

Top Glove Corporation Bhd.
199801018294 (474423-X)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 August 2023

199801018294 (474423-X)

**Top Glove Corporation Bhd.
(Incorporated in Malaysia)**

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Directors' report

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

Principal activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities and other information of the subsidiaries are described in Note 18 to the financial statements.

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

Results

| | Group RM'000 | Company RM'000 |
|--------------------------------|-------------------------|---------------------------|
| (Loss)/profit net of tax | <u>(885,549)</u> | <u>202,296</u> |
| (Loss)/profit attributable to: | | |
| Owners of the parent | (925,218) | 202,296 |
| Holders of Perpetual Sukuk | 46,610 | - |
| Non-controlling interests | <u>(6,941)</u> | <u>-</u> |
| | <u>(885,549)</u> | <u>202,296</u> |

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for impairment losses on goodwill, property, plant and equipment and rights-of-use assets of RM208.3 million and property, plant and equipment written off of RM197.2 million as disclosed in Note 11 to the financial statements.

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Dividends

The directors do not recommend the payment of any dividend for the financial year ended 31 August 2023.

Further details on dividends recognised during the financial year are disclosed in Note 47 to the financial statements.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dr Lim Wee Chai*

Lim Hooi Sin*

Lim Cheong Guan*

Ng Yong Lin*

Dato' Lee Kim Meow

Sharmila Sekarajasekaran

Datuk Dr. Norma Binti Mansor

Azrina Binti Arshad

Martin Giles Manen

Dr. Ngo Get Ping

Rowina Ghazali Seth (Appointed on 06/01/2023)

Dr Chong Su-Lin (Appointed on 06/01/2023)

Lester Garson Huang (Resigned on 13/09/2022)

Lo Kai Yiu, Anthony (Resigned on 03/10/2022)

Dato' Kong Sooi Lin (Retired on 06/01/2023)

Datuk Noripah Binti Kamso (Retired on 06/01/2023)

*These directors are also directors of the Company's subsidiaries.

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Directors (cont'd)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report, not including those directors listed above are:

Bong Khoon Sheng
Chia Hock Yi
Choh Ai Ying
Chong Fei Meng
Chong Fook Siong
Chookiad Usaha
Dato' Dr. Sharifah Fauziah Alhabshi
Dato' Ir Haji Ahmad Bin Hassan
Dato' Julie Wong Seng Choo
Dr. Navindra A/L Nageswaran
Dr. Pongsak Kerdvonbundit
Galuh Faradisa
Ho Chee Meng Edmund
Ho Kim Nam
Hue Kon Fah
Lam Yat Hing
Law Eng Lim
Leong Chew Mun
Lew Sin Chiang
Liew Say Keong
Lim Hwa Chuan
Lim Jin Feng
Lim Keuw Wei
Ling Siew Szen
Low Lee Lee
Lee Sow Theng
Masato Katayama
Ng Seow Wei
Norhazlin Binti Hamzah
Oh Teik Chye
Ong Ah Chye
Phattaraporn Fueangthong
Puah Kean Seng
Puon Tuck Seng
Ravi A/L Supramaniam
Saw Eng Kooi
Siow Chun Min
Svami Utama Batang Taris
Tan Chee Hoong
Tee Sui Ling
Thomas Petermoeller
Wilawan Sakulsongboonsiri

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Directors (cont'd)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report, not including those directors listed above are (cont'd):

| | |
|--------------------------|--------------------------|
| Wu Kin Yeap | |
| Yap Rueh Yinn | |
| Noraziah Binti Mahmud | (Resigned on 23/09/2022) |
| Chan Siao Yun | (Resigned on 28/11/2022) |
| Lim Jew Kiat | (Resigned on 28/11/2022) |
| Koek I Long | (Resigned on 08/08/2023) |
| See So Kim Huat | (Resigned on 25/08/2023) |
| Cheoh Hooi Gaik | (Resigned on 30/08/2023) |
| Dr. Tang Siew Fun | (Resigned on 30/08/2023) |
| Stephanie Thong Pei Ling | (Resigned on 27/10/2023) |

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the employee share options scheme ("ESOS") and the employee share grant plan ("ESGP").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the Note 39 to the financial statements.

The directors' benefits are as follows:

| | Group RM'000 | Company RM'000 |
|---|-------------------------|---------------------------|
| Salaries and other emoluments | 9,505 | 3,177 |
| Fees | 1,446 | 1,365 |
| Pension costs - defined contribution plan | 801 | 363 |
| Social security contributions | 83 | 1 |
| Share options granted under ESOS | 162 | 90 |
| Benefits-in-kind | 94 | 83 |
| | <u>12,091</u> | <u>5,079</u> |

The Company maintains a liability insurance for the directors and officers of the Group. The total amount of sum insured for the directors and officers of the Group for the financial year amounted to RM10,000,000 whilst the total amount of premium paid was RM70,000. The directors or officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

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Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

| | ←----- Number of ordinary shares -----> | | | |
|--------------------------------|---|------------|-----------|-----------------|
| | At 1.9.2022 | Acquired | Sold | At 31.8.2023 |
| Tan Sri Dr <u>Lim</u> Wee Chai | | | | |
| - direct | 2,213,343,256 | 16,500,000 | - | 2,229,843,256 |
| - indirect | 680,191,448 | 17,500,000 | 5,000,000 | 692,691,448 |
| Lim Hooi Sin | | | | |
| - direct | 100,061,244 | - | - | 100,061,244 |
| - indirect | 2,793,273,460 | 34,000,000 | 5,000,000 | 2,822,273,460 |
| Lim Cheong Guan | | | | |
| - direct | 418,000 | - | - | 418,000 |
| Dato' Lee Kim Meow | | | | |
| - direct | 2,912,100 | - | - | 2,912,100 |
| - indirect | 120,000 | - | - | 120,000 |
| Sharmila Sekarajasekaran | | | | |
| - direct | 20,037,500 | - | - | 20,037,500 |
| - indirect | 1,736,000 | - | - | 1,736,000 |
| Datuk Dr. Norma Binti Mansor | | | | |
| - indirect | 42,900 | - | - | 42,900 |
| Azrina Binti Arshad | | | | |
| - direct | 10,000 | - | - | 10,000 |
| Dr. Ngo Get Ping | | | | |
| - direct | 310,000 | 460,000 | - | 770,000 |

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Directors' interests (cont'd)

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows (cont'd):

| | <----- Number of options over ordinary shares -----> | | | |
|--------------------------------|--|---------|-----------|-----------|
| | At | | | At |
| | 1.9.2022 | Granted | Exercised | 31.8.2023 |
| Tan Sri Dr <u>Lim</u> Wee Chai | 5,697,100 | - | - | 5,697,100 |
| Lim Hooi Sin | 1,041,400 | 212,500 | - | 1,253,900 |
| Lim Cheong Guan | 923,500 | 115,500 | - | 1,039,000 |
| Ng Yong Lin | 957,700 | 117,500 | - | 1,075,200 |

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,842,189,000 to RM1,843,271,000 by way of issuance of 819,600 (2022: 241,200) ordinary shares pursuant to the Company's ESOS at an exercise price between RM0.89 to RM0.99 (2022: between RM1.54 to RM3.86) per ordinary share.

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

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Employee share options scheme ("ESOS")

At an Extraordinary General Meeting held on 9 January 2018, shareholders approved the ESOS for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to the eligible employees and executive directors respectively of the Company and its subsidiaries.

The committee administering the ESOS comprise two executive directors, Tan Sri Dr Lim Wee Chai and Lim Cheong Guan; four independent non-executive directors Martin Giles Manen, Dr. Ngo Get Ping, Sharmila Sekarajasekaran and Datuk Dr. Norma Binti Mansor and one management staff Lim Jin Feng.

The salient features and other terms of the ESOS are disclosed in Note 38(i) to the financial statements.

During the financial year, the Company granted 7,215,000 share options under ESOS. These options will expire on 31 May 2028 and are exercisable if the employee has not served a notice of resignation or receive a notice of termination from the date of grant and certain conditions as detailed in Note 38(i) to the financial statements are met.

Details of the options exercised to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 August 2023 are as follows:

| Expiry date | Exercise price RM | Number of options '000 |
|--------------------|------------------------------|-----------------------------------|
| 31 May 2028 | 0.99 | 801.0 |
| 31 May 2028 | 0.89 | 18.6 |
| | | <hr/> 819.6 <hr/> |

Details of share options granted to directors are disclosed in the section on Directors' interests in this report.

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Employee share grant plan ("ESGP")

At an Extraordinary General Meeting held on 6 January 2016, shareholders approved the ESGP for the eligible employees and executive directors of the Company and its subsidiaries.

The committee administering the ESGP comprise two executive directors, Tan Sri Dr Lim Wee Chai and Lim Cheong Guan; four independent non-executive directors Martin Giles Manen, Dr. Ngo Get Ping, Sharmila Sekarajasekaran and Datuk Dr. Norma Binti Mansor and one management staff Lim Jin Feng.

The salient features and other terms of the ESGP are disclosed in Note 38(ii) to the financial statements.

During the financial year, no share grants under the ESGP to eligible employees and executive directors were granted.

Details of shares granted to directors are disclosed in the section on Directors' benefits in Note 12 of this report.

Treasury shares

As at 31 August 2023, the Company held as treasury shares a total of 199,764,300 of its 8,207,925,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,412,270,000 and further relevant details are disclosed in Note 34 to the financial statement.

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Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit loss and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for expected credit loss; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for expected credit loss in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

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Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

| | Group RM'000 | Company RM'000 |
|-------------------|-------------------------|---------------------------|
| Ernst & Young PLT | 727 | 86 |
| Other auditors | 562 | - |
| | <u>1,289</u> | <u>86</u> |

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 August 2023.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 November 2023.

Lim Cheong Guan

Martin Giles Manen

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**Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016**

We, Lim Cheong Guan and Martin Giles Manen, being two of the directors of Top Glove Corporation Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 19 to 152 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 August 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 November 2023.

Lim Cheong Guan

Martin Giles Manen

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

I, Lim Cheong Guan, being the director primarily responsible for the financial management of Top Glove Corporation Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 19 to 152 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
above named, Lim Cheong Guan
at Shah Alam
on 28 November 2023.

Lim Cheong Guan

Before me,

Commissioner for Oaths

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Independent auditors' report to the members of
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Top Glove Corporation Bhd., which comprise the statements of financial position as at 31 August 2023 of the Group and of the Company, and 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 19 to 152.

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 August 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 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 year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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Key audit matters (cont'd)

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Impairment assessment of non-financial assets

MFRS 136 Impairment of Assets requires an entity to assess at the end of 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.

In addition, irrespective of whether there is any indication of impairment, an entity shall also test goodwill acquired in a business combination for impairment annually.

- a) Annual impairment test of goodwill arising from the acquisition of Aspion Sdn. Bhd. ("Aspion")
(Refer to Note 4.1, Note 7.2(b) and Note 22 to the financial statements)

As at 31 August 2023, the Group recorded a goodwill of RM796 million arising from the past acquisition of Aspion, which represented 11% of the Group's total assets. The goodwill amount has been allocated to cash generating unit ("CGU") for impairment testing purposes. The Group estimated the recoverable amount of the CGU to which the goodwill is allocated to based on value-in-use ("VIU").

- b) Impairment assessment of property, plant and equipment ("PPE") and rights-of-use assets ("RoU")
(Refer to Note 4.13, Note 7.2(c) and Note 15 to the financial statements)

As at 31 August 2023, the carrying amounts of the property, plant and equipment ("PPE") and right of-use assets ("RoU") of the Group are RM3,893 million and RM187 million respectively, which represented 58% of the Group's total assets.

There were indications that the carrying amounts of the Group's PPE and RoU may be impaired due to lower production utilisation rate as well as lower average selling price of gloves.

Management has determined the recoverable amounts of these assets based on either the estimated VIU or the fair value less cost to sell ("FVLCTS") of the respective CGU, whichever is higher.

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Key audit matters (cont'd)

Impairment assessment of non-financial assets (cont'd)

We have identified the impairment reviews of the goodwill arising from the acquisition of Aspion and the Group's PPE and RoU as areas of audit focus because the reviews involve significant management judgements and estimates, particularly in respect of the assumptions on projected revenue, profit margins, terminal growth rates (which take into consideration the replacement of capital expenditure) and discount rates.

On each of the impairment review, our audit procedures include, amongst others, the following:

- a) Evaluated management's key assumptions on projected revenue, profit margins and terminal growth rates, by considering the current and expected future economic conditions. We compared the projected revenue to the past trends and compared expected revenue growth rates to relevant future market demand. We also evaluated management's estimates of replacement of capital expenditure included in the terminal cash flow by considering the historical replacement cycle and costs incurred, as well as the expected cost escalation.
- b) Together with EY valuation specialists, we evaluated the discount rate used to determine the present value of the cash flows and assessed whether the rate used reflects the current market assessment of the time value of money and the risk specific to the asset is the return that the investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.
- c) Assessed the sensitivity of the cash flows to changes in the key assumptions to understand the impact that reasonable alternative assumptions would have on the overall recoverable amount.
- d) 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.
- e) To the extent that management relied on valuation reports provided by independent professional valuers, we have considered the competence, capabilities and objectivity of the professional valuers. We have also assessed the key assumptions and methodology used by independent professional valuers. This would include comparisons with recent transactions involving other similar assets and where applicable, the age, size and tenure.

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Key audit matters (cont'd)

Review of costing of finished goods inventories
(Refer to Note 4.16, Note 7.2(a) and Note 23 to the financial statements)

As at 31 August 2023, the Group held RM177 million of finished goods inventories. This represented 3% of total assets of the Group. Total cost of inventories relating to finished goods charged to the consolidated income statement for the year ended 31 August 2023 amounted to RM2,193 million, accounting for 69% of total expenditure (comprises of cost of sales, distribution and selling costs and administrative and general expenses) of the Group.

The finished goods inventories are carried at the lower of cost and net realisable value. The costs of production comprises the cost of purchase of raw materials, labour costs, plus conversion costs such as variable and fixed overhead costs. Significant estimates are involved in determining the basis of allocating the costs of production to the products produced by the Group. The Group relies heavily on the information technology system ("IT system") to ensure that the costs of raw materials, labour costs and overhead costs are correctly allocated to the respective products. Due to the significant estimation involved in the valuation of finished goods inventories, we considered this a key area of audit focus.

Our audit procedures include, amongst others, the following:

- a) Obtained an understanding of the Group's current inventories costing policy, production processes and the types of costs included in the valuation of finished goods inventories.
- b) Evaluated the general and logical access controls surrounding the IT system by involving our IT audit professionals.
- c) Agreed, on a sampling basis, the costs of purchase of raw materials to suppliers' invoices and tested other components of costs of production to the underlying supporting documentation.
- d) Assessed the appropriateness of the basis used by management in allocating the costs of production to the products produced by the Group and tested the relevant application controls surrounding the allocation.

Information other than the financial statements and auditors' report thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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Information other than the financial statements and auditors' report thereon (cont'd)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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Auditors' responsibilities for the audit of the financial statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Independent auditors' report to the members of
Top Glove Corporation Bhd. (cont'd)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 18 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Lai Nai Ting
No. 03677/07/2024J
Chartered Accountant

Kuala Lumpur, Malaysia
28 November 2023

199801018294 (474423-X)

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of profit or loss
For the financial year ended 31 August 2023

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue | 8 | 2,257,221 | 5,572,349 | 205,229 | 202,359 |
| Cost of sales | | (2,192,901) | (4,618,972) | - | - |
| Gross profit | | 64,320 | 953,377 | 205,229 | 202,359 |
| Other items of income | | | | | |
| Interest income | 9 | 17,357 | 24,313 | 12,921 | 14,351 |
| Other income | 10 | 44,276 | 88,504 | 14,936 | 17,207 |
| Other items of expense | | | | | |
| Distribution and selling costs | | (76,665) | (171,689) | - | - |
| Administrative and general expenses | | (525,657) | (499,919) | (27,110) | (81,072) |
| Impairment losses on goodwill, property, plant and equipment and right-of-use assets | 11 | (208,337) | - | - | - |
| Property, plant and equipment written off | 11 | (197,183) | (28,031) | - | - |
| Finance costs | | (12,746) | (4,421) | (11) | (13) |
| Share of results of an associate | | (5,780) | (3,710) | - | - |
| (Loss)/profit before tax | 11 | (900,415) | 358,424 | 205,965 | 152,832 |
| Income tax credit/(expense) | 13 | 14,866 | (76,834) | (3,669) | (1,351) |
| (Loss)/profit net of tax | | (885,549) | 281,590 | 202,296 | 151,481 |
| (Loss)/profit attributable to: | | | | | |
| Owners of the parent | | (925,218) | 225,564 | 202,296 | 151,481 |
| Holder of Perpetual Sukuk | | 46,610 | 50,164 | - | - |
| Non-controlling interests | | (6,941) | 5,862 | - | - |
| | | (885,549) | 281,590 | 202,296 | 151,481 |
| (Loss)/earnings per share attributable to owners of the parent (sen): | | | | | |
| - Basic | 14 | (11.55) | 2.82 | | |
| - Diluted | 14 | (11.55) | 2.82 | | |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 August 2023

| | Group | | Company | |
|---|------------------|-----------------|----------------|-----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| (Loss)/profit net of tax | (885,549) | 281,590 | 202,296 | 151,481 |
| Other comprehensive (loss)/income: | | | | |
| <i>Items that may be reclassified</i> | | | | |
| <i>subsequently to profit or loss:</i> | | | | |
| Net movement on debt securities at fair value through other comprehensive income (Note 35) | (3,279) | (12,901) | (3,279) | (11,201) |
| Foreign currency translation differences of foreign operations | 53,036 | (15,408) | - | - |
| Revaluation of right-of-use assets upon transfer of properties to investment properties | 10 | - | - | - |
| Revaluation of property, plant and equipment upon transfer of properties to investment properties | 9,751 | - | - | - |
| Income tax effect relating to the components of other comprehensive income | (976) | - | - | - |
| Other comprehensive income/(loss) for the year, net of tax | 58,542 | (28,309) | (3,279) | (11,201) |
| Total comprehensive (loss)/income for the year | (827,007) | 253,281 | 199,017 | 140,280 |
| Total comprehensive (loss)/income attributable to: | | | | |
| Owners of the parent | (868,495) | 198,565 | 199,017 | 140,280 |
| Holder of Perpetual Sukuk | 46,610 | 50,164 | - | - |
| Non-controlling interests | (5,122) | 4,552 | - | - |
| | (827,007) | 253,281 | 199,017 | 140,280 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of financial position (Group)
As at 31 August 2023

| | Note | 2023 RM'000 | 2022 RM'000 |
|---|------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 15 | 3,893,084 | 4,522,203 |
| Right-of-use assets | 16 | 187,096 | 223,833 |
| Investment properties | 17 | 419,699 | 227,400 |
| Investment in an associate | 19 | 3,579 | 9,359 |
| Deferred tax assets | 20 | 4,583 | 15,911 |
| Biological assets | | 647 | 1,170 |
| Investment securities: Unquoted investments | 21 | 392 | 392 |
| Intangible assets | 22 | 864,465 | 1,005,325 |
| | | <u>5,373,545</u> | <u>6,005,593</u> |
| Current assets | | | |
| Inventories | 23 | 301,496 | 575,262 |
| Trade and other receivables | 24 | 182,622 | 258,791 |
| Other current assets | 25 | 85,255 | 96,061 |
| Tax recoverable | | 10,202 | 230,087 |
| Investment securities: Money market funds | 21 | 630,186 | 277,093 |
| Investment securities: Debt securities | 21 | 32,864 | 236,223 |
| Derivative financial instruments | 26 | - | 3 |
| Cash and bank balances | 27 | 285,416 | 437,597 |
| | | <u>1,528,041</u> | <u>2,111,117</u> |
| Assets held for sale | 28 | 159,984 | - |
| | | <u>1,688,025</u> | <u>2,111,117</u> |
| Total assets | | <u>7,061,570</u> | <u>8,116,710</u> |
| Equity and liabilities | | | |
| Current liabilities | | | |
| Loans and borrowings | 29 | 540,356 | 306,122 |
| Trade and other payables | 30 | 265,261 | 459,357 |
| Contract liabilities | 31 | 102,995 | 216,565 |
| Lease liabilities | 32 | 1,710 | 2,610 |
| Income tax payable | | 13,038 | 11,765 |
| Derivative financial instruments | 26 | 507 | 69 |
| | | <u>923,867</u> | <u>996,488</u> |
| Net current assets | | <u>764,158</u> | <u>1,114,629</u> |

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**Top Glove Corporation Bhd.
(Incorporated in Malaysia)**

**Statements of financial position (Group)
As at 31 August 2023 (cont'd)**

| | Note | 2023 RM'000 | 2022 RM'000 |
|--|------|------------------|------------------|
| Non-current liabilities | | | |
| Loans and borrowings | 29 | 14,149 | 92,964 |
| Lease liabilities | 32 | 25,630 | 15,372 |
| Deferred tax liabilities | 20 | 160,119 | 209,280 |
| Provisions | | 11,690 | 9,371 |
| | | <u>211,588</u> | <u>326,987</u> |
| Total liabilities | | <u>1,135,455</u> | <u>1,323,475</u> |
| Net assets | | <u>5,926,115</u> | <u>6,793,235</u> |
| Equity attributable to owners of the parent | | | |
| Share capital | 33 | 1,843,271 | 1,842,189 |
| Treasury shares | 34 | (1,412,270) | (1,412,270) |
| Other reserves | 35 | 149,304 | 107,633 |
| Retained earnings | 37 | 4,134,229 | 5,041,670 |
| | | <u>4,714,534</u> | <u>5,579,222</u> |
| Perpetual Sukuk | 36 | 1,175,694 | 1,175,694 |
| Non-controlling interests | | 35,887 | 38,319 |
| Total equity | | <u>5,926,115</u> | <u>6,793,235</u> |
| Total equity and liabilities | | <u>7,061,570</u> | <u>8,116,710</u> |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of financial position (Company)
As at 31 August 2023

| | Note | 2023 RM'000 | 2022 RM'000 |
|---|------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Investment in subsidiaries | 18 | 2,339,971 | 2,311,752 |
| Right-of-use assets | 16 | 202 | 280 |
| | | <u>2,340,173</u> | <u>2,312,032</u> |
| Current assets | | | |
| Trade and other receivables | 24 | 9,607 | 33,922 |
| Tax recoverable | | 331 | - |
| Investment securities: Money market funds | 21 | 424,592 | 24,778 |
| Investment securities: Debt securities | 21 | 32,864 | 236,223 |
| Cash and bank balances | 27 | 484 | 3,513 |
| | | <u>467,878</u> | <u>298,436</u> |
| Total assets | | <u>2,808,051</u> | <u>2,610,468</u> |
| Equity and liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 30 | 1,626 | 6,096 |
| Lease liabilities | 32 | 80 | 77 |
| Income tax payable | | - | 338 |
| | | <u>1,706</u> | <u>6,511</u> |
| Net current assets | | <u>466,172</u> | <u>291,925</u> |
| Non-current liability | | | |
| Lease liabilities | 32 | 134 | 214 |
| Total liabilities | | <u>1,840</u> | <u>6,725</u> |
| Net assets | | <u>2,806,211</u> | <u>2,603,743</u> |

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of financial position (Company)
As at 31 August 2023 (cont'd)

| | Note | 2023 RM'000 | 2022 RM'000 |
|---|------|------------------|------------------|
| Equity attributable to owners of the Company | | | |
| Share capital | 33 | 1,843,271 | 1,842,189 |
| Treasury shares | 34 | (1,412,270) | (1,412,270) |
| Other reserves | 35 | 37,526 | 54,950 |
| Retained earnings | 37 | 2,337,684 | 2,118,874 |
| Total equity | | 2,806,211 | 2,603,743 |
| Total equity and liabilities | | 2,808,051 | 2,610,468 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2023

| | Total equity RM'000 | Total equity attributable to owners of the parent RM'000 | Attributable to owners of the parent | | | | | Perpetual Sukuk RM'000 | Non- controlling interests ("NCI") RM'000 |
|--|------------------------|---|--------------------------------------|------------------------------|-----------------------------|--------------------------------|-------------------|------------------------------|---|
| | | | Share capital RM'000 | Treasury shares RM'000 | Other reserves RM'000 | Retained earnings RM'000 | Non-distributable | | |
| 2023 Group | | | | | | | | | |
| Opening balance at 1 September 2022 | 6,793,235 | 5,579,222 | 1,842,189 | (1,412,270) | 107,633 | 5,041,670 | 1,175,694 | 38,319 | |
| (Loss)/profit net of tax | (885,549) | (925,218) | - | - | - | (925,218) | 46,610 | (6,941) | |
| Other comprehensive income | 58,542 | 56,723 | - | - | 56,723 | - | - | 1,819 | |
| Total comprehensive (loss)/income | (827,007) | (868,495) | - | - | 56,723 | (925,218) | 46,610 | (5,122) | |
| Transactions with owners | | | | | | | | | |
| Issuance of ordinary shares pursuant to Employee Share Options Scheme ("ESOS") (Note 33 and Note 38) | 813 | 813 | 813 | - | - | - | - | - | |
| Share options granted under ESOS (Note 35) | 2,639 | 2,639 | - | - | 2,639 | - | - | - | |
| Transfer from share option reserve (Note 33 and Note 35) | - | - | 270 | - | (16,784) | 16,514 | - | - | |
| Transfer to retained earnings (Note 35) | - | - | - | - | (941) | 941 | - | - | |
| Transaction cost (Note 33) | (1) | (1) | (1) | - | - | - | - | - | |
| Distribution to holders of Perpetual Sukuk | (46,610) | - | - | - | - | - | (46,610) | - | |
| Changes in ownership interest in subsidiaries | 3,046 | 356 | - | - | 34 | 322 | - | 2,690 | |
| Total transactions with owners | (40,113) | 3,807 | 1,082 | - | (15,052) | 17,777 | (46,610) | 2,690 | |
| Closing balance at 31 August 2023 | 5,926,115 | 4,714,534 | 1,843,271 | (1,412,270) | 149,304 | 4,134,229 | 1,175,694 | 35,887 | |

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2023 (cont'd)

| | Total equity RM'000 | Attributable to owners of the parent | | | | | | Non- controlling interests ("NCI") RM'000 |
|--|------------------------|---|------------------------------|-----------------------------|--------------------------------|------------------------------|------------------|---|
| | | Total equity attributable to owners of the parent RM'000 | Non-distributable | | | Distributable | | |
| 2022 Group | | Share capital RM'000 | Treasury shares RM'000 | Other reserves RM'000 | Retained earnings RM'000 | Perpetual Sukuk RM'000 | | |
| Opening balance at 1 September 2021 | 7,220,160 | 5,872,403 | 1,841,654 | (1,413,274) | 101,663 | 5,342,360 | 1,295,262 | 52,495 |
| Profit net of tax | 281,590 | 225,564 | - | - | - | 225,564 | 50,164 | 5,862 |
| Other comprehensive loss | (28,309) | (26,999) | - | - | (26,999) | - | - | (1,310) |
| Total comprehensive income/(loss) | 253,281 | 198,565 | - | - | (26,999) | 225,564 | 50,164 | 4,552 |
| Transactions with owners | | | | | | | | |
| Issuance of ordinary shares pursuant to Employee Share Options Scheme ("ESOS") (Note 33 and Note 38) | 498 | 498 | 498 | - | - | - | - | - |
| Share options granted under ESOS (Note 35) | 36,200 | 36,200 | - | - | 36,200 | - | - | - |
| Transfer from share option reserve (Note 33 and Note 35) | - | - | 39 | - | (4,789) | 4,750 | - | - |
| Transfer from retained earnings (Note 35) | - | - | - | - | 1,558 | (1,558) | - | - |
| Transfer to Employee Share Grant Plan ("ESGP") (Note 34) | 148 | 148 | - | 1,004 | - | (856) | - | - |
| Transaction cost (Note 33) | (2) | (2) | (2) | - | - | - | - | - |
| Distribution to holders of Perpetual Sukuk | (50,164) | - | - | - | - | - | (50,164) | - |
| Redemption of Perpetual Sukuk (Note 36) | (119,602) | (34) | - | - | - | (34) | (119,568) | - |
| Dividends on NCI | (18,728) | - | - | - | - | - | - | (18,728) |
| Dividends on ordinary shares (Note 47) | (528,556) | (528,556) | - | - | - | (528,556) | - | - |
| Total transactions with owners | (680,206) | (491,746) | 535 | 1,004 | 32,969 | (526,254) | (169,732) | (18,728) |
| Closing balance at 31 August 2022 | 6,793,235 | 5,579,222 | 1,842,189 | (1,412,270) | 107,633 | 5,041,670 | 1,175,694 | 38,319 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2023

| 2023 Company | <----- Non-distributable-----> | | | | Distributable |
|--|--------------------------------|----------------------------|------------------------------|-----------------------------|--------------------------------|
| | Total equity RM'000 | Share capital RM'000 | Treasury shares RM'000 | Other reserves RM'000 | Retained earnings RM'000 |
| Opening balance at 1 September 2022 | 2,603,743 | 1,842,189 | (1,412,270) | 54,950 | 2,118,874 |
| Profit net of tax | 202,296 | - | - | - | 202,296 |
| Other comprehensive loss | (3,279) | - | - | (3,279) | - |
| Total comprehensive income/(loss) | <u>199,017</u> | <u>-</u> | <u>-</u> | <u>(3,279)</u> | <u>202,296</u> |
| Transactions with owners | | | | | |
| Issuance of ordinary shares | | | | | |
| pursuant to ESOS (Note 33 and Note 38) | 813 | 813 | - | - | - |
| Share options granted under ESOS (Note 35) | 2,639 | - | - | 2,639 | - |
| Transfer from share option reserve (Note 33 and Note 35) | - | 270 | - | (16,784) | 16,514 |
| Transaction cost (Note 33) | (1) | (1) | - | - | - |
| Total transactions with owners | <u>3,451</u> | <u>1,082</u> | <u>-</u> | <u>(14,145)</u> | <u>16,514</u> |
| Closing balance at 31 August 2023 | <u>2,806,211</u> | <u>1,843,271</u> | <u>(1,412,270)</u> | <u>37,526</u> | <u>2,337,684</u> |

199801018294 (474423-X)

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2023 (cont'd)

| 2022 Company | ←----- Non-distributable-----→ | | | | Distributable |
|--|--------------------------------|----------------------------|------------------------------|-----------------------------|--------------------------------|
| | Total equity RM'000 | Share capital RM'000 | Treasury shares RM'000 | Other reserves RM'000 | Retained earnings RM'000 |
| Opening balance at 1 September 2021 | 2,955,175 | 1,841,654 | (1,413,274) | 34,740 | 2,492,055 |
| Profit net of tax | 151,481 | - | - | - | 151,481 |
| Other comprehensive loss | (11,201) | - | - | (11,201) | - |
| Total comprehensive income/(loss) | 140,280 | - | - | (11,201) | 151,481 |
| Transactions with owners | | | | | |
| Issuance of ordinary shares | | | | | |
| pursuant to ESOS (Note 33 and Note 38) | 498 | 498 | - | - | - |
| Share options granted under ESOS (Note 35) | 36,200 | - | - | 36,200 | - |
| Transfer from share option reserve (Note 33 and Note 35) | - | 39 | - | (4,789) | 4,750 |
| Transaction cost (Note 33) | (2) | (2) | - | - | - |
| Transfer to ESGP (Note 34) | 148 | - | 1,004 | - | (856) |
| Dividends on ordinary shares (Note 47) | (528,556) | - | - | - | (528,556) |
| Total transactions with owners | (491,712) | 535 | 1,004 | 31,411 | (524,662) |
| Closing balance at 31 August 2022 | 2,603,743 | 1,842,189 | (1,412,270) | 54,950 | 2,118,874 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 August 2023

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Operating activities | | | | |
| (Loss)/profit before tax | (900,415) | 358,424 | 205,965 | 152,832 |
| <u>Adjustments for:</u> | | | | |
| Gross dividends | - | - | (200,200) | (191,153) |
| Depreciation of property, plant and equipment (Note 15) | 332,597 | 335,086 | - | - |
| Depreciation of right-of-use assets (Note 16) | 6,663 | 9,330 | 78 | 77 |
| Amortisation of intangible assets (Note 22) | 3,752 | 3,738 | - | - |
| Loss/(gain) on disposal of property, plant and equipment | 1,173 | (402) | - | - |
| Revaluation loss of property, plant and equipment (Note 11) | 2,982 | - | - | - |
| Net loss from fair value remeasurement on investment properties (Note 17) | 74 | 754 | - | - |
| Gain on disposal of right-of-use assets | - | (111) | - | - |
| Gain on lease modifications | (20) | (54) | - | - |
| Gain on lease termination | (40) | - | - | - |
| Bad debts written off | 839 | - | - | - |
| Gain on disposal of debt securities | (1,063) | (1,370) | (1,063) | (69) |
| Gain on disposal of money market funds | (4,808) | (3,604) | (269) | (1,267) |
| Net allowance for expected credit loss (Note 24) | 2,976 | 456 | - | - |
| Impairment of goodwill (Note 22) | 137,553 | - | - | - |
| Impairment of assets held for sales (Note 28) | 5,073 | - | - | - |
| Impairment of property, plant and equipment (Note 15) | 54,660 | - | - | - |
| Impairment of right-of-use assets (Note 16) | 16,124 | - | - | - |
| Inventories written off | 21 | 2,039 | - | - |
| (Reversal)/allowance for inventories written down on unsold goods | (33,650) | 44,869 | - | - |
| Property, plant and equipment written off | 197,183 | 28,031 | - | - |
| Biological assets written off | 1,064 | - | - | - |
| Shares granted under ESGP | - | 148 | - | - |
| Share options granted under ESOS | 2,639 | 36,200 | 218 | 4,669 |
| Unrealised foreign exchange loss/(gain) | 7,356 | (48,103) | (2,033) | (11,183) |
| Share of results of an associate | 5,780 | 3,710 | - | - |

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 August 2023 (cont'd)

| | Group | | Company | |
|---|------------------|----------------|------------------|------------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| <u>Adjustments for: (cont'd)</u> | | | | |
| Net fair value loss on derivative financial instruments | 437 | 2,247 | - | - |
| Net fair value loss on investment securities at fair value through profit or loss | 11,043 | 56,626 | 11,648 | 54,868 |
| Finance costs | 12,746 | 4,421 | 11 | 13 |
| Interest income | (17,357) | (24,313) | (12,921) | (14,351) |
| Impairment loss on investment in subsidiaries (Note 18) | - | - | 8,793 | 4,186 |
| Addition/(reversal) of impairment loss on other receivables | - | - | 1 | (3,176) |
| Total adjustments | 745,797 | 449,698 | (195,737) | (157,386) |
| Operating cash flows before changes in working capital | (154,618) | 808,122 | 10,228 | (4,554) |
| <u>Changes in working capital</u> | | | | |
| Inventories | 307,395 | 522,781 | - | - |
| Receivables | 74,677 | 306,238 | 2,126 | 30,238 |
| Other current assets | 10,806 | 22,113 | - | 3,432 |
| Payables | (188,196) | (239,531) | (4,470) | (16,964) |
| Contract liabilities | (113,570) | (521,062) | - | - |
| Total changes in working capital | 91,112 | 90,539 | (2,344) | 16,706 |
| Cash flows (used in)/generated from operations | (63,506) | 898,661 | 7,884 | 12,152 |
| Interest paid | (12,746) | (4,421) | (11) | (13) |
| Income taxes paid | (35,202) | (719,034) | (4,338) | (2,726) |
| Income taxes refund | 232,497 | - | - | - |
| Net cash flows generated from operating activities | 121,043 | 175,206 | 3,535 | 9,413 |
| Investing activities | | | | |
| Purchase of property, plant and equipment | (364,154) | (949,384) | - | - |
| Additions to investment properties | (74) | (754) | - | - |
| Purchase of right-of-use assets | - | (3,286) | - | - |
| Purchase of intangible assets | (445) | (268) | - | - |
| Purchase of biological assets | (541) | (596) | - | - |
| Placement of money market funds | (657,785) | (376,935) | (434,223) | (177,692) |
| Withdrawal of money market funds | 313,341 | 1,426,743 | 37,914 | 732,749 |
| Purchase of debt securities | (839) | (193,263) | (839) | (220,560) |
| Proceeds from disposal of debt securities | 190,216 | 208,406 | 190,216 | 30,104 |

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Statements of cash flows
For the financial year ended 31 August 2023 (cont'd)

| | Group | | Company | |
|--|------------------|------------------|----------------|------------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Investing activities (cont'd) | | | | |
| Proceeds from disposal of right-of-use assets | - | 111 | - | - |
| Interest received (Note 9) | 17,357 | 24,313 | 12,921 | 14,351 |
| Net increase in bank balances pledged with banks | (1,241) | (912) | - | - |
| Dividends from subsidiaries | - | - | 200,200 | 191,153 |
| Proceeds from disposal of property, plant and equipment | 120,907 | 2,939 | - | - |
| Additions to investment in subsidiaries | - | - | (37,012) | (282,528) |
| Net cash outflow on acquisition of subsidiaries | - | (1,090) | - | - |
| Repayment from subsidiaries | - | - | 24,763 | 228,735 |
| Net cash flows (used in)/generated from investing activities | (383,258) | 136,024 | (6,060) | 516,312 |
| Financing activities | | | | |
| Proceeds from issuance of ordinary shares pursuant to ESOS | 813 | 498 | 813 | 498 |
| Transaction cost | (1) | (2) | (1) | (2) |
| Dividends paid on ordinary shares (Note 47) | - | (528,556) | - | (528,556) |
| Dividends paid on NCI | - | (18,728) | - | - |
| Repayment of loans and borrowings | (130,520) | (64,096) | - | - |
| Drawdown of loans and borrowings | 270,531 | 45,209 | - | - |
| Redemption of Perpetual Sukuk | - | (119,602) | - | - |
| Distribution paid to holders of Perpetual Sukuk | (46,610) | (50,164) | - | - |
| Proceeds from part disposal of equity interest in a subsidiary company | 3,046 | - | - | - |
| Payment of principal portion of lease liabilities | (2,506) | (4,904) | (77) | (75) |
| Net cash flows generated from/ (used in) financing activities | 94,753 | (740,345) | 735 | (528,135) |
| Net decrease in cash and cash equivalents | (167,462) | (429,115) | (1,790) | (2,410) |
| Effect of changes in foreign exchange rate | 14,040 | (12,646) | (1,239) | 368 |
| Cash and cash equivalents at 1 September 2022/2021 | 433,437 | 875,198 | 3,513 | 5,555 |
| Cash and cash equivalents at 31 August (Note 27) | 280,015 | 433,437 | 484 | 3,513 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Statements of cash flows
For the financial year ended 31 August 2023 (cont'd)

(a) Reconciliation of liabilities arising from financing activities

| | ←----- Movements -----→ | | | | | | | | 31 August 2023 RM'000 |
|-----------------------------------|---------------------------------|----------------------------|--------------------------------|---|-------------------------|-----------------------|---|--------|-----------------------------|
| | ←----- Cash flows -----→ | | ←----- Non-cash changes -----→ | | | | | | |
| 1 September 2022 RM'000 | Principal movement RM'000 | Interest paid RM'000 | Interest cost RM'000 | Adjustment for lease modification RM'000 | New leases RM'000 | Termination RM'000 | Foreign exchange movement RM'000 | | |
| 2023 | | | | | | | | | |
| Group | | | | | | | | | |
| Loans and borrowings (Note 29) | 399,086 | 140,011 | (11,787) | 11,787 | - | - | - | 15,408 | 554,505 |
| Lease liabilities (Note 32) | 17,982 | (2,506) | (959) | 959 | 102 | 11,284 | (620) | 1,098 | 27,340 |
| Company | | | | | | | | | |
| Lease liabilities (Note 32) | 291 | (77) | (11) | 11 | - | - | - | - | 214 |

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Statements of cash flows
For the financial year ended 31 August 2023 (cont'd)

(a) Reconciliation of liabilities arising from financing activities (cont'd)

| | ←----- Movements -----→ | | | | | | | | 31 August 2022 RM'000 |
|-----------------------------------|---------------------------------|----------------------------|--------------------------------|---|-------------------------|-----------------------|---|----------|-----------------------------|
| | ←----- Cash flows -----→ | | ←----- Non-cash changes -----→ | | | | | | |
| 1 September 2021 RM'000 | Principal movement RM'000 | Interest paid RM'000 | Interest cost RM'000 | Adjustment for lease modification RM'000 | New leases RM'000 | Termination RM'000 | Foreign exchange movement RM'000 | | |
| 2022 | | | | | | | | | |
| Group | | | | | | | | | |
| Loans and borrowings (Note 29) | 458,706 | (18,887) | (3,585) | 3,585 | - | - | - | (40,733) | 399,086 |
| Lease liabilities (Note 32) | 23,669 | (4,904) | (836) | 836 | (1,572) | 1,339 | - | (550) | 17,982 |
| <hr/> | | | | | | | | | |
| Company | | | | | | | | | |
| Lease liabilities (Note 32) | 366 | (75) | (13) | 13 | - | - | - | - | 291 |
| <hr/> | | | | | | | | | |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Top Glove Corporation Bhd.
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**Notes to the financial statements
For the financial year ended 31 August 2023**

1. Corporate information

Top Glove Corporation Bhd. ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad and Main Board of Singapore Exchange Securities Trading Limited. The principal place of business of the Company is located at Level 21, Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 18. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have also been prepared on a historical basis, unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

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3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 August 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, unrealised gains and losses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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4. Summary of significant accounting policies

4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or if significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

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4. Summary of significant accounting policies (cont'd)

4.1 Business combinations and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the entity acquired is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

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4. Summary of significant accounting policies (cont'd)

4.2 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

4.3 Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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

4.4 Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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4. Summary of significant accounting policies (cont'd)

4.4 Investment in an associate (cont'd)

The Group's investment in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is measured in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the loss within share of profit of an associate in the consolidated statement of profit or loss.

The financial statements of the associate are prepared as of the same reporting date as the Group unless it is impracticable to do so. When the financial statements of the associate used in applying the equity method are prepared as of a different reporting date from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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4. Summary of significant accounting policies (cont'd)

4.5 Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

(a) Customer relationships

The cost of customer relationships acquired in a business combination is measured at their fair value at the date of acquisition. Following the initial recognition, they are carried at cost less accumulated amortisation and any accumulated impairment losses.

The customer relationships are amortised on a straight line basis over its estimated economic useful lives of eleven years and assessed for impairment whenever there is an indication that the customer relationships may be impaired.

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4. Summary of significant accounting policies (cont'd)

4.5 Intangible assets (cont'd)

(b) Patents

The Group does not recognise internally generated brands, licenses and other similar intellectual property which cannot be distinguished from the cost of developing the Group's business as a whole.

Acquired patents are recognised as an asset and initially measured at cost, which is the fair value of the consideration paid. After initial recognition, patents are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight line basis over the estimated economic useful lives of the patents.

4.6 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on a current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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4. Summary of significant accounting policies (cont'd)

4.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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4. Summary of significant accounting policies (cont'd)

4.7 Fair value measurement (cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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4. Summary of significant accounting policies (cont'd)

4.8 Foreign currencies

(a) Functional and presentation currency

The Group's consolidated financial statements are presented in RM which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in foreign exchange reserve OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

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4. Summary of significant accounting policies (cont'd)

4.8 Foreign currencies (cont'd)

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

4.9 Revenue and other income recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

The Group is involved in manufacturing and trading of gloves and healthcare related products.

Revenue is recognised at a point in time upon transfer of control of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume rebates. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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4. Summary of significant accounting policies (cont'd)

4.9 Revenue and other income recognition (cont'd)

(b) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(c) Management fees

Management fees are recognised when services are rendered.

(d) Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

4.10 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees. Short term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

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4. Summary of significant accounting policies (cont'd)

4.10 Employee benefits (cont'd)

(c) Employee Share Options Scheme ("ESOS")

Employees of the Group and of the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

The employee share option reserve is transferred to retained earnings upon forfeiture or expiry of the share options.

(d) Employee Share Grant Plan ("ESGP")

Employees of the Group and of the Company are entitled to performance based shares as consideration for services rendered. The ESGP may be settled by way of issuance or transfer of shares of the Company or by cash at the discretion of the ESGP Committee. Trusts have been set up and are administered by an appointed trustee ("ESGP Trusts"). The trustee will be entitled from time to time, to accept advances from the Company, upon such terms and conditions as the Company and the trustee may agree to purchase the ordinary shares of the Company ("Trust Shares") from the open market for the ESGP Trusts. The value of the ESGP Awards granted to Eligible Employees is recognised as an employee cost.

The ESGP Trusts' asset is consolidated into the Group's consolidated financial statements. Dividends received by the ESGP Trusts are eliminated against the Company's dividend payment.

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4. Summary of significant accounting policies (cont'd)

4.11 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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4. Summary of significant accounting policies (cont'd)

4.11 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- (i) when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

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

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

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4. Summary of significant accounting policies (cont'd)

4.11 Taxes (cont'd)

(c) Sales and services tax ("SST")

Revenue, expenses and assets are recognised net of the amount of SST, except:

- (i) when the SST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the SST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (ii) when receivables and payables are stated with the amount of SST included.

The payable amount of SST to the taxation authority is included as part of payables in the statements of financial position.

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.13 Property, plant and equipment

Capital work-in-progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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4. Summary of significant accounting policies (cont'd)

4.13 Property, plant and equipment (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated as these assets are not available for use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---------------------|----------------|
| Buildings | 20 to 50 years |
| Plant and equipment | 3 to 20 years |
| Other assets | 5 to 10 years |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.14 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at using the investment method that makes reference to estimated market rental values and equivalent yields, or comparison method that makes reference to recent transaction prices of similar properties. Valuation is performed by accredited independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise, including the corresponding tax effect.

Investment properties are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the accounting policy for property, plant and equipment set out in Note 4.13 up to the date of change in use.

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4. Summary of significant accounting policies (cont'd)

4.15 Leases

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

(a) Group as a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| | |
|---------------------|----------------|
| Leasehold land | 50 to 99 years |
| Buildings | 20 to 50 years |
| Plant and equipment | 4 to 20 years |
| Other assets | 5 to 10 years |

If ownership of the leased asset transfers to the Group and the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment in accordance with the accounting policy set out in Note 4.17.

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4. Summary of significant accounting policies (cont'd)

4.15 Leases (cont'd)

(a) Group as a lessee (cont'd)

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of hostels, automated teller machine ("ATM") and forklift (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of photocopiers that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

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4. Summary of significant accounting policies (cont'd)

4.15 Leases (cont'd)

(b) Group as a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

4.16 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials, consumables and hardware: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, excluding borrowing costs.

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

4.17 Impairment of non-financial assets

The Group and the Company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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4. Summary of significant accounting policies (cont'd)

4.17 Impairment of non-financial assets (cont'd)

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group and the Company base their impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's and the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

Goodwill is tested for impairment annually at each reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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4. Summary of significant accounting policies (cont'd)

4.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

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4. Summary of significant accounting policies (cont'd)

4.18 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

The Group and the Company have no financial assets carried at fair value through OCI for equity instruments.

(i) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include cash and bank balances, trade and other receivables and other non-current financial assets.

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4. Summary of significant accounting policies (cont'd)

4.18 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(ii) Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's and the Company's debt instruments at fair value through OCI include investments in quoted debt securities included under other current financial assets.

(iii) Financial assets at fair value through profit or loss

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

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4. Summary of significant accounting policies (cont'd)

4.18 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(iii) Financial assets at fair value through profit or loss (cont'd)

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

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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

The Group has designated derivatives that do not qualify for hedge accounting, money market funds, debt securities and unquoted investments at fair value through profit or loss.

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4. Summary of significant accounting policies (cont'd)

4.18 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's and the Company's statements of financial position) when:

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

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

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debts instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sales of collateral held or other credit enhancements that are integral to the contractual terms.

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4. Summary of significant accounting policies (cont'd)

4.18 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("lifetime ECL").

For trade receivables, the Group applies simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on historical credit experience. The Group considers forward looking factors do not have significant impact to credit risk given the nature of its industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

For debt instruments at fair value through OCI, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's and the Company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's and the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group and the Company use the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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4. Summary of significant accounting policies (cont'd)

4.18 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

The Group and the Company generally consider a financial asset to be in default when contractual payments are 120 days past due, except for certain major or specific customers where the period may extend beyond 120 days. In certain cases, the Group and the Company may also consider a financial asset to be in default when internal and external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, lease liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group and the Company's financial liabilities include trade and other payables, lease liabilities, derivative financial instruments, and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

4. Summary of significant accounting policies (cont'd)

4.18 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement (cont'd)

The measurement of financial liabilities depends on their classification, as described below (cont'd):

(i) Financial liabilities at fair value through profit or loss (cont'd)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has designated derivative financial instruments as financial liability at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

This is the category most relevant to the Group and the Company. After initial recognition, trade and other payables, and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to trade and other payables, interest-bearing loans and borrowings and lease liabilities.

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4. Summary of significant accounting policies (cont'd)

4.18 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) Offsetting of financial instruments

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

4.19 Derivative financial instruments and hedging activities

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

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4. Summary of significant accounting policies (cont'd)

4.19 Derivative financial instruments and hedging activities (cont'd)

Initial recognition and subsequent measurement (cont'd)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

4.20 Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash at banks and on hand and short-term deposits.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less excluding deposits pledged with banks that are not available for use.

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4. Summary of significant accounting policies (cont'd)

4.21 Equity instruments and related expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares and Perpetual Sukuk are classified as equity instruments.

Dividends on ordinary shares and distribution on Perpetual Sukuk are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

4.22 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's and the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the retained earnings.

4.23 Cash dividend and non-cash distribution to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the Board of Directors and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

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4. Summary of significant accounting policies (cont'd)

4.24 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects that some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.25 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

4.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

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

4.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 46, including the factors used to identify the reportable segments and the measurement basis of segment information.

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4. Summary of significant accounting policies (cont'd)

4.28 Biological assets

Biological assets comprise immature planted trees and are classified as non-current assets. It is expected to be harvested and sold.

Immature planted trees are reclassified to mature planted trees when they are commercially productive and available for harvest. In general, a paulownia bearer plant takes about 3 years to reach maturity from the time of planting the seedlings to the field.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

4.29 Assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment is not depreciated once classified as held for sale.

Assets classified as held for sale are presented separately as current items in the statement of financial position.

Additional disclosures are provided in Note 28. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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4. Summary of significant accounting policies (cont'd)

4.30 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

(a) Useful life of property, plant and equipment

When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.

(b) Impairment of non-financial assets

The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products.

(c) Fair value measurement

For property, plant and equipment, the Group considers the effects of physical and transition risks and whether investors would consider those risks in their valuation. The group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings.

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5. New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new/revised MFRSs, amendments to MFRSs and interpretations:

| Description | Effective for annual periods beginning on or after |
|---|---|
| Annual improvements to MFRS Standards 2018 - 2020: | |
| - Amendments to MFRS 1: Adoption of Malaysian Financial Reporting Standards | 1 January 2022 |
| - Amendments to MFRS 9: Financial Instruments | 1 January 2022 |
| - Amendments to MFRS 141: Agriculture | 1 January 2022 |
| Amendments to MFRS 3: Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 116: Property, Plant and Equipment | |
| - Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract | 1 January 2022 |

The adoption of the above accounting standards, amendments and interpretations, where relevant, did not have any significant impact on the financial performance or position of the Group and of the Company.

6. New and amended standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are discussed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

| Description | Effective for annual periods beginning on or after |
|--|---|
| MFRS 17: Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17: Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17: Initial Application MFRS 17 and MFRS 9 - Comparative Information | 1 January 2023 |
| Amendments to MFRS 101: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules | 1 January 2023 |

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6. New and amended standards and interpretations issued but not yet effective

The Group and the Company intend to adopt these standards, if applicable, when they become effective. (cont'd)

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current | 1 January 2024 |
| Amendments to MFRS 101: Non-Current Liabilities with Covenants | 1 January 2024 |
| Amendments to MFRS 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 107 and MFRS 7: Disclosures of Supplier Finance Arrangements | 1 January 2024 |
| Amendments to MFRS 121: Lack of exchangeability | 1 January 2025 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

The Group and the Company will adopt the abovementioned standards, amendments and interpretations, if applicable, when they become effective in the respective financial year. These pronouncements are not expected to have any impact to the financial statements of the Group and of the Company upon their initial application.

7. Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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7. Significant accounting judgements, estimates and assumptions (cont'd)

7.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has not made any critical judgements, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements except as discussed below:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment properties are properties held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property. The Group has determined that its properties held to earn rental income or capital appreciation are investment properties as only an insignificant portion of the properties is used in the production or supply of goods or services or for administrative purposes and ancillary services are not significant to the properties.

7.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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7. Significant accounting judgements, estimates and assumptions (cont'd)

7.2 Estimates and assumptions (cont'd)

(a) Inventories costing

In determining the costing of inventories, management's estimate is required in determining the basis of valuation for finished goods and work-in-progress which comprise costs of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

(b) Impairment of goodwill

Goodwill is tested for impairment at each reporting period and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated.

When value-in-use calculations are undertaken, management must estimate future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment and sensitivity analysis to changes in the assumptions are disclosed in Note 22.

(c) Impairment of property, plant and equipment and right-of-use assets

At each reporting date, the Group assesses if any indication of impairment exists for property, plant and equipment and right-of-use assets. The recoverable amounts are determined based on the higher of value-in-use and fair value less costs of disposal.

When value-in-use calculations are undertaken, management must estimate future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment are disclosed in Note 15.

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8. Revenue

(a) Disaggregated revenue information

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from contracts with customers | | | | |
| Business units by geographical area | | | | |
| Malaysia | 1,992,825 | 4,813,330 | - | - |
| Thailand | 138,878 | 446,449 | - | - |
| The People's Republic of China | 8,789 | 30,653 | - | - |
| Others | 116,729 | 281,917 | - | - |
| | <u>2,257,221</u> | <u>5,572,349</u> | <u>-</u> | <u>-</u> |
| Revenue from other sources | | | | |
| Management fees from subsidiaries | - | - | 5,029 | 11,206 |
| Dividend income from subsidiaries | - | - | 200,200 | 191,153 |
| | <u>-</u> | <u>-</u> | <u>205,229</u> | <u>202,359</u> |
| Total revenue | <u>2,257,221</u> | <u>5,572,349</u> | <u>205,229</u> | <u>202,359</u> |
| Timing of revenue recognition | | | | |
| Goods transferred at a point in time | <u>2,257,221</u> | <u>5,572,349</u> | <u>-</u> | <u>-</u> |

(b) Performance obligation

The Group is in the business of manufacturing and trading of gloves and healthcare related products.

The performance obligation is satisfied upon transfer of control of the goods to the customers and payment is generally due within 30 to 90 (2022: 30 to 90) days.

The transaction price allocated to the remaining performance obligations (unsatisfied) as at 31 August 2023 and 2022 are as follows:

| | Group | | Company | |
|-----------------|----------------|----------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Within one year | <u>102,995</u> | <u>216,565</u> | <u>-</u> | <u>-</u> |

All remaining performance obligations are expected to be recognised within one year.

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9. Interest income

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income from: | | | | |
| Financial assets at fair value through OCI | 2,171 | 3,820 | 2,171 | 1,030 |
| Financial assets at amortised cost | 3,183 | 5,428 | 789 | 2,083 |
| Financial assets at fair value through profit or loss | 11,674 | 15,061 | 9,961 | 11,238 |
| Others | 329 | 4 | - | - |
| | 17,357 | 24,313 | 12,921 | 14,351 |

10. Other income

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Realised gain on foreign exchange | 8,346 | 6,037 | 11,571 | 4,688 |
| Unrealised gain on foreign exchange | - | 48,103 | 2,033 | 11,183 |
| Rental income | 7,383 | 5,604 | - | - |
| Gain on disposal of debt securities | 1,063 | 1,370 | 1,063 | 69 |
| Gain on disposal of property, plant and equipment | - | 402 | - | - |
| Gain on disposal of right-of-use assets | - | 111 | - | - |
| Gain on lease modifications | 20 | 54 | - | - |
| Gain on lease termination | 40 | - | - | - |
| Gain on disposal of money market fund | 4,808 | 3,604 | 269 | 1,267 |
| Sales of scrap items | 5,386 | 10,925 | - | - |
| Insurance claims | 11,416 | 2,436 | - | - |
| Sundry income | 5,814 | 9,858 | - | - |
| | 44,276 | 88,504 | 14,936 | 17,207 |

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11. (Loss)/profit before tax

The following items have been charged/(credited) in arriving at (loss)/profit before tax:

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Auditors' remuneration: | | | | |
| Ernst & Young PLT | | | | |
| - Statutory audit | | | | |
| - Current year | 727 | 811 | 86 | 88 |
| - Over provision in prior year | (23) | - | (2) | - |
| - Other services | 172 | 715 | 147 | 655 |
| Member firm of Ernst & Young Global Limited | | | | |
| - Other services | - | 172 | - | 172 |
| Other auditors | | | | |
| - Statutory audit | | | | |
| - Current year | 562 | 501 | - | - |
| - Over provision in prior year | (2) | (12) | - | - |
| Inventories written off | 21 | 2,039 | - | - |
| (Reversal)/allowance for inventories written down on unsold goods | (33,650) | 44,869 | - | - |
| Bad debts written off | 839 | - | - | - |
| Depreciation of property, plant and equipment (Note 15) | 332,597 | 335,086 | - | - |
| Depreciation of right-of-use assets (Note 16) | 6,663 | 9,330 | 78 | 77 |
| Amortisation of intangible assets (Note 22) | 3,752 | 3,738 | - | - |
| Direct operating expenses arising from investment properties | | | | |
| - Rental generating properties | 3,448 | 3,208 | - | - |
| Impairment loss on investment in subsidiaries (Note 18) | - | - | 8,793 | 4,186 |
| Unrealised loss on foreign exchange | 7,356 | - | - | - |
| Revaluation loss of property, plant and equipment | 2,982 | - | - | - |
| Net loss from fair value remeasurement on investment properties (Note 17) | 74 | 754 | - | - |
| Net fair value loss on derivatives | 437 | 2,247 | - | - |
| Net fair value loss on investment securities at fair value through profit or loss | 11,043 | 56,626 | 11,648 | 54,868 |

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11. (Loss)/profit before tax (cont'd)

The following items have been charged/(credited) in arriving at (loss)/profit before tax (cont'd):

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loss on disposal of property, plant and equipment | 1,173 | - | - | - |
| Legal and other professional fees | 8,431 | 19,751 | 400 | 8,893 |
| Net allowance for expected credit loss (Note 24) | 2,976 | 456 | - | - |
| Addition/(reversal) of impairment loss on other receivables | - | - | 1 | (3,176) |
| Impairment of goodwill (Note 22) | 137,553 | - | - | - |
| Impairment of property, plant and equipment (Note 15) | 54,660 | - | - | - |
| Impairment of right-of-use assets (Note 16) | 16,124 | - | - | - |
| Impairment loss on assets held for sales (Note 28) | 5,073 | - | - | - |
| Biological assets written off | 1,064 | - | - | - |
| Property, plant and equipment written off | 197,183 | 28,031 | - | - |

12. Employee benefits expenses

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Wages, salaries and bonus | 468,327 | 655,013 | 3,265 | 3,466 |
| Social security costs | 7,744 | 11,712 | 2 | 2 |
| Pension costs - defined contribution plan | 31,984 | 55,445 | 373 | 556 |
| Share options granted under ESOS | 2,639 | 36,200 | 218 | 4,669 |
| Shares granted under ESGP | - | 148 | - | - |
| Other staff related expenses | 22,239 | 49,124 | 58 | 215 |
| Executive directors' fees | | | | |
| - Company | 398 | 490 | 398 | 477 |
| - Subsidiaries | 79 | 86 | - | - |

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM5,496,000 (2022: RM10,577,000) and RM3,957,000 (2022: RM7,254,000) respectively.

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12. Employee benefits expenses (cont'd)

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| <u>Directors' remuneration</u> | | | | |
| Directors of the Company | | | | |
| Executive: | | | | |
| Salaries and other emoluments | 4,411 | 7,304 | 3,022 | 4,701 |
| Pension costs - defined contribution plan | 435 | 758 | 363 | 544 |
| Social security contributions | 42 | 40 | 1 | 1 |
| Share options granted under ESOS | 123 | 1,746 | 90 | 1,452 |
| Shares granted under ESGP | - | 129 | - | - |
| Fees | 398 | 490 | 398 | 477 |
| Benefits-in-kind | 87 | 110 | 83 | 79 |
| | <u>5,496</u> | <u>10,577</u> | <u>3,957</u> | <u>7,254</u> |
| Non-executive: | | | | |
| Salaries and other emoluments | 157 | 229 | 155 | 195 |
| Fees | 967 | 1,398 | 967 | 1,398 |
| | <u>1,124</u> | <u>1,627</u> | <u>1,122</u> | <u>1,593</u> |
| Analysis excluding benefits-in-kind: | | | | |
| Total executive directors' remuneration | 5,409 | 10,467 | 3,874 | 7,175 |
| Total non-executive directors' remuneration | 1,124 | 1,627 | 1,122 | 1,593 |
| Total directors' remuneration (excluding benefits-in-kind) | 6,533 | 12,094 | 4,996 | 8,768 |
| Benefits-in-kind | 87 | 110 | 83 | 79 |
| Total directors' remuneration (including benefits-in-kind) | <u>6,620</u> | <u>12,204</u> | <u>5,079</u> | <u>8,847</u> |

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12. Employee benefits expenses (cont'd)

The remuneration of the directors of the subsidiaries during the financial years ended 31 August 2023 and 2022 is set as below:

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Executive: | | | | |
| Salaries and other emoluments | 4,937 | 5,848 | - | - |
| Pension costs - defined contribution plan | 366 | 431 | - | - |
| Social security contributions | 41 | 52 | - | - |
| Share options granted under ESOS | 39 | 737 | - | - |
| Shares granted under ESGP | - | - | - | - |
| Fees | 79 | 86 | - | - |
| Benefits-in-kind | 7 | 34 | - | - |
| | <u>5,469</u> | <u>7,188</u> | <u>-</u> | <u>-</u> |
| Non-executive: | | | | |
| Fees | <u>2</u> | <u>2</u> | <u>-</u> | <u>-</u> |

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13. Income tax (credit)/expense

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the financial years ended 31 August 2023 and 2022 are as follows:

| | Group | | Company | |
|---|-----------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current income tax: | | | | |
| - Malaysian income tax | 40,231 | 35,164 | 3,040 | 1,493 |
| - Foreign tax | 2,984 | 16,117 | - | - |
| - Withholding tax | 10,282 | 16,485 | - | - |
| - Group tax relief on losses surrendered | (36,700) | - | - | - |
| - Under/(over) provision in respect of previous years | 7,066 | (11,274) | 629 | (142) |
| | <u>23,863</u> | <u>56,492</u> | <u>3,669</u> | <u>1,351</u> |
| Deferred income tax (Note 20): | | | | |
| - Relating to origination and reversal of temporary differences | (34,973) | (411) | - | - |
| - (Over)/under provision in respect of previous years | (3,756) | 20,753 | - | - |
| | <u>(38,729)</u> | <u>20,342</u> | <u>-</u> | <u>-</u> |
| Income tax (credit)/expense recognised in profit or loss | <u>(14,866)</u> | <u>76,834</u> | <u>3,669</u> | <u>1,351</u> |

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13. Income tax (credit)/expense (cont'd)

Reconciliation between tax (credit)/expense and accounting (loss)/profit

The reconciliation between tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 August 2023 and 2022 are as follows:

| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/profit before tax | (900,415) | 358,424 | 205,965 | 152,832 |
| Tax at Malaysian statutory tax rate of 24% (2022: 24%) | (216,100) | 86,022 | 49,432 | 36,680 |
| <u>Adjustments:</u> | | | | |
| Withholding tax from foreign income | 5,790 | 3,230 | - | - |
| Different tax rates in other countries | 4,883 | (6,896) | - | - |
| Effects of tax incentives claimed by foreign subsidiaries | (146) | (7,118) | - | - |
| Income not subject to tax | (7,675) | (14,833) | (48,854) | (53,005) |
| Non-deductible expenses | 54,213 | 22,563 | 2,462 | 17,818 |
| Utilisation of tax incentives | (148) | (8,954) | - | - |
| Utilisation of previously unrecognised tax losses and unabsorbed capital allowance | (62) | (1,093) | - | - |
| Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowance | 131,504 | 11,560 | - | - |
| Deferred tax assets not recognised in respect of prior year's tax losses | 9,324 | - | - | - |
| Deferred tax assets recognised in respect of reinvestment allowance | (1,146) | (18,016) | - | - |
| Share of results of an associate | 1,387 | 890 | - | - |
| (Over)/under provision of deferred tax in respect of previous years | (3,756) | 20,753 | - | - |
| Under/(over) provision of income tax in respect of previous years | 7,066 | (11,274) | 629 | (142) |
| Income tax (credit)/expense recognised in profit or loss | (14,866) | 76,834 | 3,669 | 1,351 |

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13. Income tax (credit)/expense (cont'd)

Reconciliation between tax (credit)/expense and accounting (loss)/profit (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

14. (Loss)/earnings per share

(a) Basic

Basic earnings per share is calculated by dividing (loss)/profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

| | 2023 | 2022 |
|--|----------------|-------------|
| (Loss)/profit net of tax attributable to owners of the parent (RM'000) | (925,218) | 225,564 |
| Weighted average number of ordinary shares in issue ('000) | 8,008,644 | 8,008,219 |
| Basic (loss)/earnings per share (sen) | <u>(11.55)</u> | <u>2.82</u> |

(b) Diluted

Diluted earnings per share is calculated by dividing (loss)/profit for the year, net of tax, attributable to owners of the parent by 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 the conversion of all the dilutive potential ordinary shares into ordinary shares.

| | 2023 | 2022 |
|--|------------------|------------------|
| (Loss)/profit net of tax attributable to owners of the parent (RM'000) | (925,218) | 225,564 |
| Weighted average number of ordinary shares in issue ('000) | 8,008,644 | 8,008,219 |
| Effect of dilution from: | | |
| Assumed exercise of share options ('000) | <u>-</u> | <u>3,831</u> |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | <u>8,008,644</u> | <u>8,012,050</u> |
| Diluted (loss)/earnings per share (sen) | <u>(11.55)</u> | <u>2.82</u> |

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15. Property, plant and equipment

| Group | Land and buildings RM'000 | Plant and equipment RM'000 | * Other assets RM'000 | Capital work-in- progress RM'000 | Total RM'000 |
|---|------------------------------------|-------------------------------------|-----------------------------|---|-----------------|
| Cost | | | | | |
| At 1 September 2021 | 1,503,794 | 2,863,775 | 387,215 | 719,025 | 5,473,809 |
| Additions | 47,690 | 248,860 | 36,214 | 616,620 | 949,384 |
| Acquisition of subsidiary company | - | 376 | 442 | - | 818 |
| Transfer from/(to) right-of-use assets (Note 16) | - | - | 340 | (16,887) | (16,547) |
| Reclassification | 36,829 | 72,090 | 6,608 | (115,527) | - |
| Written off | (188) | (82,152) | (3,389) | (2,915) | (88,644) |
| Disposals | (830) | (10,349) | (1,112) | (4) | (12,295) |
| Exchange differences | 1,121 | (6,079) | (1,117) | (5,613) | (11,688) |
| At 31 August 2022/ 1 September 2022 | 1,588,416 | 3,086,521 | 425,201 | 1,194,699 | 6,294,837 |
| Additions | 106,931 | 44,998 | 7,794 | 204,431 | 364,154 |
| Revaluation adjustment | 7,521 | - | - | (752) | 6,769 |
| Transfer to investment properties (Note 17) | (106,351) | - | (94) | (80,908) | (187,353) |
| Transfer from/(to) right-of-use assets (Note 16) | 14,060 | (256) | 6,465 | (103) | 20,166 |
| Transfer to assets held for sale (Note 28) | (155,154) | (557) | (449) | (10,187) | (166,347) |
| Reclassification | 58,147 | 16,937 | 1,434 | (76,518) | - |
| Written off | (4,688) | (595,635) | (66,754) | (11,543) | (678,620) |
| Disposals | (1,101) | (42,898) | (7,241) | (117,418) | (168,658) |
| Exchange differences | 7,622 | 24,610 | 3,003 | 20,891 | 56,126 |
| At 31 August 2023 | 1,515,403 | 2,533,720 | 369,359 | 1,122,592 | 5,541,074 |

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15. Property, plant and equipment (cont'd)

| | Land and buildings RM'000 | Plant and equipment RM'000 | * Other assets RM'000 | Capital work-in- progress RM'000 | Total RM'000 |
|---|------------------------------------|-------------------------------------|-----------------------------|---|-----------------|
| Group | | | | | |
| Accumulated depreciation | | | | | |
| At 1 September 2021 | 119,640 | 1,209,551 | 185,903 | - | 1,515,094 |
| Depreciation charged for the year (Note 11) | 17,112 | 277,037 | 40,937 | - | 335,086 |
| Transfer from right-of-use assets (Note 16) | - | - | 340 | - | 340 |
| Reclassification | 9 | (74) | 65 | - | - |
| Written off | (41) | (57,584) | (2,988) | - | (60,613) |
| Disposals | (136) | (8,649) | (973) | - | (9,758) |
| Exchange differences | (170) | (6,740) | (605) | - | (7,515) |
| At 31 August 2022/ 1 September 2022 | 136,414 | 1,413,541 | 222,679 | - | 1,772,634 |
| Depreciation charged for the year (Note 11) | 18,644 | 274,968 | 38,985 | - | 332,597 |
| Transfer to investment properties (Note 17) | (3,427) | - | - | - | (3,427) |
| Transfer from right-of-use assets (Note 16) | 992 | 254 | 346 | - | 1,592 |
| Transfer to assets held for sale (Note 28) | (824) | (280) | (186) | - | (1,290) |
| Reclassification | - | 1 | (1) | - | - |
| Written off | (3,173) | (440,632) | (37,632) | - | (481,437) |
| Disposals | (996) | (39,018) | (6,564) | - | (46,578) |
| Exchange differences | 1,279 | 14,757 | 1,736 | - | 17,772 |
| At 31 August 2023 | 148,909 | 1,223,591 | 219,363 | - | 1,591,863 |
| Accumulated impairment | | | | | |
| At 1 September 2021/31 August 2022/ 1 September 2022 | - | - | - | - | - |
| Impairment charged for the year (Note 11) | 10,541 | 22,353 | 351 | 21,415 | 54,660 |
| Exchange differences | 283 | 600 | 9 | 575 | 1,467 |
| At 31 August 2023 | 10,824 | 22,953 | 360 | 21,990 | 56,127 |

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15. Property, plant and equipment (cont'd)

| | Land and buildings RM'000 | Plant and equipment RM'000 | * Other assets RM'000 | Capital work-in- progress RM'000 | Total RM'000 |
|----------------------------|------------------------------------|-------------------------------------|-----------------------------|---|-----------------|
| Net carrying amount | | | | | |
| At 31 August 2022 | 1,452,002 | 1,672,980 | 202,522 | 1,194,699 | 4,522,203 |
| At 31 August 2023 | 1,355,670 | 1,287,176 | 149,636 | 1,100,602 | 3,893,084 |

* Other assets comprise motor vehicles, computer and software systems, office equipment, signages, small value assets, fire extinguishers, furniture and equipment.

Land and buildings

| | Freehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|----------------------------|---------------------|-----------------|
| Group | | | |
| Cost | | | |
| At 1 September 2021 | 732,062 | 771,732 | 1,503,794 |
| Additions | 14,726 | 32,964 | 47,690 |
| Reclassification | 87 | 36,742 | 36,829 |
| Written off | - | (188) | (188) |
| Disposals | - | (830) | (830) |
| Exchange differences | (280) | 1,401 | 1,121 |
| At 31 August 2022/1 September 2022 | 746,595 | 841,821 | 1,588,416 |
| Additions | 64,200 | 42,731 | 106,931 |
| Revaluation adjustment | 4,911 | 2,610 | 7,521 |
| Transfer to investment properties (Note 17) | (62,585) | (43,766) | (106,351) |
| Transfer from right-of-use assets (Note 16) | - | 14,060 | 14,060 |
| Transfer to assets held for sale (Note 28) | (145,664) | (9,490) | (155,154) |
| Reclassification | (10,125) | 68,272 | 58,147 |
| Written off | (10) | (4,678) | (4,688) |
| Disposals | - | (1,101) | (1,101) |
| Exchange differences | 2,040 | 5,582 | 7,622 |
| At 31 August 2023 | 599,362 | 916,041 | 1,515,403 |

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15. Property, plant and equipment (cont'd)

| Group | Freehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|-------------------------------------|-----------------------------|-------------------------|
| Accumulated depreciation | | | |
| At 1 September 2021 | - | 119,640 | 119,640 |
| Depreciation charged for the year | - | 17,112 | 17,112 |
| Reclassification | - | 9 | 9 |
| Written off | - | (41) | (41) |
| Disposals | - | (136) | (136) |
| Exchange differences | - | (170) | (170) |
| At 31 August 2022/1 September 2022 | - | 136,414 | 136,414 |
| Depreciation charged for the year | - | 18,644 | 18,644 |
| Transfer to investment properties (Note 17) | - | (3,427) | (3,427) |
| Transfer from right-of-use assets (Note 16) | - | 992 | 992 |
| Transfer to assets held for sale (Note 28) | - | (824) | (824) |
| Written off | - | (3,173) | (3,173) |
| Disposals | - | (996) | (996) |
| Exchange differences | - | 1,279 | 1,279 |
| At 31 August 2023 | - | 148,909 | 148,909 |
| Accumulated impairment | | | |
| At 1 September 2021/31 August 2022/ 1 September 2022 | - | - | - |
| Impairment charged for the year | - | 10,541 | 10,541 |
| Exchange differences | - | 283 | 283 |
| At 31 August 2023 | - | 10,824 | 10,824 |
| Net carrying amount | | | |
| At 31 August 2022 | 746,595 | 705,407 | 1,452,002 |
| At 31 August 2023 | 599,362 | 756,308 | 1,355,670 |

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15. Property, plant and equipment (cont'd)

Included in the property, plant and equipment of the Group are fully depreciated assets which are still in use, with their carrying costs as follows:

| | 2023 | 2022 |
|---------------------|----------------|----------------|
| | RM'000 | RM'000 |
| Buildings | 2,837 | 381 |
| Plant and equipment | 460,974 | 445,359 |
| Other assets | 134,686 | 102,938 |
| | <u>598,497</u> | <u>548,678</u> |

During the financial year, the property, plant and equipment and right-of-use assets of the Group were tested for impairment due to impairment indicators arising from drop in demand for gloves and decrease in average selling price of gloves. Management had undertaken an assessment of the recoverable amount of these assets during the financial year. Recoverable amount is defined as the higher of value-in-use and fair value less costs of disposal and determined at the CGU of each asset.

Recoverable amount determined from fair value less costs of disposal

The fair values of certain property, plant and equipment and rights-of-use assets were determined by independent professional valuers.

Recoverable amount determined from value-in-use ("VIU")

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

- (i) Growth rate for the cash flows projection is determined based on management's estimate of the industry trends and past performances of the segments, thereafter terminal growth rate including maintainable capital expenditure is assumed to be 0% - 1% (2022: 0% - 1%).
- (ii) A range of pre-tax discount rate of 16.4% - 18.1% (2022: 15.7% - 19.2%) was applied in determining the recoverable amount of the CGUs. The discount rates used to discount the future cash flows reflect the specific risks relating to the respective CGUs.
- (iii) Budgeted profit margin is determined based on management's estimate of the industry trends for the average selling price of gloves and the production utilisation rate.

The abovementioned impairment testing did not give rise to impairment losses of property, plant and equipment and right-of-use assets except for certain property, plant and equipment and right-of-use assets owned by a subsidiary in Vietnam. Based on the impairment assessment, the Group recorded impairment losses of RM70.8 million on the basis that the carrying amounts exceeded the recoverable amounts. This impairment losses is included in profit and loss as disclosed in Note 11.

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16. Right-of-use assets

| | Land RM'000 | Buildings RM'000 | Plant and equipment RM'000 | * Other assets RM'000 | Total RM'000 |
|--|----------------|---------------------|----------------------------------|-----------------------------|-----------------|
| Group | | | | | |
| At 1 September 2021 | 195,361 | 14,221 | 426 | 641 | 210,649 |
| Additions | 2,773 | 1,116 | 396 | - | 4,285 |
| Transfer from property, plant and equipment (Note 15) | 3,854 | 13,033 | - | # | 16,887 |
| Depreciation charged for the year (Note 11) | (4,432) | (4,642) | (94) | (162) | (9,330) |
| Disposal | - | - | - | ## | - |
| Adjustment due to lease modification | - | (1,447) | - | (71) | (1,518) |
| Exchange differences | 2,847 | 13 | - | - | 2,860 |
| At 31 August 2022/ 1 September 2022 | 200,403 | 22,294 | 728 | 408 | 223,833 |
| Additions | - | - | 11,284 | - | 11,284 |
| Revaluation adjustment | 10 | - | - | - | 10 |
| Transfer (to)/from property, plant and equipment (Note 15) | - | (19,187) | 613 | - | (18,574) |
| Transfer to investment properties (Note 17) | (8,373) | - | - | - | (8,373) |
| Depreciation charged for the year (Note 11) | (4,628) | (1,873) | (100) | (62) | (6,663) |
| Impairment charged for the year (Note 11) | (16,124) | - | - | - | (16,124) |
| Adjustment due to lease modification | - | 122 | - | - | 122 |
| Termination | - | (464) | (6) | (110) | (580) |
| Exchange differences | 2,090 | 71 | - | - | 2,161 |
| At 31 August 2023 | 173,378 | 963 | 12,519 | 236 | 187,096 |
| Company | | | | | |
| At 1 September 2021 | - | 357 | - | - | 357 |
| Depreciation charged for the year (Note 11) | - | (77) | - | - | (77) |
| At 31 August 2022/ 1 September 2022 | - | 280 | - | - | 280 |
| Depreciation charged for the year (Note 11) | - | (78) | - | - | (78) |
| At 31 August 2023 | - | 202 | - | - | 202 |

* Other assets comprise motor vehicles and office equipment.

Relates to transfer of motor vehicle upon full settlement of hire purchase during the year from right-of-use asset to property, plant and equipment.

Relates to disposal of fully depreciated motor vehicle during the year.

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17. Investment properties

| | 2023 | 2022 |
|---|----------------|----------------|
| | RM'000 | RM'000 |
| Group | | |
| Fair value of investment properties: | | |
| At 1 September 2022/2021 | 227,400 | 227,400 |
| Additions | 74 | 754 |
| Transfer from property, plant and equipment (Note 15) | 183,926 | - |
| Transfer from right-of-use assets (Note 16) | 8,373 | - |
| Net loss from fair value remeasurement (Note 11) | (74) | (754) |
| At 31 August | <u>419,699</u> | <u>227,400</u> |

Rental income arising from investment properties is RM5,154,000 (2022: RM3,843,000). Direct operating expenses arising from investment properties are disclosed in Note 11.

Reconciliation of fair value:

| | Building | Freehold | Leasehold | Total |
|--|-----------------|-----------------|------------------|----------------|
| | RM'000 | land | land | RM'000 |
| | | RM'000 | RM'000 | |
| Group | | | | |
| At 1 September 2021 | 136,300 | 91,100 | - | 227,400 |
| Additions | 704 | 50 | - | 754 |
| Net loss from fair value remeasurement (Note 11) | (704) | (50) | - | (754) |
| At 31 August 2022/1 September 2022 | 136,300 | 91,100 | - | 227,400 |
| Additions | 27 | 47 | - | 74 |
| Transfer from property, plant and equipment (Note 15) | 121,341 | 62,585 | - | 183,926 |
| Transfer from right-of-use assets (Note 16) | - | - | 8,373 | 8,373 |
| Net loss from fair value remeasurement (Note 11) | (27) | (47) | - | (74) |
| At 31 August 2023 | <u>257,641</u> | <u>153,685</u> | <u>8,373</u> | <u>419,699</u> |

Fair value hierarchy disclosures for investment properties are in Note 42(ii).

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17. Investment properties (cont'd)

The fair value of investment properties were determined based on valuations performed by registered independent valuers using the following methods:

(a) Comparison method

Fair value is arrived at by reference to market evidence of transaction prices for similar properties, adjustments are made to account for factors such as differences in location, age, size and type of property.

An upward/(downward) change in the adjustments for factors such as differences in location, age, size and type of property will result in a higher/(lower) fair value of the investment properties.

(b) Investment method

This method considers the present value of net rental income to be generated from the property, taking into account the expected rental growth rate, occupancy rate and lease incentive. This net rental income is discounted at a risk-adjusted discount rate to arrive at its present value. The key inputs to the valuation of investment properties are as follows:

| | Valuation technique | Significant unobservable inputs | Range | |
|----------------------------|--|--|------------------|------------------|
| | | | 2023 | 2022 |
| Freehold land and building | Investment method (Discounted cash flows method) | Estimated rental value per square foot per month | RM3.24 to RM4.02 | RM4.50 to RM5.20 |
| | | Term yield rate | 6.0% | 6.5% |
| | | Occupancy rate | 85.5% | 88.0% |
| | | Long term vacancy rate | 14.5% | 12.0% |

Using the discounted cash flows method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including a terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses.

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17. Investment properties (cont'd)

(b) Investment method (cont'd)

The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted. Significant increase/(decrease) in estimated rental value in isolation would result in a significantly higher/(lower) fair value of the property. Significant increases/(decreases) in the long term vacancy rate and yield rates in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate, and an opposite change in the long term vacancy rate.

18. Investment in subsidiaries

| | Company | |
|-------------------------------------|------------------|------------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Unquoted shares, at cost: | 2,366,518 | 2,329,506 |
| Less: Accumulated impairment losses | (26,547) | (17,754) |
| | <u>2,339,971</u> | <u>2,311,752</u> |

Movement in accumulated impairment losses:

| | Company | |
|---------------------------------|-----------------|-----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At 1 September 2022/2021 | (17,754) | (13,568) |
| Impairment losses (Note 11) | (8,793) | (4,186) |
| At 31 August | <u>(26,547)</u> | <u>(17,754)</u> |

During financial year, the Company made an allowance for impairment loss on investments in Top Glove Global Sdn. Bhd., TG Healthcare Sdn. Bhd. and Top Feel Sdn. Bhd. of RM209,000, RM908,000 and RM7,676,000 respectively. The allowance was made after considering the measurable decrease in the recoverable amount of the investments.

(a) Acquisition of additional equity interest in subsidiaries

(i) TG Medical Sdn. Bhd.

On 27 February 2023, TG Medical Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital from RM225,000,000 to RM259,200,000.

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18. Investment in subsidiaries (cont'd)

(a) Acquisition of additional equity interest in subsidiaries (cont'd)

(ii) Top Glove Global Sdn. Bhd.

On 27 June 2023, Top Glove Global Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital from RM1,006,000 to RM1,215,000.

(iii) Top Care Sdn. Bhd.

On 27 June 2023, Top Care Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital from RM1,125,249,000 to RM1,127,852,000.

Details of the subsidiaries are as follows:

| Name | Country of incorporation/ principal place of business | Proportion of ownership interest (%) | | Principal activities |
|-----------------------------------|---|---|------|---|
| | | 2023 | 2022 | |
| Held by the Company: | | | | |
| Top Glove Sdn. Bhd.* | Malaysia | 100 | 100 | Manufacturing and trading of gloves |
| TG Medical Sdn. Bhd.* | Malaysia | 100 | 100 | Manufacturing and trading of examination, surgical and nitrile gloves, general trading and investment holding |
| Great Glove (Malaysia) Sdn. Bhd.# | Malaysia | 100 | 100 | Company temporarily ceased business operation |
| Top Glove Engineering Sdn. Bhd.# | Malaysia | 100 | 100 | Manufacturing and supply of engineering parts and general contractors of all kinds of rubber gloves machinery |
| TG Medical (U.S.A.), Inc.# | United States of America | 100 | 100 | Trading of gloves |

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18. Investment in subsidiaries (cont'd)

| Name | Country of incorporation/ principal place of business | Proportion of ownership interest (%) | | Principal activities |
|--|---|---|------|--|
| | | 2023 | 2022 | |
| Held by the Company (cont'd): | | | | |
| Top Quality Glove Sdn. Bhd.* | Malaysia | 100 | 100 | Manufacturing and trading of gloves, rubber products and cast polyethylene products |
| Top Care Sdn. Bhd.## | Malaysia | 100 | 100 | Investment holding |
| GMP Medicare Sdn. Bhd.* | Malaysia | 100 | 100 | Manufacturing and trading of gloves and rubber products and general trading |
| Eastern Press Sdn. Bhd.# | Malaysia | 100 | 100 | Manufacturing of packaging materials, boxes and cartons |
| Top Feel Sdn. Bhd.# | Malaysia | 100 | 100 | Manufacture and sale of condoms, rubber related products, and disposable and medical face masks |
| Top Glove Labuan Ltd.# | Malaysia | 100 | 100 | Investment holding |
| Top Glove Global Sdn. Bhd.# | Malaysia | 100 | 100 | Provision of management services |
| TG Healthcare Sdn. Bhd.# | Malaysia | 100 | 100 | Manufacturing and trading of personal care and home care products |
| TG Worldwide Sdn Bhd.* | Malaysia | 100 | 100 | Trading and provision of value added services |

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18. Investment in subsidiaries (cont'd)

| Name | Country of incorporation/ principal place of business | Proportion of ownership interest (%) | | Principal activities |
|--|---|---|------|--|
| | | 2023 | 2022 | |
| Held through Top Glove Sdn. Bhd.: | | | | |
| Great Glove (Thailand) Co. Ltd.# | Thailand | 74 | 74 | Manufacturing and trading of gloves |
| Top Glove Medical (Thailand) Co. Ltd.#^ | Thailand | 100 | 100 | Manufacturing and trading of gloves |
| Top Glove Technology (Thailand) Co. Ltd.# | Thailand | 100 | 100 | Producing and selling rubber products |
| B Tech Industry Co. Ltd.# | Thailand | 100 | 100 | Producing and selling concentrate latex |
| Top Quality Gloves (Thailand) Co. Ltd.# | Thailand | 100 | 100 | Dormant |
| Top Glove Europe GmbH @ | Germany | 97.5 | 97.5 | Trading of gloves |
| Great Glove (Xinghua) Co. Ltd.# | The People's Republic of China | 100 | 100 | Manufacturing and trading of gloves |
| TG Medical Suzhou Co. Ltd.# | The People's Republic of China | 100 | 100 | Trading of gloves |

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18. Investment in subsidiaries (cont'd)

| Name | Country of incorporation/ principal place of business | Proportion of ownership interest (%) | | Principal activities |
|---|---|---|------|--|
| | | 2023 | 2022 | |
| Held through Top Glove Sdn. Bhd. (cont'd): | | | | |
| Top Glove International Sdn. Bhd.# | Malaysia | 100 | 100 | Research and development on gloves and rubber goods and provision of analytical services |
| Top Glove Properties Sdn. Bhd.# | Malaysia | 100 | 100 | Property investment, consultancy services and electrical engineering works |
| Medi-Flex Pte. Ltd.# | Singapore/ Malaysia | 100 | 100 | Investment holding |
| BestStar Enterprise Ltd.## | The British Virgin Islands/ Malaysia | 100 | 100 | Investment holding |
| Flexitech Sdn. Bhd.* | Malaysia | 100 | 100 | Manufacturing of gloves, general trading, property investment |
| TG Porcelain Sdn. Bhd.# | Malaysia | 100 | 100 | Manufacturing of formers |
| TGGD Medical Clinic Sdn. Bhd.# | Malaysia | 75 | 75 | Providing clinical and specialist medical services, medical related consultancy and advisory services and emergency medical services |
| TG FMT Sdn. Bhd.## | Malaysia | 70 | 70 | Manufacturing and trading of functional fillers |

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18. Investment in subsidiaries (cont'd)

| Name | Country of incorporation/ principal place of business | Proportion of ownership interest (%) | | Principal activities |
|---|---|---|------|---|
| | | 2023 | 2022 | |
| Held through Top Glove Sdn. Bhd. (cont'd): | | | | |
| Top Glove Chemicals Sdn. Bhd.# | Malaysia | 100 | 100 | Providing advisory services and manufacturing of chemicals and chemical compounds |
| Top Glove Vietnam Company Limited# | Vietnam | 100 | 100 | Manufacturing of vinyl gloves and other products |
| TG Excellence Berhad* | Malaysia | 100 | 100 | Special purpose vehicle solely for issuance of Perpetual Sukuk |
| Top Academy Sdn. Bhd.# | Malaysia | 100 | 100 | Organise in-house trainings and public trainings/programs |
| Top Biotech Sdn. Bhd.# | Malaysia | 100 | 100 | Manufacturing of medical devices |
| Top Protect UK Ltd.@ | United Kingdom | 100 | - | Agents involved in the sale of variety of goods, wholesale of pharmaceutical goods, buying and selling of own real estate |
| Held through Great Glove (Malaysia) Sdn. Bhd.: | | | | |
| TG Meditech Sdn. Bhd.# | Malaysia | 100 | 100 | Manufacturing and trading of healthcare products |

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18. Investment in subsidiaries (cont'd)

| Name | Country of incorporation/ principal place of business | Proportion of ownership interest (%) | | Principal activities |
|---|---|--------------------------------------|------|---|
| | | 2023 | 2022 | |
| Held through TG Medical Sdn. Bhd.: | | | | |
| Top Healthy Fitness Sdn. Bhd.# | Malaysia | 100 | 100 | Establishing and maintaining of fitness related business, including healthcare, slimming centres, gymnasiums and other related activities |
| TG Raytech Sdn. Bhd.# | Malaysia | 99.4 | 99.2 | Gamma irradiation for sterilisation of gloves and medical devices |
| Top Synthetic Rubber Sdn. Bhd.* | Malaysia | 100 | 100 | Manufacturing and trading of chemical products |
| Held through Great Glove (Xinghua) Co. Ltd.: | | | | |
| TG Medical (Xinghua) Co. Ltd.# | The People's Republic of China | 100 | 100 | Trading of gloves and healthcare related products |
| TG Medical (Putian) Co. Ltd.# | The People's Republic of China | - | 100 | Trading of gloves and healthcare related products |
| Held through Top Care Sdn. Bhd.: | | | | |
| Best Advance Resources Limited# | Malaysia | 100 | 100 | Investment holding |
| Green Resources Limited# | Malaysia | 100 | 100 | Investment holding |
| Aspion Sdn. Bhd.## | Malaysia | 100 | 100 | Investment holding |
| TG Efficient Sdn. Bhd.# | Malaysia | 100 | 100 | Manufacturing of rubber gloves |

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18. Investment in subsidiaries (cont'd)

| Name | Country of incorporation/ principal place of business | Proportion of ownership interest (%) | | Principal activities |
|---|---|---|------|---|
| | | 2023 | 2022 | |
| Held through Top Feel Sdn. Bhd.: | | | | |
| Duramedical Sdn. Bhd.# | Malaysia | 85 | 85 | Manufacturing of rubber dental dams and exercise bands |
| Held through Best Advance Resources Limited: | | | | |
| PT. Topglove Indonesia#^^ | Indonesia | 100 | 100 | Providing management services in plantation sector and processing of plantation produce |
| Held through PT. Topglove Indonesia: | | | | |
| PT. Agro Pratama Sejahtera# | Indonesia | 95 | 95 | Industrial forest plantation |
| Held through PT. Agro Pratama Sejahtera: | | | | |
| PT. Top Green Forestry#Ω | Indonesia | 57 | 57 | Forestry and industry |
| Held through Aspion Sdn. Bhd.: | | | | |
| Adventa Health Sdn. Bhd.* | Malaysia | 100 | 100 | Distribution of medical gloves and other hospital related products |
| Terang Nusa (Malaysia) Sdn. Bhd.* | Malaysia | 100 | 100 | Manufacturing and distribution of sterile surgical gloves |
| Cytotec (M) Sdn. Bhd.## | Malaysia | 100 | 100 | Generation and supply of energy and electricity using biomass technology |

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18. Investment in subsidiaries (cont'd)

| Name | Country of incorporation/ principal place of business | Proportion of ownership interest (%) | | Principal activities |
|---|---|---|------|---|
| | | 2023 | 2022 | |
| Held through Aspion Sdn. Bhd. (cont'd): | | | | |
| Purnabina Sdn. Bhd.*^^ | Malaysia | 97.2 | 97.2 | Manufacturing and distribution of medical gloves |
| Sentienx Sdn. Bhd.* | Malaysia | 100 | 100 | Manufacturing and distribution of medical gloves and synthetic latex |
| Terang Nusa Sdn. Bhd.## | Malaysia | 100 | 100 | Dormant |
| Ulma International GmbH @ | Germany | 51 | 100 | Distribution of medical gloves and other hospital related products |
| Suizze Health Ltd# | Hong Kong/ Malaysia | 100 | 100 | Investment holding |
| Held through GMP Medicare Sdn. Bhd.: | | | | |
| TG Ecommerce Sdn. Bhd.# | Malaysia | 100 | 100 | E-commerce activities for glove trading and other healthcare products |
| Held through Suizze Health Ltd: | | | | |
| Kevenoll Do Brasil Produtos Medicos Hospitalares LTDA#^^^ | Brazil | 100 | 100 | Distribution of medical products and medical devices |
| Held through Top Glove Properties Sdn. Bhd.: | | | | |
| Healthy Hostel Sdn. Bhd.# | Malaysia | 100 | 100 | Provision of accommodation services |

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18. Investment in subsidiaries (cont'd)

* Audited by Ernst & Young PLT

Audited by firms other than Ernst & Young PLT

Audited by Ernst & Young PLT for the financial year ended 31 August 2022, and audited by firms other than Ernst & Young PLT since the financial year ended 31 August 2023

@ Statutory audit is not required under local regulations

^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

| | 2023 | 2022 |
|---------------------------|-------------|-------------|
| (i) Top Glove Sdn. Bhd. | 61.5% | 61.5% |
| (ii) TG Medical Sdn. Bhd. | 38.5% | 38.5% |

^^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

| | 2023 | 2022 |
|------------------------------------|-------------|-------------|
| (i) Best Advance Resources Limited | 99.9% | 99.9% |
| (ii) Green Resources Limited | 0.1% | 0.1% |

^^^ The total equity interests held by the Group is 97.2% and it is held by the following subsidiaries:

| | 2023 | 2022 |
|---------------------------------------|-------------|-------------|
| (i) Aspion Sdn. Bhd. | 95.2% | 95.2% |
| (ii) Terang Nusa (Malaysia) Sdn. Bhd. | 2.0% | 2.0% |

^^^^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

| | 2023 | 2022 |
|------------------------|-------------|-------------|
| (i) Aspion Sdn. Bhd. | 0.1% | 0.1% |
| (ii) Suizze Health Ltd | 99.9% | 99.9% |

Ω The total equity interests held by the Group is 57% and it is held by the following subsidiary:

| | 2023 | 2022 |
|----------------------------|-------------|-------------|
| PT. Agro Pratama Sejahtera | 60.0% | 60.0% |

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18. Investment in subsidiaries (cont'd)

Changes in group structure

(a) Incorporation of Top Protect UK Ltd. (“Top Protect UK”)

On 9 August 2023, the Company, through its wholly-owned subsidiary, Top Glove Sdn. Bhd., incorporated Top Protect UK in United Kingdom under the Companies Act 2006 with an issued and paid up capital of GBP10.00 comprising 10 ordinary share. Top Glove Sdn. Bhd. owns the entire issued and paid-up share capital of Top Protect UK upon which, Top Protect UK has become a wholly-owned subsidiary of Top Glove Sdn. Bhd.

(b) Accretion of equity interest in TG Raytech Sdn. Bhd. (“TG Raytech”)

On 27 February 2023, TG Raytech issued 10,300,000 ordinary shares, which were fully subscribed by TG Medical Sdn. Bhd. for a cash consideration of RM10,300,000, increasing TG Medical Sdn. Bhd.'s equity interest in TG Raytech from 99.2% to 99.3%. Subsequently on 11 August 2023, TG Raytech issued 7,875,000 ordinary shares, which were fully subscribed by TG Medical Sdn. Bhd. for a cash consideration of RM7,875,000, increasing TG Medical Sdn. Bhd.'s equity interest in TG Raytech from 99.3% to 99.4%. The accretion of equity interest is not expected to have material effects on the financial position of the Group.

(c) Deregistration of TG Medical (Putian) Co. Ltd. (“TG Medical (Putian)”)

On 20 September 2023, the Company through its wholly-owned subsidiary, Great Glove (Xinghua) Co. Ltd. received approval from State Administration for Industry and Commerce of the People's Republic of China to deregister its wholly-owned subsidiary, TG Medical (Putian). Upon deregistration, TG Medical (Putian) ceased to be subsidiary of the Company at the end of the financial year.

(d) Partial disposal of equity interest in Ulma International GmbH (“Ulma”)

On 25 November 2022, the Company through its wholly-owned subsidiary, Aspion Sdn. Bhd. disposed of 12,250 out of 25,000 ordinary shares in Ulma with a consideration of RM3,046,000, decreasing Aspion Sdn. Bhd.'s equity interest in Ulma from 100% to 51%.

(e) Non-controlling interests

Summarised financial information for non-controlling interests has not been disclosed as the carrying amount of the non-controlling interests in the consolidated statements of financial position is immaterial to the Group.

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19. Investment in an associate

| | Group | |
|------------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Unquoted shares at cost | 12,204 | 12,204 |
| Share of post-acquisition reserves | (8,625) | (2,845) |
| | <u>3,579</u> | <u>9,359</u> |

Details of the associate are as follows:

| Name | Country of incorporation/ principal place of business | Proportion of ownership interest (%) | | Principal activity |
|--|--|---|------|--------------------|
| | | 2023 | 2022 | |
| Held through Top Glove Sdn. Bhd.: | | | | |
| Value Add Sdn. Bhd.# | Malaysia | 27 | 27 | Investment holding |

Audited by a firm other than Ernst & Young PLT

The financial year end of the above associate is non-coterminous with the Group. For the purpose of applying the equity method of accounting, the latest available financial information has been used and appropriate adjustments have been made for the effects of significant transactions between the dates of the latest available financial information and financial years ended 31 August 2023 and 2022.

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19. Investment in an associate (cont'd)

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

| | Group | |
|-------------------------------|------------------|------------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Assets and liabilities | | |
| Non-current assets | 255,013 | 250,015 |
| Current assets | 1,732 | 4,780 |
| Total assets | <u>256,745</u> | <u>254,795</u> |
| Non-current liabilities | (13,686) | - |
| Current liabilities | (229,803) | (220,131) |
| Total liabilities | <u>(243,489)</u> | <u>(220,131)</u> |
| Net assets | <u>13,256</u> | <u>34,664</u> |
| Results | | |
| Revenue | 4,898 | 8,297 |
| Loss for the year | <u>(21,408)</u> | <u>(13,741)</u> |

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate:

| | Group | |
|---|-----------------|-----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Net assets of the associate as at 1 September 2022/2021 | 34,664 | 48,405 |
| Loss for the year | <u>(21,408)</u> | <u>(13,741)</u> |
| Net assets of the associate as at 31 August | <u>13,256</u> | <u>34,664</u> |
| Group's share of net assets | <u>3,579</u> | <u>9,359</u> |

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20. Deferred tax liabilities/(assets)

Deferred income tax as at 31 August 2023 and 2022 relates to the following:

| Group | <i>Deferred tax liabilities</i> | | <i>Deferred tax assets</i> | | Total RM'000 |
|--|---|------------------|---|------------------|-----------------|
| | Property, plant and equipment, right-of-use assets and investment properties RM'000 | Others RM'000 | Unabsorbed export allowance, business losses, capital and reinvestment allowance RM'000 | Others RM'000 | |
| At 1 September 2021 | 246,602 | 9,903 | (18,161) | (64,217) | 174,127 |
| Recognised in profit or loss (Note 13) | 56,004 | (9,921) | (44,494) | 18,753 | 20,342 |
| Acquisition of subsidiary company | 100 | - | (131) | - | (31) |
| Exchange differences | 18 | 18 | - | (1,105) | (1,069) |
| At 31 August 2022/ 1 September 2022 | 302,724 | - | (62,786) | (46,569) | 193,369 |
| Recognised in profit or loss (Note 13) | (43,322) | - | (5,696) | 10,289 | (38,729) |
| Recognised in other comprehensive income | 976 | - | - | - | 976 |
| Exchange differences | 10 | - | - | (90) | (80) |
| At 31 August 2023 | 260,388 | - | (68,482) | (36,370) | 155,536 |

Presented after appropriate offsetting as follows:

| | Group | |
|--------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Deferred tax assets | (4,583) | (15,911) |
| Deferred tax liabilities | 160,119 | 209,280 |
| | 155,536 | 193,369 |

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20. Deferred tax liabilities/(assets) (cont'd)

Deferred tax assets have not been recognised by the Group in respect of the following items:

| | Group | |
|--|----------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Unutilised tax losses | 586,042 | 39,086 |
| Unabsorbed capital allowances | 8,922 | 2,935 |
| Other deductible temporary differences | 858 | 425 |
| | <u>595,822</u> | <u>42,446</u> |

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences applicable to foreign incorporated subsidiaries are pre-determined by and subject to the tax legislation of the respective countries.

The unabsorbed capital allowances and other deductible temporary differences of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to tax laws and guidelines issued by the tax authority enacted at the reporting date.

Tax losses for which the tax effects have not been recognised in the financial statements:

| | Group | |
|-------------------------------|----------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Expiring within 5 years | 96,550 | 14,078 |
| Expiring within 6 to 10 years | 446,839 | 503 |
| Indefinite | 42,653 | 24,505 |
| | <u>586,042</u> | <u>39,086</u> |

Deferred tax assets have not been recognised by the Group in respect of these items as it is not probable that taxable profits of its subsidiaries would be available against which deductible temporary differences could be utilised.

Effective from year of assessment 2019, unutilised tax losses is allowed to be carried forward for a maximum period of seven years. Pursuant to Finance Act 2021, the time limit to utilise business losses has been extended to a maximum of 10 consecutive years, which is deemed to have effect from the year of assessment 2019.

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21. Investment securities

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Current | | | | |
| <i>Money market funds (quoted in Malaysia)</i> | | | | |
| - Financial assets at fair value through profit or loss | 630,186 | 277,093 | 424,592 | 24,778 |
| <i>Debt securities (quoted outside Malaysia)</i> | | | | |
| - Financial assets at fair value through OCI | 32,864 | 34,366 | 32,864 | 34,366 |
| - Financial assets at fair value through profit or loss | - | 201,857 | - | 201,857 |
| | 32,864 | 236,223 | 32,864 | 236,223 |
| | 663,050 | 513,316 | 457,456 | 261,001 |
| Non-current | | | | |
| <i>Unquoted investments: Golf club membership</i> | | | | |
| - Financial assets at fair value through profit or loss | 392 | 392 | - | - |
| Total investment securities | 663,442 | 513,708 | 457,456 | 261,001 |

22. Intangible assets

| Group | Goodwill RM'000 | Customer | Patent RM'000 | Total RM'000 |
|---|--------------------|------------------------|------------------|-----------------|
| | | relationship RM'000 | | |
| Cost | | | | |
| At 1 September 2021 | 980,691 | 40,477 | 255 | 1,021,423 |
| Additions | - | - | 268 | 268 |
| At 31 August 2022/1 September 2022 | 980,691 | 40,477 | 523 | 1,021,691 |
| Additions | - | - | 445 | 445 |
| At 31 August 2023 | 980,691 | 40,477 | 968 | 1,022,136 |

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22. Intangible assets (cont'd)

| Group | Goodwill RM'000 | Customer | Patent RM'000 | Total RM'000 |
|---|--------------------|------------------------|------------------|-----------------|
| | | relationship RM'000 | | |
| Accumulated amortisation | | | | |
| At 1 September 2021 | - | 12,573 | 55 | 12,628 |
| Amortisation during the year (Note 11) | - | 3,680 | 58 | 3,738 |
| At 31 August 2022/1 September 2022 | - | 16,253 | 113 | 16,366 |
| Amortisation during the year (Note 11) | - | 3,680 | 72 | 3,752 |
| At 31 August 2023 | - | 19,933 | 185 | 20,118 |
| Accumulated impairment | | | | |
| At 1 September 2021/31 August 2022/ 1 September 2022 | - | - | - | - |
| Impairment during the year (Note 11) | 137,553 | - | - | 137,553 |
| At 31 August 2023 | 137,553 | - | - | 137,553 |
| Net carrying amount | | | | |
| At 31 August 2022 | 980,691 | 24,224 | 410 | 1,005,325 |
| At 31 August 2023 | 843,138 | 20,544 | 783 | 864,465 |

Goodwill has been allocated to CGUs identified as follows, which are also the subsidiaries of the Company:

| | Group | |
|---------------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Aspion Sdn. Bhd. | 796,401 | 933,954 |
| Eastern Press Sdn. Bhd. | 21,597 | 21,597 |
| B Tech Industry Co. Ltd. | 14,789 | 14,789 |
| GMP Medicare Sdn. Bhd. | 5,070 | 5,070 |
| Top Glove Medical (Thailand) Co. Ltd. | 2,946 | 2,946 |
| Duramedical Sdn. Bhd. | 2,335 | 2,335 |
| | 843,138 | 980,691 |

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22. Intangible assets (cont'd)

During the financial year, the goodwill and customer relationship of the Group were tested for impairment due to impairment indicators resulted by drop in demand for gloves and decrease in average selling price of gloves. Management had undertaken an assessment of the recoverable amount of the CGUs.

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and customer relationship:

- (i) Growth rate for the 5-year projection is determined based on the management's estimate on the industry trends and past performances of the segments, thereafter terminal growth rate including maintainable capital expenditure is assumed to be 1% (2022: 1%).
- (ii) An average pre-tax discount rate of 16.9% (2022: 14.1%) was applied in determining the recoverable amount of the unit. The discount rates used to discount the future cash flows reflect the specific risks relating to the CGU.
- (iii) Budgeted profit margin is determined based on the management's estimate on the industry trends for the average selling price of gloves and the production utilisation rate.

The abovementioned impairment testing did not give rise to impairment losses of goodwill and customer relationship, other than the goodwill of Aspion Sdn. Bhd. as disclosed below.

The recoverable amount of Aspion Sdn. Bhd. CGU of RM1,425,812,000 as at 31 August 2023 has been determined based on value-in-use calculations. As a result of this assessment, management has recognised an impairment charge of RM137,553,000 in the current year against goodwill with a carrying amount of RM933,954,000 as at 31 August 2022.

The Group is of the opinion that any reasonably possible change in the above key assumptions would not materially cause the recoverable amount of the CGUs to be lower than its carrying amount, other than the goodwill of Aspion Sdn. Bhd. as disclosed below.

Sensitivity to changes in key assumptions

An increase of 0.5% in the discount rate used would have decreased the value-in-use of Aspion Sdn. Bhd. by RM70,184,000.

Customer relationship

The cost of customer relationship with estimated economic definite useful life is amortised over a period of 11 years, with remaining amortisation period of 5 years (2022: 6 years).

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22. Intangible assets (cont'd)

Patent

The cost of patent with estimated economic definite useful life is amortised over a period ranging from 5 to 20 years (2022: 8 to 20 years), with remaining amortisation period ranging from 4 to 17 years (2022: 5 to 17 years).

23. Inventories

| | Group | |
|-----------------------------|----------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Cost | | |
| Raw materials | 60,177 | 98,808 |
| Consumables and hardware | 1,892 | 2,944 |
| Work-in-progress | 38,816 | 76,069 |
| Finished goods | 116,678 | 208,208 |
| | <u>217,563</u> | <u>386,029</u> |
| Net realisable value | | |
| Raw materials | 1,988 | 859 |
| Work-in-progress | 21,316 | 25,999 |
| Finished goods | 60,629 | 162,375 |
| | <u>83,933</u> | <u>189,233</u> |
| | <u>301,496</u> | <u>575,262</u> |

During the year, the amount of inventories recognised as an expense of the Group amounted to RM2,193 million (2022: RM4,619 million).

24. Trade and other receivables

| | Group | |
|--|----------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Trade receivables | | |
| Third parties | 170,382 | 232,854 |
| Less: Allowance for expected credit loss | (3,350) | (1,720) |
| Trade receivables, net | <u>167,032</u> | <u>231,134</u> |
| Other receivables | | |
| Sundry receivables | 13,860 | 20,903 |
| Refundable deposits | 1,730 | 6,754 |
| | <u>15,590</u> | <u>27,657</u> |
| Total trade and other receivables | <u>182,622</u> | <u>258,791</u> |

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24. Trade and other receivables (cont'd)

| | Group | |
|---------------------------------------|----------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Total trade and other receivables | 182,622 | 258,791 |
| Add: Cash and bank balances (Note 27) | 285,416 | 437,597 |
| Financial assets at amortised cost | <u>468,038</u> | <u>696,388</u> |
| | | |
| | Company | |
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Other receivables | | |
| Amounts due from subsidiaries | 9,504 | 31,693 |
| Sundry receivables | 103 | 2,229 |
| Total other receivables | <u>9,607</u> | <u>33,922</u> |
| | | |
| Total other receivables | 9,607 | 33,922 |
| Add: Cash and bank balances (Note 27) | 484 | 3,513 |
| Financial assets at amortised cost | <u>10,091</u> | <u>37,435</u> |

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

An ageing analysis of the trade receivables as at 31 August 2023 and 2022, based on the invoice date and net of loss allowance, is as follows:

| | Group | |
|--------------------|----------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| 1 to 30 days | 87,611 | 112,013 |
| 31 to 60 days | 42,330 | 72,946 |
| 61 to 90 days | 14,725 | 24,504 |
| 91 to 120 days | 2,984 | 1,606 |
| More than 121 days | 19,382 | 20,065 |
| | <u>167,032</u> | <u>231,134</u> |

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24. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

The ageing analysis by due date of the Group's trade receivables is as follows:

| | Group | |
|--|----------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Neither past due nor impaired | 133,816 | 181,067 |
| 1 to 30 days past due not impaired | 12,505 | 26,391 |
| 31 to 60 days past due not impaired | 1,959 | 3,675 |
| 61 to 90 days past due not impaired | 14 | 1,101 |
| 91 to 120 days past due not impaired | 25 | 365 |
| More than 121 days past due not impaired | 18,713 | 18,535 |
| | 33,216 | 50,067 |
| Impaired | 3,350 | 1,720 |
| | <u>170,382</u> | <u>232,854</u> |

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records and are mostly regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM33,216,000 (2022: RM50,067,000) that are past due at the reporting date but not impaired. These balances mainly relate to customers who have never defaulted on payments but are slow paymasters and hence, are periodically monitored.

Receivables that are impaired

Receivables that are determined to be impaired at the reporting date when one or more events that have a detrimental impact on the estimated cash flow have occurred. These instances include adverse changes in the financial capability of the debtors and default or significant delays on payments. These receivables are not secured by any collateral or credit enhancements.

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24. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Allowance for expected credit loss

For receivables that are individually determined to be credit impaired at the reporting date, individual lifetime expected credit loss is recognised.

For receivables that are not individually credit impaired, the Group uses the provision matrix method to measure lifetime expected credit loss where the receivables are grouped based on shared credit risk characteristics and days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group assessed that the amount of the allowance on these balances is insignificant.

| | Group | |
|--|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Trade receivables-nominal amounts | 3,350 | 1,720 |
| Less: Allowance for expected credit loss | (3,350) | (1,720) |
| | <u>-</u> | <u>-</u> |

Movements in the allowance accounts:

| | Group | |
|---|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At 1 September 2022/2021 | 1,720 | 1,189 |
| Written off | (1,407) | - |
| Net additional allowance for expected credit loss during the year | 2,976 | 456 |
| Exchange differences | 61 | 75 |
| At 31 August | <u>3,350</u> | <u>1,720</u> |

(b) Related party balances

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand except for an amount of RM5,326,000 (2022: RM2,361,000) which bears interest ranging from 3.42% to 4.34% (2022: 2.60% to 3.18%) per annum.

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25. Other current assets

| | Group | |
|--|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Prepaid operating expenses | 34,673 | 32,603 |
| Goods and service tax refundable | 21,549 | 24,230 |
| Advances to suppliers for raw materials | 569 | 4,678 |
| Advances to suppliers for purchase of property, plant and equipment | 28,464 | 34,550 |
| | <u>85,255</u> | <u>96,061</u> |

26. Derivative financial instruments

| | Group | | | |
|------------------------------------|---|------------------------------|---|------------------------------|
| | 2023 | | 2022 | |
| | Contract/ Notional amount RM'000 | Fair value RM'000 | Contract/ Notional amount RM'000 | Fair value RM'000 |
| Forward currency contracts | | | | |
| - Derivative financial assets | - | - | 2,245 | 3 |
| - Derivative financial liabilities | 68,882 | (507) | 4,864 | (69) |

The Group uses forward currency contracts to hedge the Group's trade receivables and sales denominated in United States Dollars ("USD") extended to October 2023. Such derivatives do not qualify for hedge accounting.

During the financial year, the Group recognised a loss of RM437,000 (2022: RM2,247,000) in profit or loss arising from changes in the fair value of the forward currency contracts.

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27. Cash and bank balances

| | Group | | Company | |
|---|----------------|----------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash on hand and at banks | 279,773 | 323,980 | 484 | 3,513 |
| Deposits with licensed banks and other financial institutions | 5,643 | 113,617 | - | - |
| Cash and bank balances | <u>285,416</u> | <u>437,597</u> | <u>484</u> | <u>3,513</u> |
| Less: | | | | |
| Deposits pledged with banks with maturity of more than 3 months | (5,401) | (4,160) | - | - |
| Cash and cash equivalents | <u>280,015</u> | <u>433,437</u> | <u>484</u> | <u>3,513</u> |

Deposits with licensed banks and other financial institutions of the Group amounting to RM5,401,000 (2022: RM4,160,000) are pledged to banks for credit facilities granted to the Group.

The weighted average effective interest rates and maturity days of deposits with licensed banks and other financial institutions at the reporting date were as follows:

| | Group | |
|---|---------------|---------------|
| | 2023 | 2022 |
| Weighted average effective interest rates | 0.80% | 1.83% |
| Maturity days | 1 to 341 days | 1 to 340 days |

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28. Assets held for sale

| | Property, plant and equipment RM'000 |
|---|---|
| At 1 September 2021/31 August 2022/ 1 September 2022 | - |
| Transfer from property, plant and equipment (Note 15) | 165,057 |
| Impairment (Note 11) | (5,073) |
| At 31 August 2023 | <u>159,984</u> |

Details of assets held for sale are as below:

- (a) On 16 June 2023, the Group through its wholly owned subsidiary, Top Glove Sdn. Bhd. entered into a Sales Purchase Agreement ("SPA") with Samanea Logistic Property Sdn. Bhd. to sell freehold land with the associated plant and equipment under Lot 23552 of approximately 117,230 square feet of which the condition precedents have yet to be satisfied as at 31 August 2023.
- (b) The Group through its wholly owned subsidiary, Top Glove Sdn. Bhd. is in the progress of drafting the SPA for the following:
- (i) The sales of freehold double storey terrace with other associated assets under Lot 31151 of approximately 139 square metres to an individual third party purchaser.
 - (ii) The sales of freehold land under Lot 97155 of approximately 13 hectares to Linx Development Sdn. Bhd..
 - (iii) The sales of two freehold land with the associated plant and equipment under Lot 106215 and Lot 6495 of approximately 881,491 square feet to H&A Holdings Sdn. Bhd. and HML Development Sdn. Bhd. respectively.
 - (iv) The sales of freehold double storey terrace under Lot 307 of approximately 109 square metres to an individual third party purchaser.
- (c) The Group through its wholly owned subsidiary, Top Quality Glove Sdn. Bhd. is in the progress of drafting SPA for the following:
- (i) The sales of freehold land under Lot 13 of approximately 6 hectares to Dynamite Empire Sdn. Bhd..
 - (ii) The sales of freehold land under Lot 5057 of approximately 3 acres to Semangat Deligasi Sdn. Bhd..

The completion of the sales above are expected to carry out within a year. As such, the said plots of land, buildings and plant and equipment are classified as current assets held for sale in the current financial year.

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29. Loans and borrowings

| | Maturity | Group | |
|--|-----------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 |
| Current | | | |
| <i>Unsecured:</i> | | | |
| <u>Fixed Rate</u> | | | |
| RM Term loan | 2023 | - | 938 |
| <u>Floating Rate</u> | | | |
| USD Revolving credit | 2023 | - | 8,516 |
| EUR Revolving credit | 2024/2023 | 180,111 | 163,552 |
| JPY Revolving credit | 2024/2023 | 331,920 | 75,747 |
| VND Revolving credit | 2023 | - | 4,584 |
| EUR Term loan | 2024/2023 | 28,325 | 25,188 |
| USD Term loan | 2023 | - | 27,597 |
| | | <u>540,356</u> | <u>305,184</u> |
| Total current loans and borrowings | | <u>540,356</u> | <u>306,122</u> |
| Non-current | | | |
| <i>Unsecured:</i> | | | |
| <u>Floating Rate</u> | | | |
| EUR Term loan | 2025 | 14,149 | 37,770 |
| USD Term loan | 2025 | - | 55,194 |
| Total non-current loans and borrowings | | <u>14,149</u> | <u>92,964</u> |
| Total loans and borrowings | | <u>554,505</u> | <u>399,086</u> |

The range of interest rates at the reporting date for borrowings are as follows:

| | 2023 | 2022 |
|----------------------|--------------|--------------|
| <u>Fixed Rate</u> | | |
| Term loan | Nil | 4.4% |
| <u>Floating Rate</u> | | |
| Revolving credit | 0.4% to 4.1% | 0.4% to 5.1% |
| Term loan | 1.5% to 5.3% | 0.9% to 3.4% |

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30. Trade and other payables

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Trade payables | 76,118 | 180,142 | - | - |
| Other payables | | | | |
| Accrued operating expenses | 86,321 | 151,847 | 1,624 | 6,096 |
| Sundry payables | 102,822 | 127,368 | 2 | - |
| | 189,143 | 279,215 | 1,626 | 6,096 |
| Total trade and other payables | 265,261 | 459,357 | 1,626 | 6,096 |
| Total trade and other payables | 265,261 | 459,357 | 1,626 | 6,096 |
| Add: Loans and borrowings (Note 29) | 554,505 | 399,086 | - | - |
| Lease liabilities (Note 32) | 27,340 | 17,982 | 214 | 291 |
| Total financial liabilities carried at amortised cost | 847,106 | 876,425 | 1,840 | 6,387 |

(a) Trade payables

These amounts are non-interest bearing. The normal trade credit term granted to the Group ranges from 30 to 90 days (2022: 30 to 90 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2022: 30 to 90 days).

31. Contract liabilities

Contract liabilities represent advance payments received from customers. These advances are refundable to the customers shall the customers choose to cancel their orders.

The movement of contract liabilities is as follows:

| | Group | |
|---|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| At 1 September 2022/2021 | 216,565 | 737,627 |
| Revenue recognised during the year | (693,890) | (2,218,199) |
| Advance payments received during the year | 579,971 | 1,698,107 |
| Exchange differences | 349 | (970) |
| At 31 August | 102,995 | 216,565 |

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32. Lease liabilities

Group as a lessee

The Group and the Company have lease contracts for land, buildings, motor vehicles and equipment with lease terms between 2 to 47 years and include extension options.

The Group and the Company also have certain leases of hostels, photocopiers and ATM with lease terms of 12 months or less or of low value. The Group and the Company apply the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| At 1 September 2022/2021 | 17,982 | 23,669 | 291 | 366 |
| Additions | 11,284 | 1,339 | - | - |
| Accretion of interest | 959 | 836 | 11 | 13 |
| Payments | (3,465) | (5,740) | (88) | (88) |
| Adjustment due to lease modification | 102 | (1,572) | - | - |
| Termination | (620) | - | - | - |
| Exchange differences | 1,098 | (550) | - | - |
| At 31 August | 27,340 | 17,982 | 214 | 291 |
| Analysed into: | | | | |
| Repayable within 12 months | 1,710 | 2,610 | 80 | 77 |
| Repayable after 12 months | 25,630 | 15,372 | 134 | 214 |
| | 27,340 | 17,982 | 214 | 291 |

The maturity analysis of lease liabilities for the financial years ended 31 August 2023 and 2022 is disclosed in Note 43(c).

The amounts recognised in profit or loss in relation to leases are as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Depreciation of right-of-use assets (Note 11 and Note 16) | 6,663 | 9,330 | 78 | 77 |
| Interest expense on lease liabilities | 959 | 836 | 11 | 13 |
| Gain on lease modifications (Note 10) | (20) | (54) | - | - |
| Gain on lease termination (Note 10) | (40) | - | - | - |
| Expenses related to short-term, low-value and variable leases | 5,406 | 8,862 | - | - |
| Total amount recognised in profit or loss | 12,968 | 18,974 | 89 | 90 |

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32. Lease liabilities (cont'd)

The Group and the Company had total cash outflows for leases amounting to RM8,871,000 and RM88,000 respectively for the financial year ended 31 August 2023 (2022: RM14,602,000 and RM88,000 respectively).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

33. Share capital

| | Group and Company | | | |
|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | <-----2023-----> | | <-----2022-----> | |
| | Number of shares '000 | Monetary value RM'000 | Number of shares '000 | Monetary value RM'000 |
| Issued and fully paid | | | | |
| At 1 September 2022/2021 | 8,207,105 | 1,842,189 | 8,206,864 | 1,841,654 |
| Exercise of ESOS (Note 38(i)) | 820 | 813 | 241 | 498 |
| Transfer from share option reserve | - | 270 | - | 39 |
| Transaction cost | - | (1) | - | (2) |
| At 31 August | <u>8,207,925</u> | <u>1,843,271</u> | <u>8,207,105</u> | <u>1,842,189</u> |

During the financial year, the Company increased its issued and paid-up ordinary share capital by way of issuance of 819,600 (2022: 241,200) ordinary shares pursuant to the Company's ESOS at an exercise price between RM0.89 to RM0.99 (2022: between RM1.54 to RM3.86) per ordinary share.

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

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34. Treasury shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in the annual general meeting held on 6 January 2023, renewed their approval for the Company's plan to repurchase its own shares.

In the previous financial year, the Company transferred 149,500 treasury shares to eligible employees and an executive director under the ESGP at an average market price of RM0.994 per share. The total transferred treasury shares net of transaction costs were RM148,000. The difference between the transferred treasury shares and the cost of the treasury shares which amounted to RM856,000 was recognised in equity.

Of the total 8,207,925,000 (2022: 8,207,105,200) issued and fully paid ordinary shares as at 31 August 2023, 199,764,300 (2022: 199,764,300) are held as treasury shares by the Company. As at 31 August 2023, the number of outstanding ordinary shares in issue and fully paid is therefore 8,008,160,700 (2022: 8,007,340,900) ordinary shares.

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35. Other reserves

| | Foreign exchange reserve RM'000 | Legal reserve RM'000 | Share option reserve RM'000 | Revaluation reserve RM'000 | Fair value adjustment reserve RM'000 | Other reserves RM'000 | Total RM'000 |
|--|--|----------------------------|--------------------------------------|----------------------------------|---|-----------------------------|-----------------|
| Group | | | | | | | |
| At 1 September 2021 | 24,928 | 27,569 | 34,596 | - | 1,844 | 12,726 | 101,663 |
| Other comprehensive loss | (14,098) | - | - | - | (12,901) | - | (26,999) |
| Share options granted under ESOS | - | - | 36,200 | - | - | - | 36,200 |
| Transfer from share option reserve | - | - | (4,789) | - | - | - | (4,789) |
| Transfer from retained earnings | - | - | - | - | - | 1,558 | 1,558 |
| At 31 August 2022/1 September 2022 | 10,830 | 27,569 | 66,007 | - | (11,057) | 14,284 | 107,633 |
| Other comprehensive income/(loss) | 51,217 | - | - | 8,785 | (3,279) | - | 56,723 |
| Share options granted under ESOS | - | - | 2,639 | - | - | - | 2,639 |
| Transfer from share option reserve | - | - | (16,784) | - | - | - | (16,784) |
| Transfer to retained earnings | - | - | - | - | - | (941) | (941) |
| Changes in ownership interest in subsidiaries | 34 | - | - | - | - | - | 34 |
| At 31 August 2023 | 62,081 | 27,569 | 51,862 | 8,785 | (14,336) | 13,343 | 149,304 |

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35. Other reserves (cont'd)

| Company | Share option reserve RM'000 | Fair value adjustment reserve RM'000 | Total RM'000 |
|---|--|---|-------------------------|
| At 1 September 2021 | 34,596 | 144 | 34,740 |
| Other comprehensive loss | - | (11,201) | (11,201) |
| Share options granted under ESOS | 36,200 | - | 36,200 |
| Transfer from share option reserve | (4,789) | - | (4,789) |
| At 31 August 2022/1 September 2022 | <u>66,007</u> | <u>(11,057)</u> | <u>54,950</u> |
| Other comprehensive loss | - | (3,279) | (3,279) |
| Share options granted under ESOS | 2,639 | - | 2,639 |
| Transfer from share option reserve | (16,784) | - | (16,784) |
| At 31 August 2023 | <u>51,862</u> | <u>(14,336)</u> | <u>37,526</u> |

(a) Foreign exchange reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Legal reserve

This represents a general reserve provided for in respect of subsidiaries incorporated in the People's Republic of China and Thailand.

Under the Wholly Foreign Owned Enterprise ("WFOE") Law in the People's Republic of China, at least 10% of the net profit after taxation in each financial year must be credited to this reserve, until it reaches 50% of the registered paid up capital of the subsidiary.

Under the Civil and Commercial Code in Thailand, a company is required to set aside a statutory reserve equal to at least 5% of its net profit each time when the company pays out a dividend, until it reaches 10% of the registered share capital of the company.

(c) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

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35. Other reserves (cont'd)

(d) Fair value adjustment reserve

This represents fair value through OCI reserves, which also represents the cumulative fair value changes, net of tax, if applicable, of fair value through OCI financial assets until they are disposed of.

(e) Revaluation reserve

Revaluation reserve represents fair value adjustments relating to transfers of property, plant and equipment to investment properties in accordance to MFRS 116: Property, Plant and Equipment.

36. Perpetual Sukuk

| | Group | |
|-------------------------------------|------------------|------------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At 1 September 2022/2021 | 1,175,694 | 1,295,262 |
| Less: Redemption of Perpetual Sukuk | - | (119,568) |
| At 31 August | <u>1,175,694</u> | <u>1,175,694</u> |

On 22 January 2020, the Company's wholly-owned subsidiary, TG Excellence Berhad ("TGE") lodged the Perpetual Sukuk Programme with the Securities Commission Malaysia ("SC"). The Perpetual Sukuk Programme, under the Shariah principle of Wakalah Bi Al-Istithmar, is guaranteed by the Company via a subordinated guarantee. The Perpetual Sukuk Programme provides TGE with the flexibility to issue unsecured and subordinated perpetual sukuk from time to time, subject to the aggregate outstanding nominal amount not exceeding RM3.0 billion at any point in time.

On 27 February 2020, TGE completed the first issuance with a nominal value of RM1.3 billion under the Perpetual Sukuk Programme. The Perpetual Sukuk was issued with a tenure of perpetual non-callable 5 years with an initial periodic distribution rate of 3.95% per annum.

The proceeds raised from the issuance of the Perpetual Sukuk are allowed to be utilised by the Group to refinance the existing financing and debt obligations, repayment of intercompany borrowings, capital expenditure, working capital requirements and general corporate purposes. All utilisation of proceeds shall be Shariah-compliant.

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36. Perpetual Sukuk (cont'd)

Under the Perpetual Sukuk Programme, TGE may, at its sole discretion, redeem the Perpetual Sukuk pursuant to certain redemption events.

There are no events of default or dissolution events which will entitle the sukuk holders to declare any or all amounts under the Perpetual Sukuk Programme to be immediately due and payable, save for certain enforcement events, as described below.

The Perpetual Sukuk Programme has been accorded an indicative credit rating of AA-IS (cg) by Malaysian Rating Corporation Berhad.

The salient features of the Perpetual Sukuk are as follows:

- (a) The Perpetual Sukuk shall constitute direct, unsecured, unconditional and subordinated obligations of TGE and shall at all times rank (i) below all present and future creditors of TGE; (ii) pari passu with any instrument issued or guaranteed by TGE that ranks pari passu with the Perpetual Sukuk; and (iii) ahead of any class of TGE's share capital, including without limitation, any ordinary shares.
- (b) Being perpetual in nature, TGE has a call option to redeem the Perpetual Sukuk under the following circumstances:
 - (i) Optional redemption at the first call date of the Perpetual Sukuk and on each periodic distribution date of the expected distribution amount thereafter.
 - (ii) Accounting event - change in accounting standards resulting in Perpetual Sukuk no longer being recognised as an equity instrument.
 - (iii) Tax event - if the expected periodic distribution of the profit would not be fully tax deductible or TGE become obligated to pay additional tax due to changes in tax laws or regulations.
 - (iv) Rating event - change in rating methodology by the rating agency that results in a lower equity credit for the relevant tranche of the Perpetual Sukuk.
- (c) The initial periodic distribution rate is 3.95% per annum, subject to reset every 5 years at the prevailing 5-year Malaysian Government Securities rate, initial credit spread of 1.209% and stepped up margin of 1.000%.
- (d) The periodic distribution amount is payable five years from the issue date of the respective tranche and every five years thereafter.

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36. Perpetual Sukuk (cont'd)

The salient features of the Perpetual Sukuk are as follows (cont'd):

- (e) TGE may, at its sole discretion, opt to (i) defer the periodic distribution or (ii) further defer any outstanding arrears of deferred periodic distribution, provided that it has not during the last six months declared or paid any dividend or payment or other distributions in respect of or redeem or repurchase its ordinary shares or any other securities of TGE ranking junior to or pari passu with the Perpetual Sukuk. The deferred periodic distribution, if any, will be cumulative and will not earn additional profits (i.e. there will be no compounding of the periodic distribution being deferred). There is no limit as to the number of times the expected periodic amount and the arrears of deferred periodic distribution can be deferred.
- (f) Notwithstanding the optional deferral stipulated in (e) above, all outstanding arrears of deferred periodic distribution shall be due and payable within fifteen days from the date TGE declared or paid any dividend or payment or other distributions in respect of or redeem or repurchase its ordinary shares or any other securities of TGE ranking junior to or pari passu with the Perpetual Sukuk.

In the previous financial year, TGE has exercised optional redemption to redeem an aggregate RM119,568,000 nominal value of Perpetual Sukuk. As at 31 August 2023, the outstanding nominal value of Perpetual Sukuk was RM1,175,694,000.

37. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 August 2023 and 2022 under the single tier system.

38. Share based payments

(i) ESOS

The Company's ESOS is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 9 January 2018 and became effective on 2 August 2018.

The main features of the ESOS are as follows:

- (a) The ESOS shall be in force for a period of ten years from the date of the receipt of the last of the requisite approvals.
- (b) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.

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38. Share based payments (cont'd)

(i) ESOS (cont'd)

The main features of the ESOS are as follows (cont'd):

- (c) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued and paid up share capital of the Company at any point of time during the tenure of the ESOS.
- (d) The option price for each share shall be the 5-days weighted average market price of the underlying shares before the ESOS Options are granted, with either a premium or a discount of not more than ten percent (10%).
- (e) No option shall be granted for less than 100 shares to any eligible employee.
- (f) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the vest date but before the expiry on 31 May 2028.
- (g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (h) No eligible person shall participate at any time in more than one share option scheme implemented by any company within the Group unless otherwise approved by the Options Committee.
- (i) The options shall not carry any right to vote at a general meeting of the Company.

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38. Share based payments (cont'd)

(i) ESOS (cont'd)

The terms of share options outstanding as at end of the financial year are as follows:

| Grant date | Expiry date | Exercise price RM | <----- Number of share options over the ordinary shares -----> | | | | As at 31.8.2023 '000 |
|------------------|-------------|----------------------|--|-----------------|-------------------|-------------------|----------------------------|
| | | | As at 1.9.2022 '000 | Granted '000 | Exercised '000 | Lapsed '000 | |
| 2023 | | | | | | | |
| 2 August 2018 | 31 May 2028 | 1.69 | 1,139.5 | - | - | (92.9) | 1,046.6 |
| 1 February 2019 | 31 May 2028 | 1.63 | 1,801.4 | - | - | - | 1,801.4 |
| 18 February 2019 | 31 May 2028 | 1.63 | 336.5 | - | - | (66.3) | 270.2 |
| 30 July 2019 | 31 May 2028 | 1.54 | 1,500.3 | - | - | (138.9) | 1,361.4 |
| 20 January 2020 | 31 May 2028 | 1.57 | 970.5 | - | - | (38.0) | 932.5 |
| 20 May 2020 | 31 May 2028 | 3.30 | 3,019.6 | - | - | (576.5) | 2,443.1 |
| 1 June 2020 | 31 May 2028 | 4.25 | 69.7 | - | - | (28.5) | 41.2 |
| 31 January 2021 | 31 May 2028 | 6.55 | 53,143.2 | - | - | (12,979.5) | 40,163.7 |
| 6 August 2021 | 31 May 2028 | 3.86 | 17,038.4 | - | - | (3,668.3) | 13,370.1 |
| 27 January 2022 | 31 May 2028 | 2.12 | 10,463.9 | - | - | (1,366.4) | 9,097.5 |
| 29 July 2022 | 31 May 2028 | 0.99 | 87,790.7 | - | (801.0) | (26,100.9) | 60,888.8 |
| 31 January 2023 | 31 May 2028 | 0.89 | - | 1,398.8 | (18.6) | (8.5) | 1,371.7 |
| 31 July 2023 | 31 May 2028 | 0.88 | - | 5,816.2 | - | (76.7) | 5,739.5 |
| | | | <u>177,273.7</u> | <u>7,215.0</u> | <u>(819.6)</u> | <u>(45,141.4)</u> | <u>138,527.7</u> |

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38. Share based payments (cont'd)

(i) ESOS (cont'd)

The terms of share options outstanding as at end of the financial year are as follows (cont'd):

| Grant Date | Expiry Date | Exercise Price RM | <----- Number of share options over the ordinary shares -----> | | | | As at 31.8.2022 '000 |
|------------------|-------------|-------------------|--|-----------------|----------------|-------------------|----------------------|
| | | | As at 1.9.2021 '000 | Granted '000 | Exercised '000 | Lapsed '000 | |
| 2022 | | | | | | | |
| 2 August 2018 | 31 May 2028 | 1.69 | 1,180.0 | - | (29.7) | (10.8) | 1,139.5 |
| 1 February 2019 | 31 May 2028 | 1.63 | 1,813.4 | - | (12.0) | - | 1,801.4 |
| 18 February 2019 | 31 May 2028 | 1.63 | 362.0 | - | - | (25.5) | 336.5 |
| 30 July 2019 | 31 May 2028 | 1.54 | 1,568.6 | - | (55.7) | (12.6) | 1,500.3 |
| 20 January 2020 | 31 May 2028 | 1.57 | 1,060.8 | - | (90.3) | - | 970.5 |
| 20 May 2020 | 31 May 2028 | 3.30 | 3,354.5 | - | (10.6) | (324.3) | 3,019.6 |
| 1 June 2020 | 31 May 2028 | 4.25 | 77.2 | - | - | (7.5) | 69.7 |
| 31 January 2021 | 31 May 2028 | 6.55 | 61,950.3 | - | - | (8,807.1) | 53,143.2 |
| 6 August 2021 | 31 May 2028 | 3.86 | 19,024.5 | - | (42.9) | (1,943.2) | 17,038.4 |
| 27 January 2022 | 31 May 2028 | 2.12 | - | 10,615.9 | - | (152.0) | 10,463.9 |
| 29 July 2022 | 31 May 2028 | 0.99 | - | 88,829.6 | - | (1,038.9) | 87,790.7 |
| | | | <u>90,391.3</u> | <u>99,445.5</u> | <u>(241.2)</u> | <u>(12,321.9)</u> | <u>177,273.7</u> |

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38. Share based payments (cont'd)

(i) ESOS (cont'd)

Details of share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows:

| Exercise Date | Exercise price RM | Fair value of ordinary shares RM | Number of share options '000 | Considerations received RM'000 |
|------------------------------|------------------------------|---|---|---|
| 2023 | | | | |
| September 2022 - August 2023 | 0.99 | 0.59 - 1.22 | 801.0 | 796.2 |
| September 2022 - August 2023 | 0.89 | 0.59 - 1.22 | 18.6 | 16.6 |
| | | | <u>819.6</u> | <u>812.8</u> |
| 2022 | | | | |
| September 2021 - August 2022 | 1.69 | 0.80 - 3.92 | 29.7 | 50.2 |
| September 2021 - August 2022 | 1.63 | 0.80 - 3.92 | 12.0 | 19.6 |
| September 2021 - August 2022 | 1.54 | 0.80 - 3.92 | 55.7 | 85.8 |
| September 2021 - August 2022 | 1.57 | 0.80 - 3.92 | 90.3 | 141.8 |
| September 2021 - August 2022 | 3.30 | 0.80 - 3.92 | 10.6 | 35.0 |
| September 2021 - August 2022 | 3.86 | 0.80 - 3.92 | 42.9 | 165.6 |
| | | | <u>241.2</u> | <u>498.0</u> |

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38. Share based payments (cont'd)

(i) ESOS (cont'd)

Fair value of share options

The fair value of share options granted were estimated by using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are used as follows:

Fair value of share options at the following grant dates (RM):

| | |
|--------------------------------------|---------------|
| 27 January 2022 | 0.66 |
| 29 July 2022 | 0.33 |
| 31 January 2023 | 0.28 |
| 31 July 2023 | 0.39 |
| Weighted average share price (RM) | 0.83 - 2.08 |
| Weighted average exercise price (RM) | 0.88 - 2.12 |
| Expected volatility (%) | 30.33 - 42.07 |
| Expected life (years) | 4.84 - 6.35 |
| Risk free interest rate (%) | 3.48 - 3.80 |
| Expected dividend yield (%) | 0.00 - 1.23 |

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(ii) ESGP

The Company's ESGP is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 6 January 2016 and became effective on 12 January 2016 and is administered by the ESGP Committee.

Under the ESGP, eligible employees may be granted ESGP Awards comprising shares of the Company. The ESGP Awards, once accepted, will vest without any consideration payable, subject to vesting date(s) and/or vesting conditions as may be determined at the discretion of the ESGP Committee. The ESGP Committee may, at its discretion, decide that any vesting of the Company's shares comprised in an ESGP Award shall be satisfied through:

- (a) the issuance of new shares of the Company;
- (b) the transfer of existing shares of the Company;
- (c) settlement in cash; or
- (d) a combination of any of the above.

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38. Share based payments (cont'd)

(ii) ESGP (cont'd)

The main features of the ESGP are as follows:

- (a) The aggregate number of shares of the Company which may be awarded under the ESGP and any other schemes involving issuance of new shares of the Company to employees which are still subsisting shall not exceed 10% of the issued and paid-up share capital of the Company ("Plan Size").
- (b) Eligible persons are any employee or executive director of the Group (excluding dormant subsidiaries) who fulfills the eligibility criteria. The eligibility for participation in the ESGP shall be at the discretion of the ESGP Committee appointed by the Board of Directors.
- (c) The number of shares comprised in each ESGP Award shall be determined at the discretion of the ESGP Committee after taking into consideration, inter alia, the performance and seniority, years of service and potential for future development of the eligible employees and the employees' contribution to the Group as well as such other criteria as the ESGP Committee may deem relevant.
- (d) The aggregate number of shares that may be allocated to any one participant shall not exceed 10% of the total number of shares to be awarded under the ESGP and any other schemes involving issuance of new shares of the Company which may be implemented from time to time by the Company.
- (e) The aggregate maximum allocation to the directors and senior management of the Group (excluding dormant subsidiaries) shall not be more than 75% of the Company's shares awarded under the ESGP.
- (f) The ESGP shall be in force for a period of ten years from the effective date of implementation which is the date the last of the requisite approvals and/or conditions have been obtained and/or complied with.
- (g) The shares to be allotted and issued under the ESGP will, upon allotment and issue, rank pari passu in all respects with the existing shares of the Company, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions in respect of which the entitlement date is prior to the date of allotment and issuance of the new shares.

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39. Related party transactions

(a) Significant transactions with related parties

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms mutually agreed between the parties during the financial year:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Transactions with subsidiaries | | | | |
| Gross dividends | - | - | 200,200 | 191,153 |
| Management fees | - | - | 5,029 | 11,206 |
| Interest income | - | - | 789 | 2,083 |
| Transactions with company in which Directors of the Company and members of their family have interest | | | | |
| Purchase of equity interest of a company | - | 1,452 | - | - |

(b) Compensation of key management personnel

The remuneration of executive directors and other key management personnel during the financial year were as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Salaries and other emoluments | 10,856 | 15,124 | 3,022 | 4,701 |
| Pension costs - defined contribution plan | 944 | 1,366 | 363 | 544 |
| Social security contributions | 86 | 94 | 1 | 1 |
| Share options granted under ESOS | 178 | 2,753 | 90 | 1,452 |
| Shares granted under ESGP | - | 129 | - | - |
| Fees | 477 | 576 | 398 | 477 |
| Benefits-in-kind | 114 | 167 | 83 | 79 |
| | <u>12,655</u> | <u>20,209</u> | <u>3,957</u> | <u>7,254</u> |

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40. Commitments

(a) Capital commitments

| | Group | |
|---------------------------------------|----------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Property, plant and equipment: | | |
| Approved and contracted for | 278,954 | 576,308 |
| Approved but not contracted for | 207,518 | 103,244 |
| | <u>207,518</u> | <u>103,244</u> |

(b) Operating lease arrangements

Group as a lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties and certain property, plant and equipment portfolio. These leases have remaining non-cancellable lease terms between less than 1 year to 3 years (2022: less than 1 year to 3 years). Rental income earned from these investment properties and property, plant and equipment during the financial year is disclosed in Note 10.

The future minimum lease payments receivables under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

| | Group | |
|---------------------------------------|--------------|--------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Within one year | 4,081 | 2,086 |
| After one year but within two years | 2,624 | 1,215 |
| After two years but within five years | 1,264 | 597 |
| | <u>7,969</u> | <u>3,898</u> |

41. Contingent liability

The subsidiaries of the Group were involved in a trade dispute with certain customers. The customers had commenced International Chamber of Commerce Arbitration in Singapore against the subsidiaries of the Group claiming approximately RM43 million. The Group had filed for counterclaim of approximately RM62 million for overdue payments and late payment interest. The case is subject for the Arbitrator's decision to be issued to later than 31 January 2024.

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42. Fair values

(i) Determination of fair value of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

| | Note |
|-----------------------------|-------------|
| Trade and other receivables | 24 |
| Cash and bank balances | 27 |
| Loans and borrowings | 29 |
| Trade and other payables | 30 |
| Lease liabilities | 32 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Investment securities (current)

Fair value is determined directly by reference to their published market bid price at the reporting date.

Investment securities (non-current)

Fair value is determined based on directors' estimates using comparable market price of similar golf club memberships.

Derivative financial instruments

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

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42. Fair values (cont'd)

(i) Determination of fair value of financial instruments (cont'd)

Investment properties

The fair value of the investment properties is based on valuation by accredited independent qualified valuers as disclosed in Note 17.

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities as at reporting date:

| | Quoted prices in active market (Level 1) RM'000 | Significant observable inputs (Level 2) RM'000 | Significant unobservable inputs (Level 3) RM'000 | Total RM'000 |
|--|--|--|--|-----------------|
| Group | | | | |
| As at 31 August 2023 | | | | |
| Assets/(liabilities) measured at fair value | | | | |
| Current | | | | |
| Financial assets at fair value through OCI (Note 21) | 32,864 | - | - | 32,864 |
| Financial assets at fair value through profit or loss (Note 21) | 630,186 | - | - | 630,186 |
| Derivative financial liabilities (Note 26) | - | (507) | - | (507) |
| Non-current | | | | |
| Financial assets at fair value through profit or loss (Note 21) | - | - | 392 | 392 |
| Investment properties (Note 17) | - | - | 419,699 | 419,699 |
| Biological assets | - | - | 647 | 647 |

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42. Fair values (cont'd)

(ii) Fair value hierarchy (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities as at reporting date (cont'd):

| | Quoted prices in active market (Level 1) RM'000 | Significant observable inputs (Level 2) RM'000 | Significant unobservable inputs (Level 3) RM'000 | Total RM'000 |
|--|--|--|--|-----------------|
| Group (cont'd) | | | | |
| As at 31 August 2022 | | | | |
| Assets/(liabilities) measured at fair value | | | | |
| Current | | | | |
| Financial assets at fair value through OCI (Note 21) | 34,366 | - | - | 34,366 |
| Financial assets at fair value through profit or loss (Note 21) | 478,950 | - | - | 478,950 |
| Derivative financial assets (Note 26) | - | 3 | - | 3 |
| Derivative financial liabilities (Note 26) | - | (69) | - | (69) |
| Non-current | | | | |
| Financial assets at fair value through profit or loss (Note 21) | - | - | 392 | 392 |
| Investment properties (Note 17) | - | - | 227,400 | 227,400 |
| Biological assets | - | - | 1,170 | 1,170 |

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42. Fair values (cont'd)

(ii) Fair value hierarchy (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities as at reporting date (cont'd):

| | Quoted prices in active market (Level 1) RM'000 | Significant observable inputs (Level 2) RM'000 | Significant unobservable inputs (Level 3) RM'000 | Total RM'000 |
|--|--|--|--|-----------------|
| Company | | | | |
| As at 31 August 2023 | | | | |
| Assets measured at fair value | | | | |
| Current | | | | |
| Financial assets at fair value through OCI (Note 21) | 32,864 | - | - | 32,864 |
| Financial assets at fair value through profit or loss (Note 21) | 424,592 | - | - | 424,592 |
| As at 31 August 2022 | | | | |
| Assets measured at fair value | | | | |
| Current | | | | |
| Financial assets at fair value through OCI (Note 21) | 34,366 | - | - | 34,366 |
| Financial assets at fair value through profit or loss (Note 21) | 226,635 | - | - | 226,635 |

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 August 2023 and 2022.

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43. Financial risk management objectives and policies

The Group and the Company are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, market price risk and foreign currency risk.

The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, foreign exchange currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, cash and short term deposits, debt securities, money market funds and derivative financial instruments.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including debt securities, money market funds, cash and bank balances and derivative financial instruments), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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43. Financial risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

Credit risk concentration profile

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 24(a). Deposits with banks and other financial institutions, debt securities, money market funds and derivative financial instruments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 24(a). An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than 120 days, except for certain major or specific customers where the period may extend beyond 120 days, and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 24(a).

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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43. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | ←----- 31 August 2023 -----> | | | |
|---|--|--------------------------------|------------------------------|-----------------|
| | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
| Group | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 265,261 | - | - | 265,261 |
| Derivative financial instruments | 507 | - | - | 507 |
| Loans and borrowings | 542,890 | 14,498 | - | 557,388 |
| Lease liabilities | 2,756 | 10,324 | 31,802 | 44,882 |
| Total undiscounted financial liabilities | 811,414 | 24,822 | 31,802 | 868,038 |
| Company | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 1,626 | - | - | 1,626 |
| Lease liabilities | 88 | 138 | - | 226 |
| Total undiscounted financial liabilities | 1,714 | 138 | - | 1,852 |
| | ←----- 31 August 2022 -----> | | | |
| | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
| Group | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 459,357 | - | - | 459,357 |
| Derivative financial instruments | 69 | - | - | 69 |
| Loans and borrowings | 309,863 | 95,697 | - | 405,560 |
| Lease liabilities | 3,250 | 4,395 | 25,502 | 33,147 |
| Total undiscounted financial liabilities | 772,539 | 100,092 | 25,502 | 898,133 |

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43. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd)

| | <----- 31 August 2022 -----> | | | |
|--|--|--------------------------------|------------------------------|-----------------|
| | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
| Company | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 6,096 | - | - | 6,096 |
| Lease liabilities | 88 | 225 | - | 313 |
| Total undiscounted financial liabilities | 6,184 | 225 | - | 6,409 |

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's (loss)/profit before tax would have been RM555,000 (2022: RM398,000) higher/lower, respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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43. Financial risk management objectives and policies (cont'd)

(e) Market price risk

The Group's quoted investment securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the market price risk through diversification and by placing limits on individual and total investment in investment securities. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all investment decisions.

The Group has a Board Risk Committee with the objectives of reviewing, advising and ensuring that the Group's investment in debt securities is consistent with the delegated authority limit approved by the Board; and cash invested is within the risk appetite of the Group. The Board Risk Committee established certain criteria for current and future investment in debt securities. Any investment differing from the criteria established will require the Board Risk Committee's approval. The Board Risk Committee also aims to establish an effective investment management framework for the Group.

The Group's exposure to quoted investment securities at fair value at the reporting date is disclosed in Note 21.

Sensitivity analysis for market price risk

At the reporting date, if the prices of the quoted investments had been 5% higher/lower, with all other variables held constant, the Group's profit before tax would have been RM31,509,000 (2022: RM23,948,000) lower/higher, arising as a result of higher/lower fair value gains on fair value through profit or loss. The Group's equity would also have been RM1,643,000 (2022: RM1,718,000) higher/lower, arising as a result of higher/lower fair value gains on investments classified at fair value through other comprehensive income.

(f) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures mainly arising from revenue that are denominated in a currency other than the respective functional currencies of the Group entities. These functional currencies are Malaysian Ringgit ("RM"), Thai Baht ("THB"), Chinese Renminbi ("RMB"), Euro and USD.

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43. Financial risk management objectives and policies (cont'd)

(f) Foreign currency risk (cont'd)

The foreign currencies in which these transactions are denominated are mainly USD, Euro and Japanese Yen ("JPY"). In addition, the Group has significant borrowings in USD, Euro and JPY (Note 29). Therefore, the Group is exposed to foreign currency risk. These exposures are managed, to the extent possible, by natural hedge that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

| | Net financial assets/(liabilities) held in non-functional currency | | | Total |
|--|---|------------------|------------------|------------------|
| | USD RM'000 | Euro RM'000 | JPY RM'000 | RM'000 |
| Functional currency of Group entities | | | | |
| At 31 August 2023 | | | | |
| Malaysian Ringgit | 285,812 | (179,664) | (331,958) | (225,810) |
| Thai Baht | 16,282 | - | - | 16,282 |
| Chinese Renminbi | 1,906 | - | - | 1,906 |
| United States Dollars | - | (42,474) | - | (42,474) |
| | <u>304,000</u> | <u>(222,138)</u> | <u>(331,958)</u> | <u>(250,096)</u> |
| At 31 August 2022 | | | | |
| Malaysian Ringgit | 437,248 | (126,700) | (75,745) | 234,803 |
| Thai Baht | 13,895 | - | - | 13,895 |
| Chinese Renminbi | 2,865 | - | - | 2,865 |
| Euro | 319 | - | - | 319 |
| United States Dollars | - | (62,935) | - | (62,935) |
| | <u>454,327</u> | <u>(189,635)</u> | <u>(75,745)</u> | <u>188,947</u> |

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43. Financial risk management objectives and policies (cont'd)

(f) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, Euro and JPY exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

| | | 2023 | 2022 |
|----------|------------------------------|---------------|---------------|
| | | RM'000 | RM'000 |
| USD/RM | - strengthened 5% (2022: 5%) | 14,291 | 21,862 |
| | - weakened 5% (2022: 5%) | (14,291) | (21,862) |
| USD/THB | - strengthened 5% (2022: 5%) | 814 | 695 |
| | - weakened 5% (2022: 5%) | (814) | (695) |
| USD/RMB | - strengthened 5% (2022: 5%) | 95 | 143 |
| | - weakened 5% (2022: 5%) | (95) | (143) |
| USD/Euro | - strengthened 5% (2022: 5%) | - | 16 |
| | - weakened 5% (2022: 5%) | - | (16) |
| Euro/RM | - strengthened 5% (2022: 5%) | (8,983) | (6,335) |
| | - weakened 5% (2022: 5%) | 8,983 | 6,335 |
| Euro/USD | - strengthened 5% (2022: 5%) | (2,124) | (3,147) |
| | - weakened 5% (2022: 5%) | 2,124 | 3,147 |
| JPY/RM | - strengthened 5% (2022: 5%) | (16,598) | (3,787) |
| | - weakened 5% (2022: 5%) | 16,598 | 3,787 |

As part of the Group's financial instruments management policies and procedures, the Group established certain limits for foreign exchange contracts to be hedged against foreign currency risks. Further details of the forward currency contracts as at the reporting date are disclosed in Note 26.

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44. Financial instruments

Classification of financial instruments

The principal accounting policies in Note 4.18 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

| | Fair value through OCI RM'000 | Fair value through profit or loss RM'000 | Amortised cost RM'000 | Total RM'000 |
|---|--|--|-----------------------------|------------------|
| Group | | | | |
| As at 31 August 2023 | | | | |
| Financial assets | | | | |
| Investment securities: Unquoted investments | - | 392 | - | 392 |
| Investment securities: Money market funds | - | 630,186 | - | 630,186 |
| Investment securities: Debt securities | 32,864 | - | - | 32,864 |
| Trade and other receivables | - | - | 182,622 | 182,622 |
| Cash and bank balances | - | - | 285,416 | 285,416 |
| Total financial assets | <u>32,864</u> | <u>630,578</u> | <u>468,038</u> | <u>1,131,480</u> |
| Financial liabilities | | | | |
| Loans and borrowings | - | - | 554,505 | 554,505 |
| Lease liabilities | - | - | 27,340 | 27,340 |
| Trade and other payables | - | - | 265,261 | 265,261 |
| Derivative financial instruments | - | 507 | - | 507 |
| Total financial liabilities | <u>-</u> | <u>507</u> | <u>847,106</u> | <u>847,613</u> |

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44. Financial instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis (cont'd):

| | Fair value through OCI RM'000 | Fair value through profit or loss RM'000 | Amortised cost RM'000 | Total RM'000 |
|---|--|--|-----------------------------|------------------|
| Group | | | | |
| As at 31 August 2022 | | | | |
| Financial assets | | | | |
| Investment securities: Unquoted investments | - | 392 | - | 392 |
| Investment securities: Money market funds | - | 277,093 | - | 277,093 |
| Investment securities: Debt securities | 34,366 | 201,857 | - | 236,223 |
| Trade and other receivables | - | - | 258,791 | 258,791 |
| Derivative financial instruments | - | 3 | - | 3 |
| Cash and bank balances | - | - | 437,597 | 437,597 |
| Total financial assets | 34,366 | 479,345 | 696,388 | 1,210,099 |
| Financial liabilities | | | | |
| Loans and borrowings | - | - | 399,086 | 399,086 |
| Lease liabilities | - | - | 17,982 | 17,982 |
| Trade and other payables | - | - | 459,357 | 459,357 |
| Derivative financial instruments | - | 69 | - | 69 |
| Total financial liabilities | - | 69 | 876,425 | 876,494 |
| Company | | | | |
| As at 31 August 2023 | | | | |
| Financial assets | | | | |
| Investment securities: Money market funds | - | 424,592 | - | 424,592 |
| Investment securities: Debt securities | 32,864 | - | - | 32,864 |
| Trade and other receivables | - | - | 9,607 | 9,607 |
| Cash and bank balances | - | - | 484 | 484 |
| Total financial assets | 32,864 | 424,592 | 10,091 | 467,547 |
| Financial liabilities | | | | |
| Lease liabilities | - | - | 214 | 214 |
| Trade and other payables | - | - | 1,626 | 1,626 |
| Total financial liabilities | - | - | 1,840 | 1,840 |

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44. Financial instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis (cont'd):

| | Fair value through OCI RM'000 | Fair value through profit or loss RM'000 | Amortised cost RM'000 | Total RM'000 |
|---|--|---|--------------------------------------|-------------------------|
| Company | | | | |
| As at 31 August 2022 | | | | |
| Financial assets | | | | |
| Investment securities: Money market funds | - | 24,778 | - | 24,778 |
| Investment securities: Debt securities | 34,366 | 201,857 | - | 236,223 |
| Trade and other receivables | - | - | 33,922 | 33,922 |
| Cash and bank balances | - | - | 3,513 | 3,513 |
| Total financial assets | 34,366 | 226,635 | 37,435 | 298,436 |
| Financial liabilities | | | | |
| Lease liabilities | - | - | 291 | 291 |
| Trade and other payables | - | - | 6,096 | 6,096 |
| Total financial liabilities | - | - | 6,387 | 6,387 |

45. Capital management

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

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45. Capital management (cont'd)

The Group and the Company manage their capital structure and make adjustments, in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 August 2023 and 2022.

As disclosed in Note 35(b), subsidiaries of the Group incorporated in the People's Republic of China and Thailand are required to set aside a statutory reserve fund under local regulations. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 August 2023 and 2022.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include within net debt, loans and borrowings, trade and other payables, contract liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve and the above-mentioned restricted statutory reserve fund.

| | Note | Group | | Company | |
|---|------|------------------|------------------|------------------|------------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Loans and borrowings | 29 | 554,505 | 399,086 | - | - |
| Trade and other payables | 30 | 265,261 | 459,357 | 1,626 | 6,096 |
| Contract liabilities | 31 | 102,995 | 216,565 | - | - |
| Less: Cash and cash equivalents | 27 | (280,015) | (433,437) | (484) | (3,513) |
| Net debt | | <u>642,746</u> | <u>641,571</u> | <u>1,142</u> | <u>2,583</u> |
| Equity attributable to the owners of the parent | | 4,714,534 | 5,579,222 | 2,806,211 | 2,603,743 |
| Less: | | | | | |
| - Fair value adjustment reserve | 35 | 14,336 | 11,057 | 14,336 | 11,057 |
| - Legal reserve | 35 | (27,569) | (27,569) | - | - |
| Total equity | | <u>4,701,301</u> | <u>5,562,710</u> | <u>2,820,547</u> | <u>2,614,800</u> |
| Capital and net debt | | <u>5,344,047</u> | <u>6,204,281</u> | <u>2,821,689</u> | <u>2,617,383</u> |
| Gearing ratio | | <u>12.03%</u> | <u>10.34%</u> | <u>0.04%</u> | <u>0.10%</u> |

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

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46. Segment information

For management purposes, the Group is organised into business units based on their geographical areas, and has four reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs), income taxes and share of results of an associate are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

| | Malaysia RM'000 | Thailand RM'000 | The People's Republic of China RM'000 | Others RM'000 | Eliminations RM'000 | Note | Consolidated RM'000 |
|--------------------------------------|--------------------|--------------------|---|------------------|------------------------|------|------------------------|
| 31 August 2023 | | | | | | | |
| Revenue | | | | | | | |
| External sales | 1,992,825 | 138,878 | 8,789 | 116,729 | - | | 2,257,221 |
| Inter-segment sales | 77,070 | 217,451 | 84 | 772 | (295,377) | A | - |
| Total revenue | <u>2,069,895</u> | <u>356,329</u> | <u>8,873</u> | <u>117,501</u> | <u>(295,377)</u> | | <u>2,257,221</u> |
| Results | | | | | | | |
| Interest income | 184,463 | 766 | 1,038 | 1,318 | (170,228) | | 17,357 |
| Depreciation and amortisation | 300,409 | 25,072 | 4,123 | 13,408 | - | | 343,012 |
| Impairment loss on: | | | | | | | |
| - property, plant and equipment | - | - | - | 54,660 | - | | 54,660 |
| - right-of-use assets | - | - | - | 16,124 | - | | 16,124 |
| - goodwill | 137,553 | - | - | - | - | | 137,553 |
| - assets held for sale | 5,073 | - | - | - | - | | 5,073 |
| Segment loss | <u>(714,370)</u> | <u>(45,314)</u> | <u>(9,430)</u> | <u>(112,775)</u> | <u>(18,526)</u> | B | <u>(900,415)</u> |
| Assets | | | | | | | |
| Additions to non- current assets* | 362,015 | 12,643 | - | 1,840 | - | C | 376,498 |
| Segment assets | <u>5,149,395</u> | <u>672,706</u> | <u>49,446</u> | <u>307,194</u> | <u>882,829</u> | D | <u>7,061,570</u> |
| Liabilities | | | | | | | |
| Segment liabilities | <u>828,939</u> | <u>55,565</u> | <u>2,377</u> | <u>75,417</u> | <u>173,157</u> | E | <u>1,135,455</u> |
| Other segment information | | | | | | | |
| Capital commitments | <u>469,204</u> | <u>8,707</u> | <u>-</u> | <u>8,561</u> | <u>-</u> | | <u>486,472</u> |

* Other than financial instruments and deferred tax assets

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46. Segment information (cont'd)

| | Malaysia RM'000 | Thailand RM'000 | The People's Republic of China RM'000 | Others RM'000 | Eliminations RM'000 | Note | Consolidated RM'000 |
|--------------------------------------|--------------------|--------------------|---|------------------|------------------------|------|------------------------|
| 31 August 2022 | | | | | | | |
| Revenue | | | | | | | |
| External sales | 4,813,330 | 446,449 | 30,653 | 281,917 | - | | 5,572,349 |
| Inter-segment sales | 167,959 | 452,010 | 371 | 316 | (620,656) | A | - |
| Total revenue | <u>4,981,289</u> | <u>898,459</u> | <u>31,024</u> | <u>282,233</u> | <u>(620,656)</u> | | <u>5,572,349</u> |
| Results | | | | | | | |
| Interest income | 82,834 | 606 | 2,833 | 3,362 | (65,322) | | 24,313 |
| Depreciation and amortisation | 305,970 | 25,559 | 4,392 | 12,233 | - | | 348,154 |
| Segment profit/(loss) | <u>290,271</u> | <u>101,176</u> | <u>(8,683)</u> | <u>(16,209)</u> | <u>(8,131)</u> | B | <u>358,424</u> |
| Assets | | | | | | | |
| Additions to non- current assets* | 826,530 | 94,719 | 1,325 | 32,713 | - | C | 955,287 |
| Segment assets | <u>5,514,802</u> | <u>713,168</u> | <u>167,286</u> | <u>460,772</u> | <u>1,260,682</u> | D | <u>8,116,710</u> |
| Liabilities | | | | | | | |
| Segment liabilities | <u>822,935</u> | <u>73,104</u> | <u>6,452</u> | <u>199,939</u> | <u>221,045</u> | E | <u>1,323,475</u> |
| Other segment information | | | | | | | |
| Capital commitments | <u>557,220</u> | <u>60,572</u> | <u>417</u> | <u>61,343</u> | <u>-</u> | | <u>679,552</u> |

* Other than financial instruments and deferred tax assets

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46. Segment information (cont'd)

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment profit to arrive at (loss)/profit before tax presented in the consolidated statement of profit or loss:

| | 2023 | 2022 |
|----------------------------------|-----------------|----------------|
| | RM'000 | RM'000 |
| Share of results of an associate | (5,780) | (3,710) |
| Finance costs | (12,746) | (4,421) |
| | <u>(18,526)</u> | <u>(8,131)</u> |

C Additions to non-current assets consist of:

| | 2023 | 2022 |
|-------------------------------|----------------|----------------|
| | RM'000 | RM'000 |
| Property, plant and equipment | 364,154 | 949,384 |
| Right-of-use assets | 11,284 | 4,285 |
| Investment properties | 74 | 754 |
| Intangible assets | 445 | 268 |
| Biological assets | 541 | 596 |
| | <u>376,498</u> | <u>955,287</u> |

D The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

| | 2023 | 2022 |
|--------------------------------------|----------------|------------------|
| | RM'000 | RM'000 |
| Deferred tax assets (Note 20) | 4,583 | 15,911 |
| Investment in an associate (Note 19) | 3,579 | 9,359 |
| Intangible assets (Note 22) | 864,465 | 1,005,325 |
| Tax recoverable | 10,202 | 230,087 |
| | <u>882,829</u> | <u>1,260,682</u> |

E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

| | 2023 | 2022 |
|------------------------------------|----------------|----------------|
| | RM'000 | RM'000 |
| Tax payable | 13,038 | 11,765 |
| Deferred tax liabilities (Note 20) | 160,119 | 209,280 |
| | <u>173,157</u> | <u>221,045</u> |

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47. Dividends

| | Group and Company | |
|--|-------------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| In respect of the financial year ended 31 August 2022: | | |
| First tax exempt interim single tier dividend of 1.2 sen per share on 8,007,105,000 ordinary shares, declared on 10 December 2021 and paid on 10 January 2022 | - | 96,102 |
| In respect of the financial year ended 31 August 2021: | | |
| Final tax exempt interim single tier dividend of 5.4 sen per share on 8,007,085,000 ordinary shares, declared on 17 September 2021 and paid on 15 October 2021 | - | 432,454 |
| | <u>-</u> | <u>528,556</u> |

No dividend is payable for treasury shares held or cancelled.

48. Financial guarantees

A nominal amount of RM555 million (2022: RM399 million) relating to corporate guarantees has been provided by the Company for loans and borrowings of its subsidiaries.

As at reporting date, no values are ascribed on these guarantees and letter of undertaking provided by the Company to secure banking facilities described above as the directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

49. Authorisation of financial statements for issue

The financial statements for the year ended 31 August 2023 were authorised for issue in accordance with a resolution of the directors on 28 November 2023.