the long-term business sustainability of the Group. However, our average monthly employees' turnover rate has increased marginally by 0.5% from 1.2% in FPE 2021 to 1.7% in FYE 2022. Moving forward, we shall put in greater efforts to recruit suitable candidates and retain the right talents so as to achieve a stable and sustainable workforce to support our long-term business growth.



GOVERNANCE

COMPLIANCE WITH REGULATIONS & STANDARDS

CGB Group is committed to ethical and transparent business conducts while upholding sound corporate governance at all times. To this end, the Group had on 18 February 2022 revised the Code to serve as a formal guideline for all employees to maintain the highest level of professionalism and integrity. The Code has covered three (3) major areas including Workplace Culture and Environment, Company Assets and Information and Duties of Good Faith, Diligence and Integrity.

Aligned to SDG Target 16.5, the Group is also committed to uphold our zero tolerance against any form of bribery and corruption. In this regard, we have implemented the Anti-Bribery & Corruption Policy ("ABC Policy") in accordance to Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 to set out the general guidance in addressing bribery and corruption issues in the event of occurrence. To further strengthen the understanding on our ABC Policy, we have conducted 184 hours trainings on the ABC Policy for our 368 employees during FYE 2022.



Sustainability Statement (Cont'd)

COMPLIANCE WITH REGULATIONS & STANDARDS (Cont'd)

Furthermore, we have in place a Whistleblowing Policy to set out the reporting channels and procedures that provide a confidential avenue to raise concerns on suspected unethical and improper behavior.

In the event an employee detects or suspects any fraudulent activity, he/she may make report to the Chief Executive Officer or the Chairman of the Audit Committee at jooyong@comfort-rubber.com.my or whistleblowing@comfort-rubber.com.my respectively. Alternatively, employees may post their whistleblowing report at the Anonymous Complaint Mailbox installed at selected locations within our factory compound. Upon receipt of the whistleblowing report, investigation will be initiated and appropriate actions will then be taken accordingly. Whistleblowers who report with good faith will be protected with confidentiality.

All the Code, ABC Policy and Whistleblowing Policy are made available on the Company's website at <https://www.comfort-rubber.com.my/investor-relations/corporate-governance/>.

We are pleased to highlight that we have not received any whistleblowing report during the financial year and no employees had been disciplined or dismissed, nor any public cases been brought against CGB Group and its employees due to non-compliance to the laws and regulations. Hence, no relevant fines, penalties or settlements imposed or made during the FYE 2022.

On a separate note, CGB recognises that data protection and security is essential in safeguarding the public's trust and confidence towards the Group. In this regard, we are committed to protecting the privacy and confidentiality of the data of our customers and employees. For the FYE 2022, we are glad to report that we have not received any complaint pertaining to the breach of data privacy.

MOVING FORWARD

The rubber gloves industry has been a pillar in supporting the global healthcare system and is crucial to its continued growth especially from our experience throughout the Covid-19 pandemic. As a leading rubber gloves manufacturer, we are fully cognisant of our roles and responsibilities to our community and the country. As an employer, we strive to develop our staff to meet their aspirations and ambitions, as a member of the local community we constantly strive to improve efficiency and reduce waste. As a member of the international community, we ensure that we comply not only regulatory requirements of Malaysia, but also comply with international standards in rubber gloves production.

**BACK TO SCHOOL
CSR**



**BOMBA TAIPING
CONTRIBUTION FOR
EHS AWARENESS
PROGRAM**



**ICHARITY RUN
SPONSORSHIP FOR
EMPLOYEES**



**CSR TO SCHOOL
CHILDREN**



HAZMAT WITH BOMBA



**HARI MALAYSIA AT
COMFORT RUBBER GLOVES**



**FREE HEALTH SCREENING
FOR EMPLOYEES**



CSR TO COMMUNITY



**ERT TEAM FIRE RESCUE
TRAINING WITH BOMBA DAN
PENYELAMAT TAIPING**



**HAZMAT TEAM TRAINING WITH
BOMBA DAN PENYELAMAT
TAIPING**



Additional Compliance Information

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the financial year ended 31 December 2022.

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

There was no RRPT during the financial year.

Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2022.

Imposition of Sanctions/Penalties

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

Auditors’ Remuneration

The auditors’ remuneration of the Group and of the Company for the financial year ended 31 December 2022 is as follows:

	Group RM	Company RM
Audit Fees	243,000	115,000
Non-Audit Fees	15,000	15,000
	<u>258,000</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.

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 year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

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

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

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

The Board is satisfied that in preparing the financial statements of the Company and the Group as at 31 December 2022, the Company and Group have used appropriate accounting policies and applied them consistently and prudently.

Directors' Report

For the year ended 31 December 2022

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the year attributable to:		
Owners of the Company	<u>(42,303,521)</u>	<u>35,166,373</u>

RESERVES AND PROVISIONS

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

DIVIDEND

No dividend was paid during the year and the Directors do not recommend any final dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

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

Lau Joo Yong [^]	
Lau Joo Pern [^]	
Khoo Chie Yuan	
Tan Sri Dato' Lau Eng Guang [^]	
Datuk Amnah Binti Ibrahim	(Appointed on 19 July 2022)
Chu Nyet Kim	(Appointed on 26 July 2022)
Lum Dick Son	(Resigned on 19 July 2022)
Ng Seik Wah	(Resigned on 26 July 2022)

[^] 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 year and up to the date of this report are as follows:

Lau Joo Kien Brian	(Appointed on 9 August 2022)
Ng Kwee Kuan	(Appointed on 17 April 2023)
Jessica Natrah Binti Abdullah Seer Singh	(Resigned on 17 April 2023)
Mohd Roslan Bin Yaacob	

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 year 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 1.1.2022/ Date of appointment	Number of ordinary shares		
		Bought	Sold	At 31.12.2022
Direct interests in the Company				
Tan Sri Dato' Lau Eng Guang	13,507,000	-	-	13,507,000
Amnah Binti Ibrahim	350,000	-	-	350,000
Indirect interests in the Company				
Tan Sri Dato' Lau Eng Guang [#]	128,200,050	-	-	128,200,050
		Number of warrants		
		Bought	Sold	At 31.12.2022
Indirect interests in the Company				
Tan Sri Dato' Lau Eng Guang [*]	17,352,500	-	(500,000)	16,852,500

[#] Shares held through spouse, children and Keen Setup Sdn. Bhd.

^{*} Warrants held through spouse 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 year to the extent that the Company has an interest.

Other than as stated above, none of the other Directors in office at 31 December 2022 had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

Directors' Report (Cont'd)

For the year ended 31 December 2022

DIRECTORS' BENEFITS

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company RM	From subsidiary companies RM
Directors of the Company:		
Fees and other emoluments	423,000	37,935
Remuneration	-	7,749,972
Estimated money value of any other benefits	-	79,950
	423,000	7,867,857

There were no arrangements during and at the end of the financial year 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 year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

SHARE BUY-BACK

The shareholders of the Company, by an ordinary resolution passed in the annual general meeting held on 31 May 2022, renewed their approval for the Company's plan to repurchase its own shares.

During the financial year, the Company repurchased 1,093,200 ordinary shares from the open market at an average price of RM0.55 per share. The total consideration paid for the repurchase including transaction costs was RM596,634.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and Officers of the Company and its subsidiaries are RM20,000,000 and RM33,000 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.

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 year 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 year.

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 year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations 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 year ended 31 December 2022 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 year and the date of this report.

Directors' Report (Cont'd)

For the year ended 31 December 2022

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the year are RM243,000 and RM115,000 respectively. Details of the auditors' remuneration are set out in Note 21 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: 19 April 2023

Statements of Financial Position

As at 31 December 2022

	Note	Group		Company	
		31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Assets					
Property, plant and equipment	3	431,747,130	427,561,986	17,629,913	257,875
Intangible assets		22,211	22,211	-	-
Right-of-use assets	4	13,249,743	13,651,200	-	-
Investment properties	5	26,421,848	-	-	-
Investment in subsidiaries	6	-	-	202,730,005	176,950,005
Other receivables	7	-	-	78,350,000	81,350,000
Other investments	8	10,000,000	10,000,000	10,000,000	10,000,000
Total non-current assets		481,440,932	451,235,397	308,709,918	268,557,880
Inventories	9	109,684,403	198,204,936	-	-
Trade and other receivables	7	69,855,776	140,637,550	13,475,573	8,459,565
Prepayments		2,717,232	4,328,356	-	-
Tax recoverable		89,651,067	60,555,768	684,677	684,677
Derivative financial assets	10	-	377,829	-	-
Other investments	8	102,672,517	102,891,229	25,830,788	26,708,176
Cash and cash equivalents	11	134,562,697	221,348,252	14,611,567	6,490,875
		509,143,692	728,343,920	54,602,605	51,343,293
Assets classified as held for sale	12	-	-	-	17,956,501
Total current assets		509,143,692	728,343,920	54,602,605	69,299,794
Total assets		990,584,624	1,179,579,317	363,312,523	328,857,674
Equity					
Share capital	13.1	142,985,383	142,985,383	142,985,383	142,985,383
Treasury shares	13.2	(5,368,042)	(4,771,408)	(5,368,042)	(4,771,408)
Other reserves	13.3	11,319,230	11,319,230	11,319,230	11,319,230
Revaluation reserve	13.4	17,921,859	18,597,207	4,821,378	5,020,001
Retained earnings		725,187,834	766,816,007	207,697,315	172,332,319
Total equity		892,046,264	934,946,419	361,455,264	326,885,525

Statements of Financial Position (Cont'd)

As at 31 December 2022

	Note	Group		Company	
		31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Liabilities					
Loan and borrowings	14	11,179,838	13,990,715	-	-
Deferred tax liabilities	15	2,749,585	30,396,375	866,694	929,417
Total non-current liabilities		13,929,423	44,387,090	866,694	929,417
Loan and borrowings	14	24,515,444	77,826,604	-	-
Trade and other payables	16	55,295,656	87,930,795	990,565	1,042,732
Contract liabilities	17	4,797,837	7,899,395	-	-
Tax payable		-	26,589,014	-	-
Total current liabilities		84,608,937	200,245,808	990,565	1,042,732
Total liabilities		98,538,360	244,632,898	1,857,259	1,972,149
Total equity and liabilities		990,584,624	1,179,579,317	363,312,523	328,857,674

The notes on pages 71 to 141 are an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Note	Group		Company	
		01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
Revenue	18	606,680,209	1,390,655,377	35,138,225	112,876,056
Cost of sales		(624,561,568)	(708,909,326)	-	-
Gross (loss)/profit		(17,881,359)	681,746,051	35,138,225	112,876,056
Other income		7,915,680	11,156,122	1,560,888	1,325,072
Selling and marketing expenses		(12,612,505)	(17,727,708)	-	-
Administrative expenses		(41,596,568)	(132,373,105)	(5,772,933)	(6,352,644)
Net impairment gain/(loss) on financial instruments		2,800,968	(4,322,946)	-	(32,743)
Results from operating activities		(61,373,784)	538,478,414	30,926,180	107,815,741
Finance income	19	3,085,868	1,814,619	4,177,470	3,423,136
Finance costs	20	(1,871,822)	(1,125,149)	-	-
(Loss)/Profit before tax	21	(60,159,738)	539,167,884	35,103,650	111,238,877
Taxation	22	17,856,217	(117,648,787)	62,723	57,495
(Loss)/Profit and total comprehensive (expense)/ income for the year/period		(42,303,521)	421,519,097	35,166,373	111,296,372
(Loss)/Earnings per ordinary share (sen)					
Basic	23	(7.29)	72.56		
Diluted	23	(7.29)	72.56		

The notes on pages 71 to 141 are an integral part of the financial statements.

Statements of Changes In Equity

For the year ended 31 December 2022

Group	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	
At 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 2021/1 January 2022	142,985,383	(4,771,408)	11,319,230	18,597,207	766,816,007	934,946,419	
Loss for the year	-	-	-	-	(42,303,521)	(42,303,521)	
Realisation of revaluation reserve	-	-	-	(675,348)	675,348	-	
Total comprehensive expense for the year	-	-	-	(675,348)	(41,628,173)	(42,303,521)	
Shares repurchased	-	(596,634)	-	-	-	(596,634)	
Transactions with owners for the year	-	(596,634)	-	-	-	(596,634)	
At 31 December 2022	142,985,383	(5,368,042)	11,319,230	17,921,859	725,187,834	892,046,264	

Note 13.1

Note 13.2

Note 13.3

Note 13.4

Statements of Changes In Equity (Cont'd)

For the year ended 31 December 2022

	Attributable to owners of the Company					Total equity RM
	Share capital RM	Treasury shares RM	Other reserve RM	Revaluation reserve RM	Retained profit RM	
Note	Non-distributable					Distributable
Company						
At 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 2021/1 January 2022	142,985,383	(4,771,408)	11,319,230	5,020,001	172,332,319	326,885,525
Profit for the year	-	-	-	-	35,166,373	35,166,373
Realisation of revaluation reserve	-	-	-	(198,623)	198,623	-
Total comprehensive income for the year	-	-	-	(198,623)	35,364,996	35,166,373
Shares repurchased	-	(596,634)	-	-	-	(596,634)
Transactions with owners for the year	-	(596,634)	-	-	-	(596,634)
At 31 December 2022	142,985,383	(5,368,042)	11,319,230	4,821,378	207,697,315	361,455,264
	Note 13.1	Note 13.2	Note 13.3	Note 13.4		

The notes on pages 71 to 141 are an integral part of the financial statements

Statements of Cash Flows

For the year ended 31 December 2022

	Group		Company	
	01.01.2022 to 31.12.2022	01.02.2021 to 31.12.2021	01.01.2022 to 31.12.2022	01.02.2021 to 31.12.2021
Note	RM	RM	RM	RM
Cash flows from operating activities				
(Loss)/Profit before tax	(60,159,738)	539,167,884	35,103,650	111,238,877
<i>Adjustments for:</i>				
Bad debts written off	-	1,102,440	-	32,743
Allowance for doubtful debts	(2,800,968)	3,220,506	-	-
Depreciation of right-of-use assets	401,457	368,002	-	-
Interest expense	1,871,822	1,125,149	-	-
Interest income	(3,085,868)	(1,814,619)	(4,177,470)	(3,423,136)
Net fair value loss/(gain) on derivatives	377,829	(153,225)	-	-
Net fair value loss on other investments	1,052,854	508,044	903,584	146,699
Property, plant and equipment:				
- loss on disposal	75,244	50,544	-	-
- depreciation	44,754,253	37,230,914	905,750	817,591
- written off	321,513	13,183	321,513	-
Inventories written down	10,484,695	13,262,411	-	-
Inventories written off	-	4,216,530	-	-
Unrealised gain on foreign exchange	(5,048,986)	(4,142,188)	-	-
Operating (loss)/profit before working capital changes	(11,755,893)	594,155,575	33,057,027	108,812,774
Changes in working capital:				
Inventories	78,035,838	(95,462,416)	-	-
Receivables	70,511,885	16,078,926	(22,409)	-
Prepayments	1,611,124	4,873,636	-	41,844
Payables	(32,532,585)	12,388,655	(52,167)	(589,049)
Net payment (to)/from subsidiaries	-	-	(4,993,599)	(4,620,621)
Contract liabilities	(3,101,558)	(17,817,638)	-	-
Cash from operations	102,768,811	514,216,738	27,988,852	103,644,948

Statements of Cash Flows (Cont'd)

For the year ended 31 December 2022

	Group		Company	
	01.01.2022 to 31.12.2022	01.02.2021 to 31.12.2021	01.01.2022 to 31.12.2022	01.02.2021 to 31.12.2021
Note	RM	RM	RM	RM
Cash from operations (continued)	102,768,811	514,216,738	27,988,852	103,644,948
Income tax paid	(65,970,913)	(170,112,974)	-	(107,845)
Income tax refunded	-	436,566	-	-
Interest paid	(49)	(43)	-	-
Interest received	1,501,727	350,431	147,275	5,691
Net cash from operating activities	38,299,576	344,890,718	28,136,127	103,542,794
Cash flows from investing activities				
Purchase of property, plant and equipment	(50,188,571)	(106,084,487)	(642,800)	(716,776)
Proceeds from disposal of property, plant and equipment	852,417	20,998	-	-
Additions to other investments	(834,142)	(90,816,946)	(26,196)	(34,776,379)
Interest income from other investments	1,584,141	1,464,188	776,195	324,612
Repayment of loans by a subsidiary	-	-	3,000,000	3,000,000
Interest income from a subsidiary	-	-	3,254,000	3,092,833
Incorporation of subsidiaries	-	-	-	(1,000,002)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	30 (25,630,647)	-	(25,780,000)	-
Net cash used in investing activities	(74,216,802)	(195,416,247)	(19,418,801)	(30,075,712)
Cash flows from financing activities				
Repurchase of treasury shares	(596,634)	(4,771,408)	(596,634)	(4,771,408)
Net changes in bill payables	(53,293,445)	39,231,710	-	-
Repayment of term loans	(2,796,000)	(2,563,000)	-	-
Repayment of lease liability	(a) (14,378)	(12,739)	-	-
Dividends paid	-	(63,974,041)	-	(63,974,041)
Interest paid	(1,871,773)	(1,125,106)	-	-
Net cash used in financing activities	(58,572,230)	(33,214,584)	(596,634)	(68,745,449)
Net (decrease)/increase in cash and bank balances	(94,489,456)	116,259,887	8,120,692	4,721,633
Effect of exchange rate fluctuations	7,703,901	3,104,961	-	-
Cash and bank balances at beginning of the year/period	221,348,252	101,983,404	6,490,875	1,769,242
Cash and bank balances at end of the year/period	134,562,697	221,348,252	14,611,567	6,490,875

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Statements of Cash Flows (Cont'd)

For the year ended 31 December 2022

(a) Cash outflows for leases as a lessee

	Group		Company	
	01.01.2022 to 31.12.2022 Note	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
Included in net cash from operating activities				
Payment relating to short-term lease	(2,004,552)	(2,141,998)	-	-
Payment relating to low-value assets	(55,104)	(32,680)	-	-
	(2,059,656)	(2,174,678)	-	-
Included in net cash used in financing activities				
Repayment of lease liability	(14,378)	(12,739)	-	-
Interest paid in relation to lease liability	(33,621)	(31,262)	-	-
Total cash outflows for leases	(2,107,655)	(2,218,679)	-	-

(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 2021	18,347,194	35,572,125	1,029,639	54,948,958
Net changes from financing cash flow	(2,563,000)	39,231,710	(12,739)	36,655,971
Foreign exchange movement	-	212,390	-	212,390
At 31 December 2021/ 1 January 2022	15,784,194	75,016,225	1,016,900	91,817,319
Net changes from financing cash flow	(2,796,000)	(53,293,445)	(14,378)	(56,103,823)
Foreign exchange movement	-	(18,214)	-	(18,214)
At 31 December 2022	12,988,194	21,704,566	1,002,522	35,695,282

The notes on pages 71 to 141 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, Jalan 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 year ended 31 December 2022 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 year ended 31 December 2022 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 19 April 2023.

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 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*

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 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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 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; and
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned accounting standards, amendments and interpretations are 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 year in which the estimates are revised and in any future years affected.

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:

1. BASIS OF PREPARATION (Cont'd)

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

(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 year 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.

(iii) Impairment of property, plant and equipment

The Group reviews the property, plant and equipment for impairment when there is an indication of impairment. The recoverable amount of property, plant and equipment is assessed by reference to the value in use of the property, plant and equipment. Value in use is the present value of the projected future cash flows derived from the property, plant and equipment discounted with appropriate discount rates. The discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect the income and cash flows. Significant judgement is also required to determine the discount rates to be applied in deriving the present value of the projected future cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the years 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.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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 year 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.

(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 or minus, 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 year 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.

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)

(a) **Amortised cost** (Cont'd)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note (l)(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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(iii) Regular way purchase or sale of financial assets (Cont'd)

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.

(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 expires. 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.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

(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.

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

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

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

(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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases (Cont'd)

(iii) Subsequent measurement (Cont'd)

As a lessee (Cont'd)

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.

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.

(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) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially and subsequently at cost and are accounted for similarly to property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) 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.

(i) 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 (l)(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.

(j) 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.

(k) 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.

(l) 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 securities 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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.

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 or 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.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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.

(m) 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.

(n) 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.

(o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

(i) Revenue from contracts with customers (Cont'd)

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.

(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.

(p) 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.

(q) 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.

Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) 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 year, 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.

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.

(s) 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.

(t) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) 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 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/ 1 January 2022	32,515,838	72,528,857	6,092,874	357,430,096	6,601,155	10,957,298	50,925,796	537,051,914
Additions	-	823,880	646,522	17,081,018	18,000	1,156,225	30,462,926	50,188,571
Transfer	-	145,000	-	9,431,780	-	380,905	(9,957,685)	-
Disposal	-	-	-	-	(1,407,525)	-	(201,870)	(1,609,395)
Written off	-	-	-	-	-	-	(321,513)	(321,513)
At 31 December 2022	32,515,838	73,497,737	6,739,396	383,942,894	5,211,630	12,494,428	70,907,654	585,309,577
Depreciation								
At 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
Disposal	-	-	-	(1,005,724)	(85,197)	-	-	(1,090,921)
Written off	-	-	-	(2,550,522)	-	-	-	(2,550,522)
At 31 December 2021/ 1 January 2022	-	10,001,273	1,693,624	90,867,684	1,617,876	5,309,471	-	109,489,928
Depreciation for the year	-	4,032,051	629,398	37,596,752	760,034	1,736,018	-	44,754,253
Disposal	-	-	-	-	(681,734)	-	-	(681,734)
At 31 December 2022	-	14,033,324	2,323,022	128,464,436	1,696,176	7,045,489	-	153,562,447

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 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/ 1 January 2022	32,515,838	62,527,584	4,399,250	266,562,412	4,983,279	5,647,827	50,925,796	427,561,986
At 31 December 2022	32,515,838	59,464,413	4,416,374	255,478,458	3,515,454	5,448,939	70,907,654	431,747,130

Company	Freehold land RM	Factory and office 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 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/ 1 January 2022	-	-	-	300,417	46,000	-	346,417
Additions	-	633,800	-	-	9,000	-	642,800
Transfer from assets held for sale	6,900,000	12,860,552	266,563	-	-	321,513	20,348,628
Written off	-	-	-	-	-	(321,513)	(321,513)
At 31 December 2022	6,900,000	13,494,352	266,563	300,417	55,000	-	21,016,332

Notes to the Financial Statements (Cont'd)

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

Company	Freehold land RM	Factory and office buildings RM	Infrastructure RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
Depreciation							
At 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/ 1 January 2022	-	-	-	87,622	920	-	88,542
Depreciation for the year	-	853,028	19,000	30,042	3,680	-	905,750
Transfer from assets held for sale	-	2,251,211	140,916	-	-	-	2,392,127
At 31 December 2022	-	3,104,239	159,916	117,664	4,600	-	3,386,419
Carrying amounts							
At 1 February 2021	6,900,000	11,108,357	66,500	240,334	-	-	18,315,191
At 31 December 2021/ 1 January 2022	-	-	-	212,795	45,080	-	257,875
At 31 December 2022	6,900,000	10,390,113	106,647	182,753	50,400	-	17,629,913

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 RM22,960,429 (31.12.2021: RM23,694,925) have been pledged as security to secure term loans and credit facilities of the Group as disclosed in Note 14 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 year would be as follows:

Group	Cost RM	Accumulated depreciation RM	Net carrying amount RM
31.12.2022			
Freehold land	21,115,838	-	21,115,838
Factory and office buildings	71,675,362	(21,655,705)	50,019,657
	92,791,200	(21,655,705)	71,135,495
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

Notes to the Financial Statements (Cont'd)

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

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

Company	Cost RM	Accumulated depreciation RM	Net carrying amount RM
31.12.2022			
Freehold land	3,300,000	-	3,300,000
Factory buildings	12,382,753	(4,105,185)	8,277,568
	15,682,753	(4,105,185)	11,577,568
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

3.4 Impairment of property, plant and equipment

During the current financial year, property, plant and equipment were tested for impairment due to impairment indicators resulted by oversupply of gloves and decrease in average selling price of gloves.

Management used the value in use method to determine the recoverable amount of the assets.

The following describes each key assumption on which management has based its cash flows projection to undertake impairment testing of property, plant and equipment:

- (i) Projected revenue and budgeted gross profit margin is determined based on the management's estimate on the industry trends for the average selling price of gloves and past performances of the Group.
- (ii) Growth rate for the first 5 years is determined based on the management's estimate on the industry trends and past performances of the Group, and assume to remain constant thereafter.
- (iii) An average pre-tax discount rate of 14.30% was applied in determining the recoverable amount of the assets.

The abovementioned impairment testing did not give rise to impairment losses on the property, plant and equipment.

Sensitivity to changes in key assumptions

The sensitivity test indicated that changes in the pre-tax discount rate used in the value-in-use calculation will result in the recoverable amount to equal to the corresponding carrying amounts of property, plant and equipment, assuming no change in other variables, is as follows:

Increase in pre-tax discount rate	1.24%
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Notes to the Financial Statements (Cont'd)

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

3.5 Property, plant and equipment subject to operating lease

The Company leases some of its factory buildings to subsidiaries for a period of twelve months. Subsequent renewals are negotiated with the subsidiaries.

These leases do not include residual value guarantees.

The following are recognised in profit or loss:

Company	31.12.2022 RM	31.12.2021 RM
Lease income	<u>1,560,000</u>	<u>1,430,000</u>

The operating lease payments to be received are as follows:

Company	31.12.2022 RM	31.12.2021 RM
Less than one year	<u>1,560,000</u>	<u>1,560,000</u>
Total undiscounted lease payments	<u>1,560,000</u>	<u>1,560,000</u>

4. RIGHT-OF-USE ASSETS

Group	Leasehold lands RM
Cost	
At 31 December 2022/1 January 2022/ 31 December 2021/1 February 2021	<u>14,712,355</u>
Depreciation	
At 1 February 2021	693,153
Depreciation for the period	<u>368,002</u>
At 31 December 2021/1 January 2022	1,061,155
Depreciation for the year	<u>401,457</u>
At 31 December 2022	<u>1,462,612</u>
Carrying amounts	
At 1 February 2021	<u>14,019,202</u>
At 31 December 2021/1 January 2022	13,651,200
At 31 December 2022	<u>13,249,743</u>

The Group's leasehold lands have lease term ranging from 204 to 442 months. The leasehold land with carrying amount of RM12,333,479 (31.12.2021: RM12,677,669) has been pledged as security to secure bill payables facility of the Group as disclosed in Note 14 to the financial statements.

Notes to the Financial Statements (Cont'd)

5. INVESTMENT PROPERTIES

Group	Note	Freehold land RM
Cost		
At 31 December 2021/1 January 2022		-
Acquisition through business combination	30	26,421,848
At 31 December 2022		26,421,848

Investment properties comprises of freehold that are held for capital appreciation purposes.

The following are recognised in profit or loss in respect of investment properties:

Group	31.12.2022 RM
Direct operating expenses:	
- non-income generating investment properties	1,455

Fair value information

Fair value of investment properties is categorised as follows:

Group	Freehold land RM
Level 3	
Freehold land	27,100,000

Valuation process applied by the Group

Fair value of the freehold land have been derived using the sales comparison method. 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.

Notes to the Financial Statements (Cont'd)

6. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2022 RM	31.12.2021 RM
Unquoted shares, at cost	213,586,007	187,806,007
Less: Impairment loss	(10,856,002)	(10,856,002)
	202,730,005	176,950,005

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest	
			31.12.2022 %	31.12.2021 %
Comfort Rubber Gloves Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of latex gloves	100	100
PBT Sdn. Bhd. ^(Note 1)	Malaysia	Dormant	-	100
I Quality Rubber Industries Sdn. Bhd.	Malaysia	Dormant	100	100
Pacewell Asia Sdn. Bhd.	Malaysia	Trading of latex gloves	100	100
QMG Manufacturing Sdn. Bhd.	Malaysia	Dormant	100	100
Fruitful Achievement Sdn. Bhd.	Malaysia	Dormant	100	100
Goldhill Melody Sdn. Bhd. ^(Note 2)	Malaysia	Investment holding	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: On 10 June 2022, the Company acquired ordinary shares in Goldhill Melody Sdn. Bhd. for a total cash consideration of RM25,780,000 representing 100% of the total issued and paid-up share capital of Goldhill Melody Sdn. Bhd.

Notes to the Financial Statements (Cont'd)

7. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Non-current					
Non-trade					
Amount owing by a subsidiary	(a)	-	-	78,350,000	81,350,000
Current					
Trade					
Trade receivables		69,143,680	141,597,185	-	-
Less: Impairment loss		(419,538)	(3,220,506)	-	-
	(b)	68,724,142	138,376,679	-	-
Non-trade					
Other receivables		249,561	1,237,818	42,235	21,826
Amount owing by subsidiaries	(c)	-	-	13,324,338	8,330,739
Deposits		882,073	1,023,053	109,000	107,000
		1,131,634	2,260,871	13,475,573	8,459,565
Total (current)		69,855,776	140,637,550	13,475,573	8,459,565
Total (non-current and current)		69,855,776	140,637,550	91,825,573	89,809,565

- (a) The non-current amount owing by a subsidiary represents advances to a subsidiary which are unsecured, subject to interest at 4% (31.12.2021: 4%) per annum with annual principal repayment of RM3,000,000 over 31 years period commencing from financial year 2019.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms range from 30 to 120 days (31.12.2021: 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 (31.12.2021: RM3,000,000) which is subject to interest at 4% (31.12.2021: 4%) per annum.

Notes to the Financial Statements (Cont'd)

8. OTHER INVESTMENTS

	Group		Company	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Non-current				
Investment in trust fund	10,000,000	10,000,000	10,000,000	10,000,000
Current				
Investment in unit trusts	102,672,517	102,891,229	25,830,788	26,708,176
	112,672,517	112,891,229	35,830,788	36,708,176

9. INVENTORIES

	Group	
	31.12.2022 RM	31.12.2021 RM
At cost		
Finished goods	34,560,550	68,567,358
Work in progress	63,065,574	71,913,352
Raw materials	10,428,739	55,047,580
Packing materials	779,435	1,180,176
Consumables	359,173	467,109
Rights to recover returned goods	490,932	1,029,361
	109,684,403	198,204,936

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year/period are RM382,093,147 (31.12.2021: RM501,997,678).

Notes to the Financial Statements (Cont'd)

10. DERIVATIVE FINANCIAL ASSETS

	Group			
	31.12.2022		31.12.2021	
	Contract/ Notional amount RM	Assets RM	Contract/ Notional amount RM	Assets RM

Non-hedging derivative:

Current

Forward exchange contracts	-	-	51,786,775	377,829
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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 years 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 year.

During the financial period, the Group recognised a loss of RM377,829 (31.12.2021: gain of RM153,225) arising from fair value changes of derivative. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Cash on hand and bank balances	129,408,553	216,295,246	14,611,567	6,490,875
Deposits placed with licensed banks	5,154,144	5,053,006	-	-
	134,562,697	221,348,252	14,611,567	6,490,875

Notes to the Financial Statements (Cont'd)

12. ASSETS CLASSIFIED AS HELD FOR SALE

In previous financial period, the freehold land, factory building, infrastructure and capital work-in-progress in relation to factory building amounting to RM17,956,501 was 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 was 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
	<u>17,956,501</u>

For the current financial year, the Company had rescinded the commitment to transfer the assets and have reclassified the freehold land, factory building, infrastructure and capital work-in-progress to property, plant and equipment.

13. SHARE CAPITAL AND RESERVES

13.1 Share capital

	Group and Company			
	31.12.2022		31.12.2021	
	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 2021/ 1 January 2022/ 31 December	582,949,143	142,985,383	582,949,143	142,985,383

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.

Notes to the Financial Statements (Cont'd)

13. SHARE CAPITAL AND RESERVES (Cont'd)

13.2 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in the annual general meeting held on 31 May 2022, renewed their approval for the Company's plan to repurchase its own shares.

During the financial year, the Company repurchased 1,093,200 (31.12.2021: 2,506,100) ordinary shares from the open market at an average price of RM0.55 (31.12.2021: RM1.90) per share. The total consideration paid for the repurchase including transaction costs was RM596,634 (31.12.2021: RM4,771,408).

Of the total 582,949,143 (31.12.2021: 582,949,143) issued and fully paid ordinary shares as at 31 December 2022, 3,599,300 (31.12.2021: 2,506,100) are held as treasury shares by the Company. As at 31 December 2022, the number of outstanding ordinary shares in issue and fully paid is therefore 579,349,843 (31.12.2021: 580,443,043) ordinary shares.

13.3 Other reserves

	Group and Company	
	31.12.2022 RM	31.12.2021 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.

13.4 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.

13.5 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 year 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 year 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 year.

13. SHARE CAPITAL AND RESERVES (Cont'd)

13.6 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 year.
- 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 year 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 year 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 year.

Notes to the Financial Statements (Cont'd)

14. LOANS AND BORROWINGS

	Note	Group	
		31.12.2022 RM	31.12.2021 RM
Non-current			
Term loans		10,192,194	12,988,194
Lease liability		987,644	1,002,521
		<u>11,179,838</u>	<u>13,990,715</u>
Current			
Term loans		2,796,000	2,796,000
Bill payables		21,704,566	75,016,225
Lease liability		14,878	14,379
		<u>24,515,444</u>	<u>77,826,604</u>
Total loans and borrowings			
Term loans	(a)	12,988,194	15,784,194
Bill payables	(b)	21,704,566	75,016,225
Lease liability	(c)	1,002,522	1,016,900
		<u>35,695,282</u>	<u>91,817,319</u>

(a) Term loan

Term loan of a subsidiary of RM12,988,194 (31.12.2021: RM15,784,194) bears interest at 3.37% - 4.53% (31.12.2021: 3.44% - 3.48%) 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 0.74% to 4.07% (31.12.2021: 0.66% to 2.77%) 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)

14. LOANS AND BORROWINGS (Cont'd)

(c) Lease liability

	Group	
	31.12.2022 RM	31.12.2021 RM
Not later than one year	14,878	14,379
Later than one year and not later than five years	118,626	93,528
Later than five years	869,018	908,993
	<u>1,002,522</u>	<u>1,016,900</u>

Notes to the Financial Statements (Cont'd)

15. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM	RM	RM
Property, plant and equipment	-	-	(30,860,155)	(38,021,548)	(30,860,155)	(38,021,548)
Investment properties	-	-	(496,446)	-	(496,446)	-
Unutilised tax losses	6,427,255	-	-	-	6,427,255	-
Unutilised capital allowances	13,656,765	-	-	-	13,656,765	-
Others	8,522,996	7,625,173	-	-	8,522,996	7,625,173
Tax assets/(liabilities)	28,607,016	7,625,173	(31,356,601)	(38,021,548)	(2,749,585)	(30,396,375)
Set off of tax	(28,607,016)	(7,625,173)	28,607,016	7,625,173	-	-
Net tax assets/(liabilities)	-	-	(2,749,585)	(30,396,375)	(2,749,585)	(30,396,375)
Company						
Property, plant and equipment	-	-	(866,694)	(929,417)	(866,694)	(929,417)

15. DEFERRED TAX LIABILITIES (Cont'd)

Movement in temporary differences during the financial year/period

Group	At	Recognised	Acquisition	Recognised	At
	1.2.2021	in profit	through	in profit	31.12.2021/
	RM	(Note 22)	business	or loss	1.1.2022
		RM	combination	(Note 22)	RM
			(Note 30)	RM	31.12.2022
			RM		RM
Property, plant and equipment	(28,781,357)	(9,240,191)	-	7,161,393	(30,860,155)
Investment properties	-	-	(496,446)	-	(496,446)
Unutilised tax losses	-	-	-	6,427,255	6,427,255
Unutilised capital allowances	-	-	-	13,656,765	13,656,765
Others	496,345	7,128,828	-	897,823	8,522,996
	(28,285,012)	(2,111,363)	(496,446)	28,143,236	(2,749,585)
Company					
Property, plant and equipment	(986,912)	57,495	-	62,723	(866,694)
	(986,912)	57,495	-	62,723	(866,694)

Notes to the Financial Statements (Cont'd)

15. DEFERRED TAX LIABILITIES (Cont'd)

Unrecognised deferred tax assets

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

	Group		Company	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Unutilised tax losses	12,981,147	20,783,034	12,885,676	20,687,563
Taxable temporary differences	(120,746)	(139,106)	(120,746)	(139,106)
	12,860,401	20,643,928	12,764,930	20,548,457

Under the tax legislation in Malaysia, the 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 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	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Expired in				
YA 2028	12,885,676	20,687,563	12,885,676	20,687,563
YA 2029	3,515	3,515	-	-
YA 2030	53,296	53,296	-	-
YA 2031	38,660	38,660	-	-
	12,981,147	20,783,034	12,885,676	20,687,563

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.

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)

16. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Current					
Trade					
Trade payables	(a)	22,102,777	42,750,491	-	-
Supplier factoring facilities	(b)	2,096,619	3,036,195	-	-
		24,199,396	45,786,686	-	-
Non-trade					
Other payables	(c)	5,767,710	8,938,989	76,088	31,324
Accruals		25,328,550	33,205,120	914,477	1,011,408
		31,096,260	42,144,109	990,565	1,042,732
		55,295,656	87,930,795	990,565	1,042,732

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (31.12.2021: 30 days to 90 days) from the date of invoice.
- (b) Supplier factoring facility is an arrangement where the participating suppliers may elect to receive early payment of their invoices from a financial institution. Under this arrangement, the financial institution agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this programme is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to the financial institution before their due date. From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating and the Group does not incur any additional interest towards the financial institution on the amounts due to the suppliers. The payments to the financial institution are included within operating cash flows because they continue to be part of the normal operating cycle of the Group.
- (c) Other payable are unsecured and non-interest bearing. Included in other payables is an amount due to a Director totalling RM289,768 (31.12.2021: Nil) which is unsecured, interest-free, repayable upon demand and are expected to be settled by cash.

Notes to the Financial Statements (Cont'd)

17. CONTRACT LIABILITIES

	Group	
	31.12.2022 RM	31.12.2021 RM
Refund liabilities	1,757,816	3,017,315
Consideration received in advance	3,040,021	4,882,080
	<u>4,797,837</u>	<u>7,899,395</u>

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

Significant changes in contract balances:

	Group Contract liabilities (Increase)/Decrease	
	31.12.2022 RM	31.12.2021 RM
Revenue recognised that was included in contract liabilities at the beginning of the year	4,882,080	23,660,468
Increase due to consideration received from customers, but revenue not recognised	<u>(3,040,021)</u>	<u>(4,882,080)</u>

18. REVENUE

	Group		Company	
	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
Revenue from contracts with customers				
Sales of latex gloves	606,680,209	1,390,655,377	-	-
Other revenue				
Management fee	-	-	3,184,625	3,701,256
Dividend income	-	-	31,953,600	109,174,800
	<u>606,680,209</u>	<u>1,390,655,377</u>	<u>35,138,225</u>	<u>112,876,056</u>
Timing of revenue recognition:				
At a point in time	<u>606,680,209</u>	<u>1,390,655,377</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements (Cont'd)

18. REVENUE (Cont'd)

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.

19. FINANCE INCOME

	Group		Company	
	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
Interest income of financial assets that are measured at amortised cost:				
Interest income from fixed deposits	1,501,727	350,431	147,275	5,691
Interest income from loan to subsidiary	-	-	3,254,000	3,092,833
Interest income of financial assets that are measured at fair value through profit or loss:				
Distribution from other investments	1,584,141	1,464,188	776,195	324,612
	3,085,868	1,814,619	4,177,470	3,423,136

Notes to the Financial Statements (Cont'd)

20. FINANCE COSTS

	Group	
	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
Interest expense of financial liabilities that are not at fair value through profit or loss		
- bank overdrafts	49	43
- bill payables	1,292,281	552,442
- lease liability	33,621	31,262
- term loans	545,871	541,402
	1,871,822	1,125,149

21. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
Note	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
(Loss)/Profit before tax is arrived at after charging/ (crediting):				
Auditors' remuneration				
Audit fees				
- current	243,000	232,000	115,000	115,000
- underprovided in prior year	-	35,000	-	-
Non-audit fees	15,000	22,000	15,000	15,000
Material expenses/(income)				
Bad debt written off	-	1,102,440	-	32,743
Net (reversal)/allowance for doubtful debts	(2,800,968)	3,220,506	-	-
Depreciation of right-of-use assets	401,457	368,002	-	-
Gain on foreign exchange:				
- realised	(1,397,635)	(6,205,338)	-	(41,772)
- unrealised	(5,048,986)	(4,142,188)	-	-

Notes to the Financial Statements (Cont'd)

21. (LOSS)/PROFIT BEFORE TAX (Cont'd)

	Note	Group		Company	
		01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
Material expenses/(income)					
(Cont'd)					
Net fair value loss/(gain) on derivatives		377,829	(153,225)	-	-
Net fair value loss on other investments		1,052,854	508,044	903,584	146,699
Property, plant and equipment:					
- loss on disposal		75,244	50,544	-	-
- depreciation		44,754,253	37,230,914	905,750	817,591
- written off		321,513	13,183	321,513	-
Directors' remuneration	21.1	8,210,907	84,821,249	423,000	716,800
Staff costs:					
- salaries, wages, bonuses and allowances		60,219,639	59,615,897	1,880,644	2,295,032
- defined contribution plan		3,058,038	2,842,432	237,342	265,790
Insurance recovery		(200,000)	(1,168,402)	-	-
Inventories written down		10,484,695	13,262,411	-	-
Inventories written off		-	4,216,530	-	-
Expenses arising from leases					
Expenses relating to short-term leases		2,004,552	2,141,998	-	-
Expenses relating to low-value assets		55,104	32,680	-	-

Notes to the Financial Statements (Cont'd)

21. (LOSS)/PROFIT BEFORE TAX (Cont'd)

21.1 Directors' remuneration

	Group		Company	
	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
Executive directors:				
Salaries and other emoluments	6,511,055	73,153,971	-	-
Defined contribution plan	1,238,917	10,950,478	-	-
	7,749,972	84,104,449	-	-
Non-executive directors:				
Fees	387,935	627,000	350,000	627,000
Other emoluments	73,000	89,800	73,000	89,800
	460,935	716,800	423,000	716,800
Total directors' remuneration	8,210,907	84,821,249	423,000	716,800
Benefit-in-kind	79,950	31,933	-	19,958

22. TAXATION

	Group		Company	
	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
Current tax expense				
Current year	2,770,026	121,790,624	-	-
Under/(Over) provision in prior year	7,516,993	(6,253,200)	-	-
	10,287,019	115,537,424	-	-
Deferred tax				
Current year	(16,721,893)	247,588	(62,723)	(57,495)
(Over)/Under provision in prior year	(11,421,343)	1,863,775	-	-
	(28,143,236)	2,111,363	(62,723)	(57,495)
	(17,856,217)	117,648,787	(62,723)	(57,495)

Notes to the Financial Statements (Cont'd)

22. TAXATION (Cont'd)

Reconciliation of tax expense

	Group		Company	
	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
(Loss)/Profit before tax	(60,159,738)	539,167,884	35,103,650	111,238,877
Income tax calculated using Malaysian tax rate of 24%	(14,438,337)	129,400,293	8,424,876	26,697,331
Non-deductible expenses	2,811,371	6,567,511	1,143,234	657,673
Reinvestment allowance claim	-	(11,154,147)	-	-
Non-taxable income	(243,587)	(670,034)	(7,700,064)	(25,445,087)
Utilisation of previously unrecognised tax losses and capital allowance	(1,868,046)	(1,909,917)	(1,868,046)	(1,909,917)
Crystallisation of deferred tax liability on revaluation of property	(213,268)	(195,494)	(62,723)	(57,495)
Over provision in prior year	(3,904,350)	(4,389,425)	-	-
	(17,856,217)	117,648,787	(62,723)	(57,495)

Notes to the Financial Statements (Cont'd)

23. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 31 December 2022 and 31 December 2021 were based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	31.12.2022 RM	31.12.2021 RM
(Loss)/Profit for the year attributable to owners of the Company	<u>(42,303,521)</u>	<u>421,519,097</u>
Weighted average number of ordinary shares outstanding		
Issued ordinary shares at the beginning of the year	580,443,043	582,949,143
Effect of treasury shares held	<u>(500,917)</u>	<u>(2,057,441)</u>
Weighted average number of ordinary shares (basic)	<u>579,942,126</u>	<u>580,891,702</u>
Basic (loss)/earnings per ordinary share (sen)	<u>(7.29)</u>	<u>72.56</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 year.

24. 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

Manufacturing

Investment holding

Trading

Others

Products and services

Manufacturing and trading of latex gloves.

Investment holding and provision of management services.

Trading of latex gloves.

Dormant subsidiaries.

24. OPERATING SEGMENTS (Cont'd)

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)

24. OPERATING SEGMENTS (Cont'd)

	Manufacturing RM	Investment holding RM	Trading RM	Others RM	Inter-segment eliminations RM	Notes	Total RM
31.12.2022							
Revenue							
Revenue from external customers	322,225,476	-	284,454,733	-	-		606,680,209
Inter-segment revenue	265,202,750	35,138,225	-	-	(300,340,975)	A	-
Total revenue	587,428,226	35,138,225	284,454,733	-	(300,340,975)		606,680,209
Results							
Interest income	1,215,276	4,177,554	947,038	-	(3,254,000)		3,085,868
Interest expense	(5,125,822)	-	-	-	3,254,000		(1,871,822)
Property, plant and equipment:							
- depreciation	(43,841,551)	(905,750)	(6,952)	-	-		(44,754,253)
- written off	-	(321,513)	-	-	-		(321,513)
Depreciation of right-of-use assets	(401,457)	-	-	-	-		(401,457)
Segment (loss)/profit before tax	(73,713,527)	35,084,759	10,603,614	(180,984)	(31,953,600)	B	(60,159,738)
Deferred tax (expense)/income	28,080,513	62,723	-	-	-		28,143,236
Income tax expense	(8,730,646)	(26)	(1,556,347)	-	-		(10,287,019)
(Loss)/Profit for the financial year	(54,363,660)	35,147,456	9,047,267	(180,984)	(31,953,600)	B	(42,303,521)
Assets							
Additions to non-current assets	48,205,911	642,800	-	1,339,860	-		50,188,571
Segment assets	778,407,179	377,986,058	122,824,538	7,052,612	(295,685,763)	C	990,584,624
Liabilities							
Segment liabilities	180,355,424	2,658,059	13,471,738	6,423,227	(104,370,088)	D	98,538,360

Notes to the Financial Statements (Cont'd)

24. 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>328,294,765</u>	<u>111,296,372</u>	<u>91,208,567</u>	<u>(105,807)</u>	<u>(109,174,800)</u>	B	<u>421,519,097</u>
Assets							
Additions to non-current assets	100,748,949	716,776	-	4,618,762	-		106,084,487
Segment assets	<u>1,020,188,651</u>	<u>328,857,674</u>	<u>129,663,747</u>	<u>5,714,092</u>	<u>(304,844,847)</u>	C	<u>1,179,579,317</u>
Liabilities							
Segment liabilities	<u>335,819,636</u>	<u>1,972,149</u>	<u>29,340,069</u>	<u>4,921,868</u>	<u>(127,420,824)</u>	D	<u>244,632,898</u>

Notes to the Financial Statements (Cont'd)

24. 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
31.12.2022		
Malaysia	50,411,687	471,440,932
United States of America and Canada	421,190,806	-
Asia (excluding Malaysia)	60,390,947	-
Europe	51,069,724	-
Others	23,617,045	-
	<u>606,680,209</u>	<u>471,440,932</u>
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>

Notes to the Financial Statements (Cont'd)

24. 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
	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	
Customer A	54,773,669	215,463,647	Manufacturing
	157,951,217	203,579,032	Trading
	212,724,886	419,042,679	

25. 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	

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS

26.1 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 31.12.2022	Carrying amount RM	AC RM	FVTPL RM
Financial assets			
Trade and other receivables	69,855,776	69,855,776	-
Other investments	112,672,517	-	112,672,517
Cash and cash equivalents	134,562,697	134,562,697	-
	<u>317,090,990</u>	<u>204,418,473</u>	<u>112,672,517</u>
Financial liabilities			
Loan and borrowings	(35,695,282)	(35,695,282)	-
Trade and other payables	(55,295,656)	(55,295,656)	-
	<u>(90,990,938)</u>	<u>(90,990,938)</u>	<u>-</u>
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	221,348,252	221,348,252	-
	<u>475,254,860</u>	<u>361,985,802</u>	<u>113,269,058</u>
Financial liabilities			
Loan and borrowings	(91,817,319)	(91,817,319)	-
Trade and other payables	(87,930,795)	(87,930,795)	-
	<u>(179,748,114)</u>	<u>(179,748,114)</u>	<u>-</u>

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.1 Categories of financial instruments (Cont'd)

Company 31.12.2022	Carrying amount RM	AC RM	FVTPL RM
Financial assets			
Other receivables	91,825,573	91,825,573	-
Other investments	35,830,788	-	35,830,788
Cash and cash equivalents	14,611,567	14,611,567	-
	<u>142,267,928</u>	<u>106,437,140</u>	<u>35,830,788</u>
Financial liabilities			
Other payables	<u>(990,565)</u>	<u>(990,565)</u>	-
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>	-

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.2 Net gains or losses arising from financial instruments

	Group		Company	
	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
Financial assets at amortised cost	10,667,711	6,374,991	3,401,275	3,140,296
Financial assets at fair value through profit or loss	153,458	1,109,369	(127,389)	177,913
	10,821,169	7,484,360	3,273,886	3,318,209
Financial liabilities at amortised cost	(1,455,831)	(1,093,888)	-	-
	(1,455,831)	(1,093,888)	-	-

26.3 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.

26.4 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.

26. FINANCIAL INSTRUMENTS (Cont'd)

26.4 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 year, 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)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.4 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			
	31.12.2022		31.12.2021	
	RM	%	RM	%
Malaysia	30,926,644	45%	65,200,229	47%
United States of America and Canada	26,250,874	38%	26,365,129	19%
Asia (excluding Malaysia)	4,969,349	7%	4,584,264	3%
Europe	5,633,268	8%	41,440,669	30%
Others	944,007	1%	786,388	1%
	68,724,142	100%	138,376,679	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 does not hold collateral as security.

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.4 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
31.12.2022			
Current (not past due)	48,173,142	-	48,173,142
1 – 30 days past due	12,216,013	-	12,216,013
31 – 60 days past due	5,264,030	-	5,264,030
61 – 90 days past due	2,380,069	-	2,380,069
More than 90 days past due	690,888	-	690,888
	68,724,142	-	68,724,142
Credit Impaired			
Individually impaired	419,538	(419,538)	-
	69,143,680	(419,538)	68,724,142
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			
Individually impaired	3,220,506	(3,220,506)	-
	141,597,185	(3,220,506)	138,376,679

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.4 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		
	Lifetime ECL RM	Credit Impaired RM	Total RM
Group			
Balance at 1 February 2021	-	-	-
Net remeasurement of loss allowance	-	3,220,506	3,220,506
Balance at 31 December 2021/1 January 2022	-	3,220,506	3,220,506
Net reversal of loss allowance	-	(2,800,968)	(2,800,968)
Balance at 31 December 2022	-	419,538	419,538

For financial year ended 31 December 2022, 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 46% of the Group's trade receivables were due from Customer A.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting year, 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.

26. FINANCIAL INSTRUMENTS (Cont'd)

26.4 Credit risk (Cont'd)

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 year, 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 year, 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 RM32,836,976 (31.12.2021: RM94,797,918) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting year.

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 year, the Company did not recognise any provision in respect of financial guarantee.

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 year, 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.

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.4 Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

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.

In current year, the Company did not recognised any allowance for impairment losses on amount due from amounts due from subsidiaries.

26.5 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.

26. FINANCIAL INSTRUMENTS (Cont'd)

26.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises 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	Less than 1 year RM	2 - 5 years RM	More than 5 years RM
31.12.2022						
<i>Non-derivative financial liabilities</i>						
Loan and borrowings						
- Term loan	12,988,194	3.37 – 4.53	14,423,427	3,341,871	11,081,556	-
- Bill payables	21,704,566	0.74 – 4.07	21,886,770	21,886,770	-	-
- Lease liability	1,002,522	3.47	1,335,612	48,000	241,920	1,045,692
Trade and other payables	55,295,656	-	55,295,656	55,295,656	-	-
	90,990,938		92,941,465	80,572,297	11,323,476	1,045,692
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	75,016,225	0.66 - 2.77	75,230,963	75,230,963	-	-
- Lease liability	1,016,900	3.47	1,383,612	48,000	220,800	1,114,812
Trade and other payables	87,930,795	-	87,930,795	87,930,795	-	-
	179,748,114		181,076,130	166,506,046	13,455,272	1,114,812

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM	Discount rate	Contractual cash flows	Less than 1 year RM	2 - 5 years RM	More than 5 years RM
Company						
31.12.2022						
Non-derivative financial liabilities						
Other payables	990,565	-	990,565	990,565	-	-
Financial guarantee contracts [#]	-	-	32,836,976	32,836,976	-	-
	<u>990,565</u>		<u>33,827,541</u>	<u>33,827,541</u>	<u>-</u>	<u>-</u>
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	-	-
	<u>1,042,732</u>		<u>95,840,650</u>	<u>95,840,650</u>	<u>-</u>	<u>-</u>

[#] 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)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.6 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.

26.6.1 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 years that match the corresponding maturity years 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 year are as follows:

Group	Denominated in USD	
	31.12.2022 RM	31.12.2021 RM
Trade receivables	65,270,652	133,885,509
Cash and cash equivalents	86,158,919	147,786,951
Loan and borrowings	-	(54,214,116)
Trade and other payables	(8,319,301)	(19,781,879)
	<u>143,110,270</u>	<u>207,676,465</u>

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.6 Market risk (Cont'd)

26.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 1% (31.12.2021: 1%) strengthening of Ringgit Malaysia against the following currency at the end of the reporting year 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 year. The analysis assumes that all other variables, in particular profit rates, remain constant.

Group	Profit or loss/Equity	
	31.12.2022 RM	31.12.2021 RM
USD	<u>(1,087,638)</u>	<u>(1,578,341)</u>

A 1% (31.12.2021: 1%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting year 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.

26.6.2 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)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.6 Market risk (Cont'd)

26.6.2 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 year was:

	Group		Company	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Fixed rate instruments				
Financial assets	5,154,144	5,053,006	81,350,000	84,350,000
Financial liabilities	(1,002,522)	(1,016,900)	-	-
	4,151,622	4,036,106	81,350,000	84,350,000
Floating rate instruments				
Financial liabilities	(34,692,760)	(90,800,419)	-	-
	(34,692,760)	(90,800,419)	-	-

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 year would not affect profit or loss.

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.6 Market risk (Cont'd)

26.6.2 Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis (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 year 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		
31.12.2022		
Financial liabilities	(263,665)	263,665
	<u>(263,665)</u>	<u>263,665</u>
31.12.2021		
Financial liabilities	(690,083)	690,083
	<u>(690,083)</u>	<u>690,083</u>

26.7 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 year.

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.

26. FINANCIAL INSTRUMENTS (Cont'd)

26.7 Fair value information (Cont'd)

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM		
31.12.2022								
Financial assets								
Other investments								
– unit trusts	-	102,672,517	-	102,672,517	-	-	-	102,672,517
– trust fund	-	-	10,000,000	-	-	-	-	10,000,000
31.12.2021								
Financial assets								
Other investments								
– unit trusts	-	102,891,229	-	102,891,229	-	-	-	102,891,229
– trust fund	-	-	10,000,000	-	-	-	-	10,000,000
Derivative financial assets	-	337,829	-	337,829	-	-	-	337,829

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.7 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	Level 1 RM	Level 2 RM	Level 3 RM		
31.12.2022								
Financial assets								
Other investments								
– unit trusts	- 25,830,788	-	-	-	-	-	- 25,830,788	25,830,788
– trust fund	-	- 10,000,000	-	-	-	-	- 10,000,000	10,000,000
Amount due from a subsidiary	-	-	-	-	- 80,155,122	80,155,122	80,155,122	81,350,000
31.12.2021								
Financial assets								
Other investments								
– unit trusts	- 26,708,176	-	-	-	-	-	- 26,708,176	26,708,176
– trust fund	-	- 10,000,000	-	-	-	-	- 10,000,000	10,000,000
Amount due from a subsidiary	-	-	-	-	-	85,981,697	85,981,697	84,350,000

Notes to the Financial Statements (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.7 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.

Level 3 fair value

Other investments – trust fund

The fair value of trust fund is approximate the trust capital as the investments made are safeguarded with assets of equal value.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (31 December 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)

27. 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 year/period ended 31 December 2022 and 31 December 2021.

	Note	Group	
		31.12.2022 RM	31.12.2021 RM
Loans and borrowings	14	35,695,282	91,817,319
Trade and other payables	16	55,295,656	87,930,795
Total debts		90,990,938	179,748,114
Less: Cash and cash equivalents	11	(134,562,697)	(221,348,252)
Net debt		(43,571,759)	(41,600,138)
Total equity attributable to the owners of the Company		892,046,264	934,946,419
Capital and net debts		848,474,505	893,346,281
Gearing ratio		-	-

28. COMMITMENTS

Capital commitments

The Group has made commitments for the following capital expenditures:

	Group		Company	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Property, plant and equipment				
Contracted but not provided for	3,488,139	15,172,310	-	-

29. RELATED PARTIES

Identity of related parties

For the purposes of the financial statements, parties are considered to be related to the Group or 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 key management compensation is disclosed in Note 21 to the financial statements.

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

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 7.

	Group		Company	
	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM	01.01.2022 to 31.12.2022 RM	01.02.2021 to 31.12.2021 RM
Subsidiaries				
<i>Comfort Rubber Gloves Industries Sdn. Bhd.</i>				
Management fees	-	-	2,697,678	3,329,155
Rental income	-	-	960,000	880,000
Interest income	-	-	3,254,000	3,092,833
<i>Gallant Quality Sdn. Bhd.</i>				
Management fees	-	-	486,947	372,101
Rental income	-	-	600,000	550,000
Key management personnel				
Directors' remuneration (Note 21.1)	8,210,907	84,821,249	423,000	716,800
Other key management personnel				
Short term employee benefits	79,950	381,262	-	381,262
Post-employment employee benefits	-	49,565	-	49,565
	8,290,587	85,252,076	423,000	1,147,627

Notes to the Financial Statements (Cont'd)

30. ACQUISITION OF SUBSIDIARY

On 10 June 2022, the Company acquired ordinary shares in Goldhill Melody Sdn. Bhd. ("Goldhill Melody") for a total cash consideration of RM25,780,000 representing 100% of the total issued and paid-up share capital of Goldhill Melody. Consequently, Goldhill Melody became a wholly-owned subsidiary of the Company as disclosed in Note 6 to the financial statements. Goldhill Melody is involved in investment holding.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Group 31.12.2022 RM
Fair value of consideration transferred	
Cash and cash equivalents	25,780,000
Identifiable assets acquired and liabilities assumed	
Investment properties	26,421,848
Tax recoverable	419
Cash and cash equivalents	149,353
Other payables and accruals	(5,406)
Amount due to a Director	(289,768)
Deferred tax liabilities	(496,446)
	25,780,000
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	25,780,000
Cash and cash equivalents acquired	(149,353)
	25,630,647

Notes to the Financial Statements (Cont'd)

31. COMPARATIVE INFORMATION

- (a) The following comparative figures have been reclassified to conform with current year presentation:

	As restated RM	As previously stated RM
Group		
Other investments – non-current	10,000,000	-
Other investments – current	102,891,229	112,891,229
Loans and borrowings – current	77,826,604	80,862,799
Trade and other payables	<u>87,930,795</u>	<u>84,894,600</u>
Company		
Other investments – non-current	10,000,000	-
Other investments – current	<u>26,708,176</u>	<u>36,708,176</u>

- (b) The Group and the Company changed its financial year end from 31 January to 31 December during the previous financial period. As such, the comparatives for statements of profit or loss and other comprehensive income ("SOCI"), changes in equity and cash flows as well as the comparatives in the notes to financial statements relating to the SOCI for the period from 1 February 2021 to 31 December 2021 are not comparable to the current period from 1 January 2022 to 31 December 2022.

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 63 to 141 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 2022 and of their financial performance and cash flows for the year 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: 19 April 2023

Statutory Declaration

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

I, Leong Wai Leong, 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 63 to 141 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 Leong Wai Leong, NRIC: 731201-08-5215 (MIA CA: 21611) at Taiping in the State of Perak Darul Ridzuan on 19 April 2023.

.....
Leong Wai Leong

Before me:

Commissioner for Oath
Daniel Lim Han Keat
A288

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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 141.

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 2022, and of their financial performance and their cash flows for the financial year ended 31 December 2022 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.

Impairment assessment of property, plant and equipment

Refer to Note 1 (d)(iii), Note 2(d) and Note 2(e) - Significant accounting policy and Note 3.4 - Impairment of property, plant and equipment

The key audit matter

As at 31 December 2022, the carrying amounts of the property, plant and equipment of the Group were RM431,747,130, which represented 44% of the Group's total assets.

MFRS 136 *Impairment of Assets*, requires an entity to assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, management shall estimate the recoverable amount of the asset.

There were indications that the carrying amounts of the Group's property, plant and equipment may be impaired due to oversupply of gloves and decrease in average selling price of gloves.

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)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Made inquiries of management regarding the indicators they assess as possible indicators of impairment for relevant cash-generating unit and inspected management's assessment;
- Evaluated the key assumptions such as projected revenue, growth rates and profit margins used by management by considering the past trends and expected future market demand;
- Engaged KPMG corporate finance specialist to evaluate the discount rate used to determine the present value of the cash flow; and
- Evaluated the adequacy of the Group's disclosures in the financial statements concerning those key assumptions to which the outcome of the impairment assessment is most sensitive.

Valuation of inventories

Refer to Note 1 (d)(ii) and Note 2(h) -Significant accounting policy and Note 8 - Inventories

The key audit matter

As at 31 December 2022, the carrying amount of inventories held by the Group was RM109,684,403, of which RM34,560,550 were finished goods and RM63,065,574 were 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.

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.

Independent Auditors' Report (Cont'd)

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

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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.

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.

Independent Auditors' Report (Cont'd)

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

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

- 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.

Other Matter

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, Selangor

Date: 19 April 2023

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

List of Properties

Held at 31 December 2022

Location	Tenure	Area (Hectares)	Year Lease Expiry	Description/ Existing Use	Net Book /Revalued Value (RM)	Age of Building (Years)	Year of Acquisition
PERAK DARUL RIDZUAN							
G.M. 530, Lot No. 821 Mukim Jebong District Larut & Matang Perak	Freehold	2.26	-	Single storey factory building with an adjacent double-storey office/factory building currently used for production of powdered natural rubber gloves	13,421,499	27	1993
GM 1723, Lot No. 6858 Jebong District Larut & Matang Perak	Freehold	2.46	-	Three storey factory building and warehouse use	17,289,413	10	1999
				Single storey factory building occupied for offline chlorination processes	1,195,354		
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	17,290,114	22	2010
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	21,826,817	3	2015
				Building occupied for chemical store	54,326	5	2018

List of Properties (Cont'd)

Held at 31 December 2022

Location	Tenure	Area (Hectares)	Year Lease Expiry	Description/ Existing Use	Net Book /Revalued Value (RM)	Age of Building (Years)	Year of Acquisition
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	12,333,479	-	2018
Geran 80472, Lot No. 1244, Mukim Sungai Limau, Daerah Larut & Matang, Perak.	Freehold	1.582	-	Hostel Building	3,853,019	2	2020
Geran 80519, Lot No. 1291, Mukim Sungai Limau, Daerah Larut & Matang, Perak.	Freehold	1.875	-	Former Warehouse and hostel building	3,642,765	2	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	8,094,193	1	2021

List of Properties (Cont'd)

Held at 31 December 2022

Location	Tenure	Area (Hectares)	Year Lease Expiry	Description/ Existing Use	Net Book /Revalued Value (RM)	Age of Building (Years)	Year of Acquisition
JOHOR DARUL TAKZIM							
GM 4479, Lot No. 4148, Jalan Ismail, Muar, Johor	Freehold	0.8549	-	Investment properties	3,677,636	-	2022
GM 2076, Lot No. 10722, Jalan Salleh, Muar, Johor	Freehold	1.435	-	Investment properties	6,173,128	-	2022
GM 4475, Lot No. 4139, Jalan Bakariah, Muar, Johor	Freehold	0.9156	-	Investment properties	3,938,757	-	2022
GM 4477, Lot No. 4143, Jalan Bakariah, Muar, Johor	Freehold	2.0892	-	Investment properties	8,987,386	-	2022
GM 4478, Lot No. 4144, No. 239A, 239B, Jalan Ismail, Muar, Johor	Freehold	0.8473	-	Investment properties	3,644,942	-	2022
					130,720,699		

Statistics on Shareholdings

As at 31 March 2023

Issued and Fully Paid-Up Capital : 578,999,943 Ordinary Shares
 : (Excluding 3,949,200 Treasury Shares)
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS		TOTAL NO. OF HOLDERS		NO. OF SHARES		TOTAL NO. OF ISSUED SHARES	
	Malaysian	Foreign	No.	%	Malaysian	Foreign	No.	%
1 TO 99	359	23	382	1.54	10,482	798	11,280	0.00
100 TO 1,000	6,621	145	6,766	27.25	4,321,022	69,541	4,390,563	0.76
1,001 TO 10,000	12,716	123	12,839	51.71	57,001,649	556,808	57,558,457	9.94
10,001 TO 100,000	4,320	58	4,378	17.64	126,092,518	2,539,222	128,631,740	22.22
100,001 TO 28,949,997 (*)	425	36	461	1.86	273,119,308	25,988,595	299,107,903	51.66
28,949,998 AND ABOVE (**)	1	0	1	0.00	89,300,000	0	89,300,000	15.42
TOTAL :	24,442	385	24,827	100.00	549,844,979	29,154,964	578,999,943	100.00

REMARK :

* LESS THAN 5% OF ISSUED SHARES

** 5% AND ABOVE OF ISSUED SHARES

Statistics on Shareholdings (Cont'd)

As at 31 March 2023

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	2.333	*128,200,050	22.142	141,707,050	24.474
2	Lau Joo Yong	-	-	-	-	-	-
3	Lau Joo Pern	-	-	-	-	-	-
4	Khoo Chie Yuan	-	-	-	-	-	-
5	Datuk Amnah Binti Ibrahim	350,000	0.060	-	-	350,000	0.060
6	Chu Nyet Kim	-	-	-	-	-	-

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.

By virtue of the interest of Tan Sri Dato' Lau Eng Guang in the shares of the Company, he is also deemed interested in the shares of the subsidiaries to the extent that the Company has interests.

Other than disclosed above, none of the Directors had any interest in shares in the Company or its related companies.

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	18.014	-	-	104,300,000	18.014
2	Tan Sri Dato' Lau Eng Guang	13,507,000	2.333	*128,200,050	22.142	141,707,050	24.474
3	Puan Sri Goh Kim Kooi	175,000	0.030	#104,300,000	18.014	104,475,000	18.044

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 her shareholding in Keen Setup Sdn. Bhd. pursuant to the Section 8 of the Companies Act 2016

Statistics on Shareholdings (Cont'd)

As at 31 March 2023

LIST OF TOP 30 HOLDERS - ORDINARY SHARES

NO.	NAME	HOLDINGS	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KEEN SETUP SDN BHD (PB)	89,300,000	15.423
2	LAU TUANG NGUANG	20,045,400	3.462
3	LAU GEOK HONG	14,959,050	2.584
4	PANDUAN JITU SDN BHD	13,385,625	2.312
5	MELATI ANGSANA SDN BHD	12,500,000	2.159
6	WARISAN DIPRIMA SDN BHD	12,500,000	2.159
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	10,388,100	1.794
8	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEEN SETUP SDN BHD	8,000,000	1.382
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU ENG GUANG	7,727,000	1.335
10	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	7,478,750	1.292
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CEMPAKA MADU SDN BHD (PB)	7,453,200	1.287
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEEN SETUP SDN BHD	7,000,000	1.209
13	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	6,569,600	1.135
14	IMPIAN SEMARAK SDN BHD	6,120,000	1.057
15	LAU JOO HAN	5,275,000	0.911
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU JOO KIEN BRIAN	5,100,000	0.881
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU ENG GUANG	4,180,000	0.722

Statistics on Shareholdings (Cont'd)

As at 31 March 2023

LIST OF TOP 30 HOLDERS - ORDINARY SHARES

NO.	NAME	HOLDINGS	%
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGU LEONG HOOK (KUCHING-CL)	3,760,000	0.649
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU JOO KIEN BRIAN	3,666,000	0.633
20	SEOW HOON HIN	3,078,900	0.532
21	LAU JOO PING	3,056,400	0.528
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN (TJJ/ KEN)	2,590,000	0.447
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR NORMAH BINTI MOHAMAD ARIP	2,488,300	0.430
24	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	2,315,700	0.400
25	TE HOW LIANG	2,141,200	0.370
26	OUI KEE SENG	1,600,000	0.276
27	LAU ENG GUANG	1,400,000	0.242
28	LEE YOKE HEAN	1,363,300	0.235
29	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PARAMJIT SINGH GILL (MARGIN)	1,306,000	0.226
30	LOW BOK SANG	1,270,000	0.219
Total		268,017,525	46.291

Analysis of Warrant B Holdings

As at 31 March 2023

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 HOLDINGS	NO. OF HOLDERS		TOTAL NO. OF HOLDERS		NO. OF WARRANTS		TOTAL NO. OF WARRANT B	
	MALAYSIAN	FOREIGN	NO.	%	MALAYSIAN	FOREIGN	NO.	%
1 TO 99	3,542	103	3,645	18.38	179,054	5,528	184,582	0.11
100 TO 1,000	8,731	122	8,853	44.65	4,027,507	45,037	4,072,544	2.34
1,001 TO 10,000	5,754	74	5,828	29.40	17,832,141	253,943	18,086,084	10.39
10,001 TO 100,000	1,255	29	1,284	6.48	39,673,707	909,598	40,583,305	23.30
100,001 TO 8,706,638 (*)	209	6	215	1.08	91,928,057	3,528,190	95,456,247	54.82
8,706,639 AND ABOVE (**)	1	0	1	0.01	15,750,000	0	15,750,000	9.04
TOTAL :	19,492	334	19,826	100.00	169,390,466	4,742,296	174,132,762	100.00

REMARK :

* LESS THAN 5% OF ISSUED WARRANTS
 ** 5% AND ABOVE OF ISSUED WARRANTS

Analysis of Warrant B Holdings (Cont'd)

As at 31 March 2023

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	Khoo Chie Yuan	-	-	-	-	-	-
5	Datuk Amnah Binti Ibrahim	-	-	-	-	-	-
6	Chu Nyet Kim	-	-	-	-	-	-

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 in the Company pursuant to Section 59(11) (c) of the Companies Act 2016.

Analysis of Warrant B Holdings (Cont'd)

As at 31 March 2023

LIST OF TOP 30 HOLDERS

NO.	NAME	HOLDINGS	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KEEN SETUP SDN BHD (PB)	15,750,000	9.045
2	PANDUAN JITU SDN BHD	4,015,687	2.306
3	MELATI ANGSANA SDN BHD	3,750,000	2.154
4	WARISAN DIPRIMA SDN BHD	3,750,000	2.154
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK KOK LEONG	3,555,500	2.042
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	3,400,000	1.953
7	OUI KEE SENG	2,750,000	1.579
8	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	2,234,625	1.283
9	TOH CHIN CHONG	2,060,000	1.183
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHUNG TOUNG (E-KKU)	1,952,100	1.121
11	IMPIAN SEMARAK SDN BHD	1,836,000	1.054
12	TEH HOCK AUN	1,621,500	0.931
13	WOON JAN SENG	1,492,000	0.857
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHUNG TOUNG	1,456,300	0.836
15	CHAN THYE THIAN	1,444,200	0.829
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHOW LEE	1,350,000	0.775
17	KENANGA INVESTMENT BANK BERHAD IVT (EDSP-NAGA 8-DO)	1,346,280	0.773
18	NEO YIAP SENG	1,321,000	0.759

Analysis of Warrant B Holdings (Cont'd)

As at 31 March 2023

LIST OF TOP 30 HOLDERS

NO.	NAME	HOLDINGS	%
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN	1,310,800	0.753
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	1,307,670	0.751
21	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	1,251,900	0.719
22	LIM HENG LOONG	1,150,000	0.660
23	MAHMUD FAUZI BIN HJ MOHAMED NAPIS SHUKRI	1,127,500	0.647
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PUA CHYE (E-SKC)	1,100,200	0.632
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK YOON LIM	973,280	0.559
26	CHAI MING TECK	892,000	0.512
27	NG YU FONG	860,000	0.494
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHUNG TOUNG (8036111)	800,000	0.459
29	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT PHUA CHEE EE	800,000	0.459
30	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	791,220	0.454
Total		67,449,762	38.733



COMFORT GLOVES BERHAD

193701000006 (852-D)
(Incorporated in Malaysia)

Form of Proxy

No. of Shares held	
CDS A/C No.	
Shareholder Telephone No.	

I/We, _____ NRIC No. / Registration 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.	NRIC/Passport No.	No. of shares	%
1					
	Email Address :				
2					
	Email Address :				

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 82nd Annual General Meeting of the Company to be held on Monday, 22 May 2023 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 Tan Sri Dato' Lau Eng Guang as Director	3		
The re-election of Datuk Amnah Binti Ibrahim as Director	4		
The re-election of Chu Nyet Kim as Director	5		
The re-appointment of Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration.	6		
Special Business			
Authority to Allot and Issue Shares	7		
Proposed Renewal of Share Buy-Back Authority	8		

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 11 May 2023 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 or lodge electronically at <https://investor.boardroomlimited.com>, 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

