



# Rubberex Corporation (M) Berhad (Company No. 372642-U)

Annual Report  
**2018**





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## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Twenty-Third Annual General Meeting of **Rubberex Corporation (M) Berhad** will be held at The Rooms, Level 1, Impiana Hotel, 18 Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 30 May 2019 at 10.00 a.m. for the following purposes:-

### AGENDA

#### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To approve the payment of the Directors' Benefits amounting to RM2,000.00 to the Non-Executive Directors for the period from 1 January 2018 until 30 May 2019. **(Resolution 1)**
3. To approve the payment of Directors' Fees of RM212,608.00 in respect of the financial year ended 31 December 2018. **(Resolution 2)**
4. To approve the payment of Directors' Benefits of up to RM20,000.00 to the Non-Executive Directors from 31 May 2019 until the next Annual General Meeting of the Company to be held in 2020. **(Resolution 3)**
5. To re-elect the following Directors who retire by rotation pursuant to Article 91 of the Constitution of the Company:-
  - (i) Dato' Mohamed Bin Hamzah **(Resolution 4)**
  - (ii) Encik Mustapha Bin Mohamed **(Resolution 5)**
6. To re-appoint Messrs Deloitte PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Board of Directors to fix their remuneration. **(Resolution 6)**

#### AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without any modifications, the following Ordinary/Special Resolutions:-

#### 7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR - DATO' MOHAMED BIN HAMZAH**

"THAT subject to passing of Resolution 4, authority be and is hereby given to Dato' Mohamed Bin Hamzah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance."

**(Resolution 7)**



Notice of Annual General Meeting (cont'd)

**8. CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR  
- ENCIK MUSTAPHA BIN MOHAMED**

"THAT subject to passing of Resolution 5, authority be and is hereby given to Encik Mustapha Bin Mohamed who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance."

**(Resolution 8)**

**9. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND  
76 OF THE COMPANIES ACT, 2016 ("ACT")**

"THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being; AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Securities; AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting."

**(Resolution 9)**

**10. SPECIAL RESOLUTION  
PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND ARTICLES  
OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION ("PROPOSED  
ALTERATION")**

"THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution as set out in the Appendix I attached to the Annual Report 2018 with effect from the date of passing this special resolution.

**(Special Resolution)**

THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."







Notice of Annual General Meeting (cont'd)

11. To transact any other business for which due notice is given in accordance with the Companies Act 2016 and the Company's Constitution.

**BY ORDER OF THE BOARD**

**CHONG LAY KIM** (LS 0008373)

**YENG SHI MEI** (MAICSA 7059759)

Secretaries

Ipoh

30 April 2019

**Notes:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy may but need not be a member of the Company. A member shall not be entitled to appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.
2. If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his/her proxy shall not be entitled to attend such meeting.
3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A (1) of SICDA.
5. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if such appointer is a corporation under its common seal, or the hand of its attorney or duly authorised officer or in some other manner approved by the Directors. The instrument appointing a proxy, with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposed to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.



## Notice of Annual General Meeting (cont'd)

### Notes: (cont'd)

7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 21 May 2019 and only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy(ies) to attend, vote and speak on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all resolutions set out in the Notice will be put to vote by way of poll.

### A. Explanatory Notes on the Ordinary Business:

1. Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

#### 2. Proposed Resolution 1:

The Proposed Resolution 1 is to facilitate the payment of the shortfall of Directors' Benefits amounting to RM2,000.00 for the period from 1 January 2018 until 30 May 2019 due to more meetings held during the said period. The Company had obtained the Shareholders' approval on the Directors' Benefits in the Twenty-Second Annual General Meeting held on 21 May 2018 for an amount approximately RM42,000.00

#### 3. Proposed Resolution 2:

The Directors' Fees proposed for the financial year ended 31 December 2018 are calculated based on the Board size and in accordance to Company's policy guidelines and with reference to external industrial benchmark reports.

#### 4. Proposed Resolution 3:

The benefits are calculated based on the current board size and number of scheduled Board and Committee meetings for the period from 31 May 2019 until the next Annual General Meeting of the Company to be held in 2020. The proposed meeting allowance is RM1,000.00 per meeting per Non-Executive Director. In the event the proposed amounts are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought for the shortfall at the next Annual General Meeting of the Company to be held in 2020.

#### 5. Proposed Resolutions 4 and 5

Dato' Mohamed Bin Hamzah and Encik Mustapha Bin Mohamed are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Twenty-Third Annual General Meeting.

The Board of Directors ("the Board") has through the Nomination Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("MMLR") on character, experience, integrity, competence and time to effectively discharge their role as Directors.

#### 6. Proposed Resolution 6

The Board has through the Audit Committee, considered the re-appointment of Messrs Deloitte PLT as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the Twenty-Third Annual General Meeting are disclosed in the Corporate Governance Overview Statement of the Annual Report 2018.



Notice of Annual General Meeting (cont'd)

**B. Explanatory Notes on the Special Business:**

**1. Proposed Resolution 7**

The Board has via the Nomination Committee conducted an annual performance evaluation and assessment of Dato' Mohamed Bin Hamzah, who would have served as an Independent Non-Executive Director of the Company for twenty-three (23) years on 23 October 2019, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- a. He fulfilled the criteria under the definition of "Independent Director" stated in the MMLR, and is able to bring independent and objective judgement to the Board;
- b. He has a strong understanding of the Company's business operations which enables him to participate actively and contribute during deliberations at Audit Committee and Board meetings; and
- c. He is highly committed and has devoted sufficient time to carry out his duties and responsibilities as an Independent Non-Executive Director of the Company as evidenced by his full attendance at all Board and Board Committee meetings held during the financial year ended 31 December 2018.

Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Company will adopt the two-tier voting process in seeking shareholders' approval for this resolution.

**2. Proposed Resolution 8**

The Board has via the Nomination Committee conducted an annual performance evaluation and assessment of Encik Mustapha Bin Mohamed, who would have served as an Independent Non-Executive Director of the Company for twelve (12) years on 11 April 2020, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- a. He fulfilled the criteria under the definition of "Independent Director" stated in the MMLR, and is able to bring independent and objective judgement to the Board;
- b. He is an accountant by training, his experience, expertise and independent judgement have enable him to effectively discharge his duties; and
- c. He is highly committed and has devoted sufficient time to carry out his duties and responsibilities as an Independent Non-Executive Director of the Company as evidenced by his full attendance at all Board and Board Committee meetings held during the financial year ended 31 December 2018.



## Notice of Annual General Meeting (cont'd)

### 3. Proposed Resolution 9

This proposed Resolution is proposed pursuant to Sections 75 and 76 of the Companies Act 2016, and if passed, will give the Directors of the Company, from the date of the Twenty-Third Annual General Meeting, authority to allot shares in the Company up to and not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising activities, including but not limited to further placement of shares for purpose of funding current and/or future investment project, working capital, acquisition and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit and in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twenty-Second Annual General Meeting held on 21 May 2018 and the mandate will be lapsed at the conclusion of the Twenty-Third Annual General Meeting.

### 4. Proposed Special Resolution

#### **Proposed Alteration of the existing Memorandum and Articles of Association by replacing with a New Constitution ("Proposed Alteration")**

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to the Appendix I attached to the Annual Report 2018.

## **STATEMENT ACCOMPANYING NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING**

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this Twenty-Third Annual General Meeting.







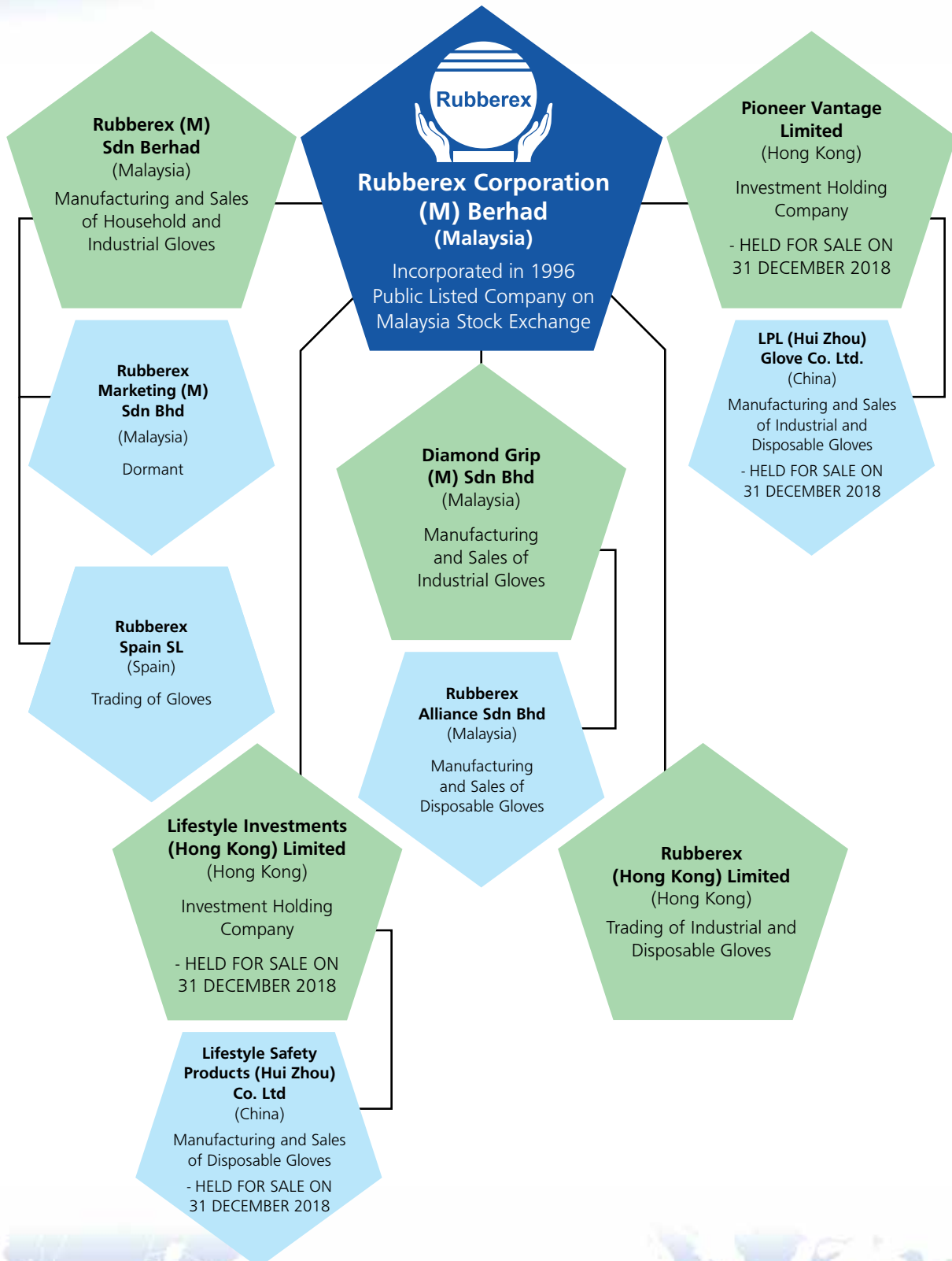
## Corporate Information

<b>DIRECTORS</b>	<p>Y. Bhg. Dato' Abd Rahim bin Abd Halim <i>Non-Independent, Non-Executive, Chairman</i></p> <p>Y. Bhg. Dato' Mohamed bin Hamzah <i>Independent, Non-Executive, Deputy Chairman</i></p> <p>Khoo Chin Leng <i>Managing Director</i></p> <p>Sharifuddin bin Shoib <i>Non-Independent, Non-Executive</i></p> <p>Mustapha bin Mohamed <i>Independent, Non-Executive</i></p> <p>Poh Chee Kwan <i>Non-Independent, Non-Executive</i></p> <p>Yap Jek Nan (<i>retired on 21 May 2018</i>) <i>Independent, Non-Executive</i></p>
<b>COMPANY SECRETARIES</b>	<p>Chong Lay Kim (LS 0008373) Yeng Shi Mei (MAICSA 7059759)</p>
<b>AUDITOR</b>	<p>Deloitte PLT, Chartered Accountants</p>
<b>PRINCIPAL BANKERS</b>	<p>HSBC Bank Malaysia Berhad HSBC Amanah Malaysia Berhad RHB Bank Berhad Hong Leong Bank Berhad Hongkong &amp; Shanghai Banking Corporation Limited HSBC Bank (China) Limited China Construction Bank Limited Caixabank S.A. Sabadell Atlantico S.A United Overseas Bank (Malaysia) Berhad</p>
<b>REGISTERED OFFICE</b>	<p>41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan. Tel no.: 605 548 0888 Fax no.: 605 545 9222</p>
<b>REGISTRAR</b>	<p>Tricor Investor &amp; Issuing House Services Sdn Bhd Unit 32-01 Level 32 Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan. Tel no.: 603 2783 9299 Fax no.: 603 2783 9222</p>
<b>STOCK EXCHANGE LISTING</b>	<p>Bursa Malaysia Securities Berhad (Main Market) Stock name/code: RUBEREX/7803</p>
<b>WEBSITES</b>	<p><a href="http://www.rubberex.com.my">www.rubberex.com.my</a> <a href="http://www.rubberex-corp.com.my">www.rubberex-corp.com.my</a></p>



## Corporate Structure

### Rubberex Group of Companies





## **Directors'/Key Senior Management's Profile**

**Dato' Abd Rahim bin Abd Halim**, aged 70, male, a Malaysian, is a non-independent non-executive Chairman of the Company. He was appointed to the Board on 09 August 2002 and assumed his current position on 27 August 2014. He was also appointed as Chairman of the Remuneration Committee on 27 August 2014. Dato' Abd Rahim bin Abd Halim holds a Bachelor of Economics (Honours) degree from the University of Malaya and had previously served in several senior positions in the Ministry of International Trade and Industry (MITI). In 1978, Dato' Abd Rahim bin Abd Halim joined Med-Bumikar Mara Sdn Bhd as the Director/General Manager and he has extensive experience in the motor vehicle industry where he was also the founder Director of Daihatsu Malaysia Sdn Bhd, the sole franchise holder for Daihatsu motor vehicles in Malaysia. Formerly the Managing Director of MBM Resources Berhad, he is currently its Chairman. Dato' Abd Rahim bin Abd Halim also sits on the Board of several private companies including Perusahaan Otomobil Kedua Sdn Bhd ("Perodua").

Dato' Abd Rahim bin Abd Halim does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.

**Dato' Mohamed bin Hamzah**, aged 78, male, a Malaysian, is an independent non-executive director of the Company. He was appointed to the Board of the Company on 24 October 1996 and served as Chairman from 30 November 1998 to 27 August 2014 after which he opted for the re-designation of Deputy Chairman. He is currently the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees of the Board. Dato' Mohamed bin Hamzah obtained a Bachelor of Arts (Economics) degree from University of Malaya in 1965 and a Masters degree in Business Administration from University of Edinburgh, United Kingdom in 1975. Dato' Mohamed bin Hamzah spent 25 years of his career as a Government officer in the Diplomatic and Administrative Service where he also served as the Deputy-Secretary General of the Ministry of Transport and Director of Land and Mines, Perak from 1984 to 1991. He was also on the Board of Perak State Development Corporation from 1984 to 1990 and served as Deputy Chairman of Klang Port Commission, Director of Penang Port and Klang Container Terminal from 1990 to 1991.

In 1991, Dato' Mohamed bin Hamzah retired optionally from the government service to join IGB Corporation Berhad as the Chief Operating Officer for the Perak operations of its property related business. He is currently the Chairman of Clearwater Sanctuary Golf Management Bhd which owns and operates a recreational resort for golf in Batu Gajah, Perak.

Dato' Mohamed bin Hamzah does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.



## Directors'/Key Senior Management's Profile (cont'd)

**Mr. Khoo Chin Leng**, aged 60, male, a Malaysian, is the Managing Director of the Company and was appointed to the Board of the Company on 01 July 2013. He is a member of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Association of Certified Accountants (FCCA), United Kingdom. Mr. Khoo Chin Leng joined Rubberex (M) Sdn Berhad, a wholly owned subsidiary of the Company, in 1988 as the Accountant and has held various positions within the Finance Division of the Group. Mr. Khoo Chin Leng was instrumental in the set-up of the Group's subsidiary companies in China and has been active in its operations since 2005. These subsidiary companies were mainly involved in the manufacture and sales of industrial gloves and vinyl disposable gloves but have since been disposed to a third party on 31 December 2018. Prior to joining Rubberex (M) Sdn Berhad, he was attached to IJM Corporation Berhad, as its Accountant for 5 years.

Mr. Khoo Chin Leng does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.

**En. Sharifuddin bin Shoib**, aged 72, male, a Malaysian, is a non-independent non-executive director of the Company. He was appointed to the Board of the Company on 24 October 1996. He is also a Member of the Remuneration Committee and was appointed a Member of the Audit Committee of the Board on 27 August 2014. En. Sharifuddin bin Shoib holds a Bachelor of Engineering (Mechanical) degree from Australia which was obtained in 1974 and is a member of the Institute of Engineers Malaysia. He has been a board member of Rubberex (M) Sdn Berhad, a wholly owned subsidiary of the Company, since inception. En. Sharifuddin bin Shoib had previously joined Dijaya Corporation Bhd as Factory Manager in July 1983 and was promoted to General Manager and subsequently to Executive Director from August 1991 to June 1994. Prior to joining Dijaya, he held various positions in UAC Berhad from 1970 to 1983. He was the Deputy Manager in Heavy Industries Corporation of Malaysia Berhad (HICOM) from January 1983 to July 1983 and a former non-executive Chairman of Rubber Thread Industries (M) Sdn Bhd ("RTI") in Ipoh, Perak. Currently, En. Sharifuddin bin Shoib is a non-executive Chairman of OKA Corporation Berhad which is primarily involved in the manufacture and sale of pre-cast concrete products and ready-mixed concrete.

En. Sharifuddin bin Shoib does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.

**En. Mustapha bin Mohamed**, aged 73, male, a Malaysian, is an independent non-executive director of the Company, appointed since 11 April 2008. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. He is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Accountant with the Malaysian Institute of Accountants and Certified Public Accountants (Malaysia). En. Mustapha bin Mohamed was previously with Coopers & Lybrand Malaysia (now known as Pricewaterhouse Coopers) for 22 years from 1971 to 1993 of which he was a Partner from 1987 to 1993. He previously served as director of Gadek Berhad, Gadek Capital Berhad, Ipmuda Berhad, Credit Corporation of Malaysia Berhad, Ho Hup Construction Company Berhad, MHC Plantations Berhad and Majuperak Holdings Berhad. En. Mustapha bin Mohamed is currently also on the board of MBM Resources Berhad and is also involved in his own business, providing advisory services in relation to his own profession.

En. Mustapha bin Mohamed does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.





Directors'/Key Senior Management's Profile (cont'd)

**Mr. Poh Chee Kwan**, aged 56, male, a Malaysian, is a non-independent non-executive director of the Company that was appointed on 22 November 2016. He is also the Chairman of the Nomination Committee of the Board. Mr. Poh Chee Kwan holds a Bachelor of Engineering (Honours) from the National University of Singapore. He started his career as a Project Engineer with a construction company and later joined the Management of a private equity company in Singapore. He returned to Malaysia and joined Med-Bumikar Mara Sdn Bhd (MBM) in 1992 and has held several senior management positions within the MBM Group of Companies until his retirement in 2018. Mr. Poh Chee Kwan also sits on the board of Aun Huat & Brothers Sdn Bhd, a substantial shareholder of the Company.

Mr. Poh Chee Kwan does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.

**Mr. Khoo Thiam Chye**, aged 57, male, a Malaysian, is currently the Vice President (Malaysia Operations) of the Group. He holds a Bachelor of Arts (Honours) degree from Queen's University in Belfast, United Kingdom. Mr. Khoo Thiam Chye joined Rubberex (M) Sdn Berhad, a wholly-owned subsidiary of the Company in 1991 as the Export Manager. Prior to joining Rubberex, he was the project executive with IGB Corporation Berhad for 2 years.

Mr. Khoo Thiam Chye does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.

**En. Sabri bin Abd Hamid**, aged 53, male, a Malaysian, is the Vice President (Disposable Gloves Division) for the Group. He holds a Bachelor of Economics and Statistics degree from the University of North Carolina in the United States. En. Sabri bin Abd Hamid joined Rubberex (M) Sdn Berhad, a wholly-owned subsidiary of the Company in 1994 as a Marketing Executive and assumed his present position in 2013. Prior to joining Rubberex, En. Sabri bin Abd Hamid was the Assistant Manager of Franchise Foodstores in Charlotte, United States for 3 years.

En. Sabri bin Abd Hamid does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.



## Chairman's Statement

On behalf of the Board of Directors of Rubberex Corporation (M) Berhad, I hereby present the Company's Annual Report for the financial year ended 31 December 2018.

### Overview of Performance

The financial year just ended was challenging for the Group, in terms of rising material and labour costs as well as the strong Ringgit. Amidst keen competition from other manufacturers, we also experienced tight profit margins on our products, especially on the general-purpose and industrial gloves which are traditionally exported to developed and rising economies in Europe, the Americas and other parts of Asia. Overall, the Group recorded a pretax profit of RM10.1 million from this division in 2018, a decrease by 13.5% from RM11.7 million in the same period of the previous year.

One significant development during the year was where the Group's vinyl disposable glove operations in China were unexpectedly halted in September 2018 when new regulated environmental laws came into effect, prompting the Chinese government to issue mandatory stop-work orders on factory owners and manufacturers with coal-operated boilers within the vicinity of city limits. While we explored the possibility of investing into other clean energy fuels such as natural gas or electricity, the Board and Management concurred that the high operating costs could not be justified given the volatility of selling prices and declining market demand for vinyl disposable gloves from China. Our plants in Huizhou, Guangdong Province had regrettably ceased operations since then; workers were terminated and duly compensated and financial impairments to our machineries were provisioned. This division recognised a loss of RM60.8 million in the current financial year.

### Corporate Developments

On 31 December 2018, the Company entered into a conditional Sale and Purchase Agreement with Nutraceutical Biotech Global Holdings Limited for the proposed disposal of the Group's manufacturing operations in China through the disposal of the Group's entire equity interests in two investment holding companies in Hong Kong, Pioneer Vantage Limited, [which holds 100% equity interest in LPL (Hui Zhou) Glove Co. Ltd.] and Lifestyle Investment (Hong Kong) Limited, [which holds 100% equity interest in Lifestyle Safety Products (Hui Zhou) Co. Ltd.], for a total cash consideration of HKD135.0 million.

The Company obtained a unanimous shareholders' approval on this proposed disposal on 18 February 2019 and the first payment of HKD55.0 million was subsequently received on 22 February 2019. Upon the winding down of operations and liquidation of current assets and liabilities in China, the balance proceeds of HKD80.0 million shall be receivable by end-September 2019.

As a result of this material development and guided by MFRS 101 and MFRS 5 the Group's financial results and review of performance for the period ended 31 December 2018 have been reclassified for presentation purposes, where losses from the Group's China Operations have been disclosed separately as "Discontinued Operations". Comparative figures of the previous financial year have also been restated accordingly.



## Chairman's Statement (cont'd)

### **Corporate Developments** (cont'd)

In year 2017, the Company also undertook a private placement exercise in which a sum of RM16.0 million was raised for the Group's capital expenditure and investment into additional production lines for nitrile disposable gloves in Bercham, Ipoh. As at the end of the previous financial year, this sum had not yet been utilized as the project was delayed while we await the complete installation of gas pipelines by Gas Malaysia in 2019.

### **Future prospects**

With the sale of the Group's China operations since the end of the previous financial year, the Management shall direct its attention and focus its resources back to Malaysia, particularly in the nitrile disposable glove division where additional production lines are expected to be commissioned by the end of 2019, and mass production in early 2020. With a higher glove capacity coming on-stream and encouraging product demand, our marketing teams are also actively out in the field exploring new prospects and avenues for growths in order to secure the Group's market position moving forward.

Notwithstanding this renewed optimism, we are also mindful of the inherent challenges for the Group in the year ahead such as the strengthening of the Ringgit against the U.S. Dollar and Euro, uncertainty in crude oil prices that would noticeably impact our input synthetic latex prices, escalating labour as well as other material costs.

### **Appreciation and acknowledgment**

On behalf of the Board, I also wish to express our sincere appreciation to the management and staff of the Group for their commitment, hard work and loyalty. We would also like to thank the Malaysian and Chinese governments, the relevant authorities, our customers, shareholders, bankers, advisors and business associates for their valued support and assistance.

Thank you.

**Dato' Abd Rahim bin Abd Halim**

Chairman

30 March 2019



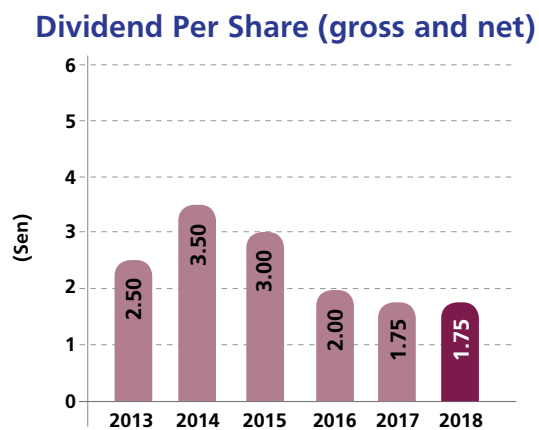
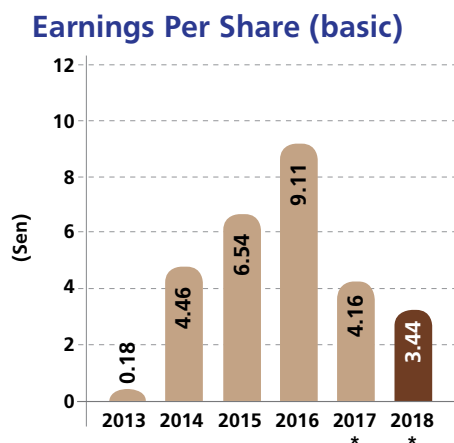
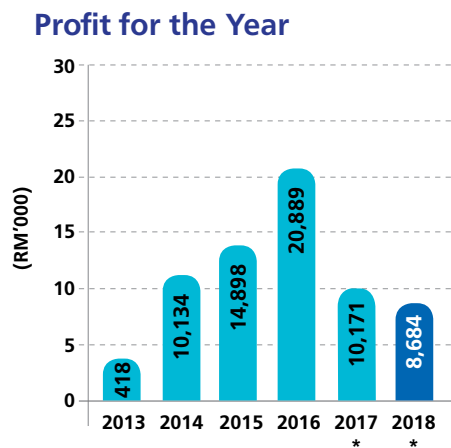
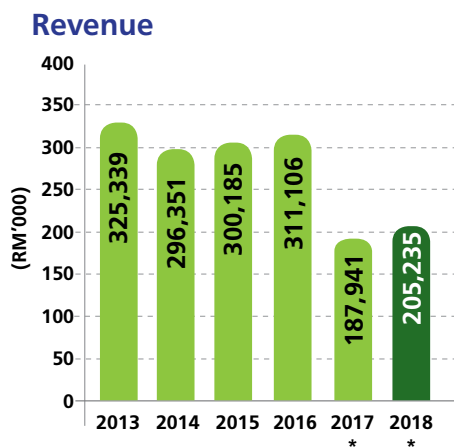
## Management Discussion and Analysis

For the financial year ended 31 December 2018

### Introduction

Rubberex Corporation (M) Berhad and its subsidiary companies are principally involved in the manufacturing and sales of gloves. The Group's glove manufacturing plants are located in Bercham, Ipoh, Perak, producing household or general-purpose gloves, industrial gloves as well as nitrile disposable gloves for the export market. The Group was also involved in the manufacture and sale of vinyl disposable gloves from its plants in China but this operation has since wound down and subsequently held for disposal on 31 December 2018.

### Overview of Financial Performance



\* Continuing Operations only

The financial statements of the Group have been presented to mainly reflect the Group's Continuing Operations in Malaysia, Hong Kong and Spain. The financial results of the Group's Discontinued Operations are discussed separately and also presented in Note 14 on page 101 to page 102 of this Annual Report.





## Management Discussion and Analysis (cont'd)

### Continuing Operations

#### (i) Revenue

Revenue from Continuing Operations consist of glove sales and trading activities from our Malaysia and Spain operations. In the financial year just ended, the Group recorded revenue of RM205.2 million from these regions, an increase of 9.2% from RM187.9 million in the previous year. The performance of our key operating divisions are presented below:

##### (a) *Household and Industrial gloves – Malaysia*

In the presence of other low-cost glove manufacturers in Asia, intense competition and sluggish demand, this division, which was traditionally regarded as the Group's mainstay, recorded a decline in terms of revenue growth by 2.9% in 2018, albeit contributing 53.9% to overall revenue in the financial year just ended.

##### (b) *Nitrile disposable gloves – Malaysia*

For the third consecutive year, the Group recorded increasing revenue growth from this glove division; in the financial year just ended, sales of nitrile disposable gloves had thrived from RM70.4 million recorded in 2017 to RM89.0 million for year 2018, an increase of 26.5%, aided by consistently strong consumer demand in Europe and Asia, two of our biggest markets.

##### (c) *Trading of gloves – Spain*

Despite the strength of the Ringgit in year 2018 compared to 2017, our marketing and trading arm in Spain achieved a commendable performance in terms of higher revenue, an increase of 13.7% from RM78.5 million to RM89.2 million year-on-year. The Group's single largest external customer originated from Spain and had contributed 21.1% or RM43.2 million to Group revenue in the financial year just ended; this was an increase from RM40.1 million in the previous year.

#### (ii) Profit Before and After Tax

##### (a) *Gross Profits and Cost of Sales*

Natural rubber prices had been favourable to the Group in 2018, easing to an average of RM4.30/kg wet, a savings of 27.6% from RM5.95/kg wet of the previous year. Conversely, the Group had to contend with the opposite for synthetic latex, which increased by an average of 13.0% year-on-year. Material costs and glove selling prices were closely related wherein the Group mitigated these fluctuations through the optimisation of product mix or application of a pricing mechanism on its gloves.

In spite of the above, the Group's Continuing Operations achieved a pretax profit of RM10.1 million in the current year, an overall reduction of 13.5% from RM11.7 million comparatively in financial year 2017.

##### (b) *Other Gains or Losses*

Other gains and losses had improved from a loss of RM5.0 million in year 2017 to a gain of RM1.7 million in the financial year just ended, a turnaround of RM6.7 million, the bulk of which from realised foreign exchange gains recognised in the books from the translation of export sales and proceeds received during the year.

##### (c) *Finance costs*

Finance costs decreased by RM0.6 million or 16.1% in 2018 compared to 2017, noticeably from the reduction in term loan interests as the Group consistently reduced its term loan borrowings on a monthly and/or quarterly basis throughout the year. In the current financial year, a total of RM13.5 million in principal term loan amounts were repaid to local financial institutions.



## Management Discussion and Analysis (cont'd)

### Continuing Operations (cont'd)

#### (iii) Assets and Liabilities

##### (a) *Trade and Other Receivables*

Trade and other Receivables had decreased substantially from RM77.0 million in 2017 to RM42.5 million at the close of the financial year, largely attributable to the reduction in sales from China (which had ceased operations since end-September 2018). The Group's average trade collection period from Continuing Operations had also improved from 114 days in 2017 to 69 days in 2018.

##### (b) *Cash and Bank Balances*

The cash and balances as at 31 December 2018 was RM23.9 million, inclusive of RM3.1 million held in fixed deposits at a local licensed financial institution. The Group has not yet utilised the proceeds of RM16.0 million raised through a private share placement exercise in 2017 as the intended capital investment project was deferred to second quarter of 2019.

In the financial year, major cash outflows of the Group include capital expenditure of RM20.6 million, net repayment of borrowings by RM13.5 million, tax payments of RM4.4 million and dividends of RM4.4 million.

##### (c) *Borrowings*

Group borrowings, both short and long terms, had reduced from RM64.8 million held at the end of year 2017 to RM44.4 million in 2018, mainly due to net repayment of RM13.5 million in term loans during the year, subsequently also improving the net gearing ratio slightly from 0.13 previously to 0.10 as at 31 December 2018.

##### (d) *Capital Resources and Liquidity*

The Group's Statements of Financial Position presented in the current year had recognised the property, plant and equipment of certain wholly-owned subsidiary companies in China as "held for sale", following the Share Sale Agreement signed by the Company on 31 December 2018. The reclassification had resulted in the Group having higher convertible assets in the short term, as evident from current assets over current liabilities of 3.0 times as at 31 December 2018 compared to 1.8 times in 2017.

The Management is conscious of maintaining adequate capital resources and while the Group's equity structure has remained unchanged, liquidity is also continually managed through the monitoring of trade receivables, extension of trade payables and reduction of inventory turnover periods.



## Management Discussion and Analysis (cont'd)

### **Discontinued Operations**

On 31 December 2018, the Company entered into a conditional Share Sale Agreement with Nutraceutical Biotech Global Holdings Limited for the proposed disposal of our manufacturing facilities in China, for a total cash consideration of HKD135.0 million. The Agreement had also stipulated that the sale be completed by 30 September 2019; this was to ensure an ample timeframe for Rubberex to facilitate the complete wind-down of the China operations. For the financial year just ended, the financial performance and results of our China operations have been reclassified as "Discontinued Operations".

As a result of the proposed disposal, the Group recognised an impairment loss amounting to RM41.2 million on certain property, plant and equipment, as well as the write down of inventories held in China of RM4.3 million to net realisable values during the financial year. The loss for the year from the Group's discontinued operations amounted to approximately RM60.8 million.

### **Anticipated and/or Known Risks**

#### *(i) Supply of Raw materials*

The production of rubber gloves is highly reliant on the availability and pricing of latex, both natural and synthetic, as its key manufacturing component. Natural rubber is a known and actively traded agricultural commodity that is sensitive and susceptible to price fluctuations. The supply of both forms of latex are dependent on many other factors among which are market demand, crude oil prices, foreign exchange, logistical issues and weather conditions.

In order to manage this risk, the Group monitors the cost of latex very closely and if need be, hedges its orders and deliveries up to several weeks ahead.

#### *(ii) Labour and Workforce*

The rubber glove industry is generally labour intensive and challenges prevail in the turnover of local workers, hiring of foreign labour as well as rising costs of living.

The Group mitigates labour supply risks by capitalising on automation and new processes that could reduce downtime and improve workflow productivity. For the latest proposed installation of new nitrile disposable production lines set to commence in 2019, the Group expects to capitalise on newer technologies so as to improve efficiency and achieve greater output yields. This project is currently underway with focus on construction of factory buildings in the first half of year 2019, followed by the installation of production lines by year-end and commercial production by early 2020.

#### *(iii) Foreign Exchange*

As an export-oriented Group, our sales proceeds are receivable in foreign currencies, mainly USD and Euro, and converted to Ringgit Malaysia. The weaker the Ringgit, vis-à-vis the export currency traded, the more favourable it is to the Group and vice-versa.

In view of currency exchange fluctuations and risks associated with these proceeds, a portion of confirmed orders and trade balances are hedged to mitigate risks of any unfavourable fluctuations of the Group's major trading currencies. As at the end of the previous financial year, the Group has secured USD0.2 million and EUR0.4 million in partial export proceeds receivable up to April 2019.



## Management Discussion and Analysis (cont'd)

### **Trends and Outlook**

Research has indicated that by year 2023, the market size for rubber gloves is expected to reach USD3.7 billion globally, an increase by approximately 61.0% from the current size of USD2.3 billion, buoyed by growing healthcare awareness and stricter hygiene standards in workplaces and industries. (Source: <https://www.rubberasia.com>, "Global rubber gloves market forecast to grow 8%", 19 July 2018).

Encouraged by this positive development, the Group is directing its resources to the nitrile disposable gloves division, where plans are already underway for the next phase of expansion at the current site that would boost production volume and sales up to 2.0 billion pieces annually by 2020. This project shall be funded by a combination of proceeds raised from a previous share placement exercise, net proceeds from the disposal of China operations as well as bank borrowings. Capitalising on our strong order books and experience in the disposable gloves distribution chain, the Group believes that this product should contribute more significantly to the Group's future earnings and profitability.

### **Dividend policy**

Two interim dividends were declared and paid in respect of the financial year 2018; the first interim of 0.75 sen tax-exempt in August 2018 and the second of another 1.0 sen tax-exempt in January 2019. Total dividend paid out for the current year amounted to approximately RM4.4 million.

The Company will continue with its policy of paying dividends as long as Group performance and cashflow positions are satisfactory.

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## **Audit Committee Report**

### **MEMBERS OF THE AUDIT COMMITTEE**

Dato' Mohamed bin Hamzah	<i>(Chairman, Independent Non-Executive Director)</i>
Mustapha bin Mohamed	<i>(Independent Non-Executive Director)</i>
Sharifuddin bin Shoib	<i>(Non-Independent Non-Executive Director)</i>
Yap Jek Nan	<i>(Independent, Non-Executive Director, retired on 21 May 2018)</i>

### **MEETINGS OF THE AUDIT COMMITTEE**

1. The Chairman of the Audit Committee shall report on each meeting to the Board of Directors and the Secretaries of the Audit Committee shall be the Company Secretaries;
2. The Secretaries of the Audit Committee shall be entrusted with the circulation of the agenda and notice of meetings prior to each meeting and shall record all proceedings and minutes of Audit Committee meetings;
3. The quorum for an Audit Committee meeting shall be at least two members and the majority of members present must be independent directors;
4. Audit Committee meetings shall be held not less than four times a year and internal or external auditors may attend the meetings upon the invitation of the Audit Committee;
5. At least twice a year, the Audit Committee shall meet with the external auditors without the presence of any executive directors and management of the Company to deliberate on the audit plans, summaries of findings and any other matters directly affecting the Company and the Group; and
6. Four Audit Committee meetings were held during the financial year ended 31 December 2018. The attendance record of each member is as follows:-

<b>Name</b>	<b>Attendance</b>	<b>Percentage</b>
Dato' Mohamed bin Hamzah	4/4	100%
Mustapha bin Mohamed	4/4	100%
Sharifuddin bin Shoib	3/4	75%
Yap Jek Nan <i>(retired on 21 May 2018)</i>	1/1	100%

### **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE**

The main activities of the Audit Committee in the financial year ended 31 December 2018 were as follows:

1. Reviewed the adequacy and relevance of the scope, functions, resources, audit plans and results of audit processes, with the external and internal auditors;
2. Reviewed the audit reports and major findings prepared by the external and internal auditors, and management's responses thereto;
3. Reviewed the quarterly financial reports and year-end financial statements of the Company and of the Group and thereafter submitting them to the Board of Directors for consideration and approval;



## Audit Committee Report (cont'd)

### **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (cont'd)**

4. Reviewed the latest changes of pronouncement issued by accountancy, statutory and regulatory bodies on matters generally relevant to the Audit Committee;
5. Reported to the Board of Directors any significant issues and concerns discussed during the Committee's meetings with external and internal auditors, and where appropriate, made the necessary recommendations to the Board;
6. Reviewed the Company's and the Group's compliance with the listing requirements of Bursa Malaysia Securities Berhad;
7. Considered and recommended to the Board of Directors for approval, the audit fees payable to the external and internal auditors; and
8. Prepared the Audit Committee Report for inclusion in the Company's Annual Report.

### **SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION**

The main activities of the Internal Audit function in the financial year ended 31 December 2018 were as follows:

1. Reviewed the draft quarterly financial reports and year-end financial statements with Management and Audit Committee;
2. Carried out risk management and review of key business areas including credit and liquidity risks, cash flows, foreign exchange risks and other evaluations of internal control systems, accounting and management information systems;
3. Ensured the compliance of the Company's and of the Group's practices with established policies, procedures, laws and regulations and where applicable, recommended corrective actions to improve control processes. The Internal Audit function also followed-up on these actions to ensure correct and adequate implementation;
4. Issued periodic internal audit reports to the Audit Committee members and Management;
5. Followed up on any compliance issues raised by the external auditors in the course of audit and considered management's corrective actions thereof;
6. Attended Audit Committee meetings to table and discuss the internal audit activities carried out and deliberated on the adequacies and summaries of audit results;
7. Performed other ad-hoc examinations and reviews as requested by the Audit Committee and the Board, as appropriate.

All internal audit activities for the financial year ended 31 December 2018 were conducted by an in-house audit team and no areas of the Internal Audit function were outsourced. The total costs incurred for the internal audit function during the year amounted to RM204,327.





## **Corporate Governance Overview Statement**

The Board of Directors of Rubberex Corporation (M) Berhad (“the Board”) is pleased to present this Corporate Governance Overview Statement for the financial year ended 31 December 2018, highlighting its corporate governance practices carried out during the year as guided by the principles set out in the Malaysian Code on Corporate Governance 2017 and Practice Note 9 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

This Statement highlights the key corporate governance practices of the Group during the financial year, with references to the following three principles:

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement should be read in conjunction with the Group’s Corporate Governance Report (“CG Report”) which has been uploaded on the Company’s website [www.rubberex-corp.com.my](http://www.rubberex-corp.com.my) and announced on the website of Bursa Malaysia Securities Berhad.

### **BOARD LEADERSHIP AND EFFECTIVENESS**

#### **Principal Duties**

The Board takes full responsibility for the overall performance of the Company and the Group by setting the vision and objectives and by directing the policies, strategic action plans and stewardship of the Group’s resources. It focuses mainly on strategies, financial performance and critical business issues.

In carrying out its responsibilities, the Board reviews the Group financial results, operational plans and strategic objectives formally on a quarterly basis and deliberates key management decisions. It also ensures that key information are reported to the Exchange in an accurate and timely manner.

The Company has a board charter which was set up in the current year that clearly outlines the structure of the Board, roles and responsibilities of directors, including independent directors, committee members and senior management. It also states specifically the issues and strategic decisions to be undertaken by the Board each year including setting long term vision(s) for the Group, reviewing and approving dividend payments, Group budgets, directors’ and senior management’s remuneration packages, quarterly financial results to Bursa Malaysia and other corporate announcements. The Company’s board charter is reviewed yearly.

#### **Composition of the Board**

The Board is made up of one executive director and five non-executive directors, two of which are independent directors. The Managing Director, Mr. Khoo Chin Leng has many years of experience in the Group’s core businesses, which are the manufacture and export of household gloves, industrial gloves and disposable gloves.

Within the Board, there are three active working committees who meet regularly and are delegated specific responsibilities to support the Board in discharging its corporate governance reporting duties. These committees are currently the Audit Committee, Nomination Committee and Remuneration Committee, each chaired by a capable board member of caliber and credibility.

Although a relatively small Board, it provides an effective blend of entrepreneurship, business and professional expertise. The Board has at least four regularly scheduled meetings annually. Board meetings bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.



## Corporate Governance Overview Statement (cont'd)

### BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### Directors' Training

All directors, including non-independent directors, have attended and completed the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad. The directors, either collectively or individually, have also attended various public talks and training sessions to keep abreast with developments in the business environment as well as to assist them in discharging their duties more effectively. Some of these training sessions were as follows:-

- Corporate Liability Provision under MACC (Amendment) Act 2018; and
- MIA International Accountants Conference 2018.

#### Board Meetings

Six Board Meetings were held during the financial year ended 31 December 2018. The attendance record of each director during the year were as follows:

<b>Name</b>	<b>Attendance</b>	<b>Percentage</b>
Dato' Abd Rahim bin Abd Halim ( <i>Non-Independent Non-Executive Chairman</i> )	6/6	100%
Dato' Mohamed bin Hamzah ( <i>Independent Non-Executive Deputy Chairman</i> )	6/6	100%
Khoo Chin Leng ( <i>Managing Director</i> )	6/6	100%
Sharifuddin bin Shoib ( <i>Non-Independent Non-Executive Member</i> )	4/6	67%
Mustapha bin Mohamed ( <i>Independent Non-Executive Member</i> )	6/6	100%
Poh Chee Kwan ( <i>Non-Independent Non-Executive Member</i> )	6/6	100%
Yap Jek Nan ( <i>retired on 21 May 2018</i> ) ( <i>Independent Non-Executive Member</i> )	2/2	100%

The Board composition in respect of the ratio of independent directors is two or at least one-third of the Board whichever is higher, in compliance with Bursa Malaysia Securities Berhad's Listing Requirements. The Board is in the process of seeking suitably qualified independent director(s) for appointment to the Board, as recommended by the Malaysian Code of Corporate Governance 2017.

The Chairman of the Board, Dato' Abd Rahim bin Abd Halim, is responsible for instilling good corporate governance practices, leadership and effectiveness of the board. The Chairman primarily leads the members in board meetings, guides the formulation of company policies, risk management practices and corporate affairs. He is supported by the Deputy Chairman, Dato' Mohamed bin Hamzah, other board members as well as the Managing Director who contribute their knowledge, objectivity and experience towards the execution of policies and monitoring of Group operations.

#### Appointment of Directors

The Nomination Committee responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills, contribution, experience and diversity, including gender diversity, which the directors should bring to the Board. It also objectively assesses the individual(s)' independence, conflicts of interests and family relationships, if any. The nomination received is forwarded to the full Board for assessment and endorsement.

The Nomination Committee comprises the following directors:

Poh Chee Kwan (*Chairman*)  
Dato' Mohamed bin Hamzah  
Mustapha bin Mohamed  
Yap Jek Nan (*retired on 21 May 2018*)



Corporate Governance Overview Statement (cont'd)

**BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)**

**Re-election**

Under the existing provisions of the Company's Constitution, one third of the directors are required to retire from office by rotation at least once every three years and subject to re-election at each Annual General Meeting.

**Directors' Remuneration**

The Company's remuneration scheme is linked to performance, service seniority, experience and scope of responsibilities. The Remuneration Committee of the Company comprises the following directors:

Dato' Abd Rahim bin Abd Halim (*Chairman*)  
Dato' Mohamed bin Hamzah  
Sharifuddin bin Shoib  
Mustapha bin Mohamed  
Yap Jek Nan (*retired on 21 May 2018*)

The Remuneration Committee ascertains and approves remuneration packages of executive directors and senior management in accordance with the Company's policy guidelines and with reference to external benchmark reports.

Fees for non-executive directors are determined by the full Board with the approval from shareholders at the Annual General Meeting. Individual directors affected are not involved in the approval of their own packages.

The details of the remuneration of directors of the Company comprising remuneration received or receivable from the Company and subsidiary companies (including discontinued operations) during the financial year ended 31 December 2018 were as follows:-

- Aggregate remuneration of directors of the Company categorised into appropriate components:

	The Group		The Company	
	Emoluments RM	Fees RM	Emoluments RM	Fees RM
Executive Director(s)	2,153,864	-	-	-
Non-executive Directors	-	212,608	-	212,608
<b>Total</b>	<b>2,153,864</b>	<b>212,608</b>	<b>-</b>	<b>212,608</b>

Details of emoluments and fees paid to each individual director of the Company are as follows:-

	Emoluments RM	Fees RM
Dato' Abd Rahim bin Abd Halim	-	42,800
Dato' Mohamed bin Hamzah	-	49,100
Khoo Chin Leng	613,108	-
Sharifuddin bin Shoib	-	35,600
Mustapha bin Mohamed	-	38,900
Yap Jek Nan ( <i>retired on 21 May 2018</i> )	-	16,208
Poh Chee Kwan	-	30,000
	<b>613,108</b>	<b>212,608</b>





Corporate Governance Overview Statement (cont'd)

**BOARD LEADERSHIP AND EFFECTIVENESS** (cont'd)

**Directors' Remuneration** (cont'd)

2. The directors fees payable to the Directors of the Company falls into the following bands:

<b>Range of remuneration</b>	<b>Executive</b>	<b>Non-executive</b>
Below RM50,000	-	6
RM600,001 to RM650,000	1	-

3. The remuneration of the top five (5) senior management of the Group, including the Managing Director, falls into the following bands:

<b>Range of remuneration</b>	
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1
RM250,001 to RM300,000	-
RM300,001 to RM350,000	1
RM400,001 to RM450,000	1
RM600,001 to RM650,000	1

**Supply of information**

All Board members are supplied with information in a timely manner. Board reports are circulated at least seven days prior to the Board Meetings to enable the Directors to obtain further information and explanation, where necessary, before the meetings.

The Board reports provide, amongst others, periodical financial and corporate information, significant operational, financial and corporate issues, performance of business units and management proposals that require Board's approval, including the annual Group budget.

The Board has the services of two Company Secretaries who ensure that notices of meetings are duly distributed, both for the Company's own records and for the purposes of meeting statutory requirements as well as obligations arising from the Listing Requirements of Bursa Malaysia Securities Berhad. The Company Secretaries are also charged with highlighting all issues that he feels ought to be brought to the Board's attention. During the Board of Directors' and other committee meetings, the Company Secretaries are jointly tasked with preparing the minutes to be signed off by the Chairman and distributed to all directors within sixty days from the conclusion of such meetings.

Besides the Company Secretaries, independent directors also have unfettered access to the financial officers and internal auditors of the Company.

In exercising their duties, Board committees are entitled to obtain professional opinions or advice from external consultants such as investment bankers, valuers, human resource consultants and others.





## Corporate Governance Overview Statement (cont'd)

### **EFFECTIVE AUDIT AND RISK MANAGEMENT**

#### **Audit Committee**

The Company has an Audit Committee whose composition meets the Listing Requirements i.e. two independent directors forming the majority and a member that is a qualified accountant. The Chairman of the Audit Committee is Dato' Mohamed bin Hamzah, an independent non-executive director. The Audit Committee meets periodically to carry out its functions and duties pursuant to its terms of reference. Other Board members also attend meetings upon the invitation of the Audit Committee.

Prior to the presentation of the quarterly financial statements to the Board and to the shareholders, the Audit Committee deliberates on the truth and fairness of the information presented to ensure that the financial statements are prepared in accordance with the Malaysian Financial Reporting Standards and the provisions of the Companies Act, 2016, in Malaysia. Thereafter, the Audit Committee will recommend that the financial statements be approved by the Board and issued to shareholders.

#### **Relationship with External Auditors**

The Audit Committee meets with the external auditors at least twice during the year and maintains an appropriate relationship that is both formal and transparent. These meetings are carried out without the presence of any executive directors and management of the Company and of the Group to deliberate on the audit plans, summaries of findings and any other matters directly affecting the Company and the Group. At these meetings and throughout the financial year, the Audit Committee assesses the competency and independence of the external auditor and if satisfactory, recommends for re-appointment to the Board, who will then seek shareholders' approval at the Company's Annual General Meeting.

Yearly, the external auditors also duly declares to the Audit Committee and to the Board that they are in compliance with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

#### **Risk Management and Internal Control**

The Board acknowledges the importance of having an adequate system of internal control and risk management within the Group. The key elements of the Group's internal control system are highlighted in the Statement of Risk Management and Internal Control on page 38 of the Annual Report.

#### **Internal Audit**

The Internal Audit department has been established internally to assist the Audit Committee in discharging its duties and responsibilities in maintaining an adequate system of internal control. The role of the Internal Audit department is to provide the Committee with independent and objective reports on the state of internal controls of the various operating functions within the Group and the extent of compliance of the functions with established policies and procedures. It is headed by an internal auditor with more than 19 years' work experience with the Group, and 2 permanent staff.

The Audit Committee assesses the performance of the Internal Audit department yearly and reports to the Board of Directors on the adequacy and relevance of the scope, functions, competency, authority and resources of the internal audit function to carry out its work.

The internal audit function of the Group carries out its activities in accordance with recognised internal auditing standards covering the conduct of audit planning, execution, documentation and communication of findings. It is also guided by the principals set up under the Group's Risk Management and Internal Control framework.



## Corporate Governance Overview Statement (cont'd)

### **EFFECTIVE AUDIT AND RISK MANAGEMENT** (cont'd)

#### **Internal Audit** (cont'd)

Throughout the financial year, audit assignments were carried out and reported on any system and control weaknesses noted in the course of the audit and management's responses on the audit findings. The Internal Audit department also followed up on implementation and disposition of all findings and recommendations. The total costs incurred for the internal audit function during the year amounted to RM204,327.

For the financial year just ended, the Board and the Company are of the view that the internal control systems of the Group are appropriate and adequate.

### **INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

#### **Communication with Shareholders**

A comprehensive Annual Report is published and sent to all shareholders at the end of each financial year. Through the Chairman's Statement, Directors' Report, financial highlights and key performance indicators, the shareholders are informed about the operations of the Group. On a quarterly basis, the Company also releases to Bursa Malaysia Securities Berhad, details of the Group's performance for the information of the public and shareholders.

In addition, any other material business matters affecting the Group or new corporate developments, if any, are also announced to Bursa Malaysia Securities Berhad within the appropriate timeframe.

#### **Annual General Meetings**

The Annual General Meeting is also a means of communicating with shareholders. At the Meeting, shareholders and investors are invited to raise any questions they may have pertaining to Group operations and interact and with Management, key officers, internal auditors and external auditors of the Group.

Notices for the Annual General Meeting are distributed at least twenty-eight days in advance, through an announcement on Bursa Malaysia's website and publication in at least one major newspaper in circulation in Malaysia. The Company's Annual General Meeting is usually held at a hotel, with ample parking spaces and other amenities. The Company's forthcoming twenty-third Annual General Meeting shall be held at The Rooms, Level 1, Impiana Hotel, 18 Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 30 May 2019 at 10.00 a.m. Shareholders are entitled to appoint a proxy or proxies or the Chairman to vote on their behalf at the Annual General Meeting.

Since the previous Annual General Meeting on 21 May 2018, the Company's resolutions set out in the Notice of Annual General Meeting were put to a vote by poll, the results validated and presented to the shareholders. This same practice will prevail at the forthcoming Annual General Meeting.

Any queries or concerns with regards to the Rubberex Group may be addressed to the following persons:-

Ms. Chong Lay Kim, Company Secretary; or  
Ms. Yeng Shi Mei, Company Secretary  
Tel no.: 605 548 0888  
Fax no.: 605 545 9222





Corporate Governance Overview Statement (cont'd)

**OTHER INFORMATION**

**Sustainability Reporting**

The Board of Directors are pleased to present its Detailed Sustainability Statement for the financial year ended 31 December 2018 on page 30 of this Annual Report, guided by the principals set out on Part III, Practice Note 9 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

**Utilisation of Proceeds**

In 2017, the Company carried out a private placement of 22,926,800 shares with Med-Bumikar Mara Sdn Bhd at the placement price of RM0.70 per share. A total of RM16.0 million was raised for the purpose of capital expenditure on the expansion of the Group's nitrile disposable glove production lines and to defray expenses.

On 30 August 2018, the Company announced that the net proceeds of RM15.5 million (after defrayment of expenses) have yet to be utilised for capital expansion and that the Group proposes to vary the timeframe for the utilisation of the said proceeds in the following manner:

Utilisation	Original timeframe for utilisation (from 01 June 2017)	Expected timeframe for utilisation from the date of announcement
Capital expenditure to expand the production lines of nitrile disposable gloves	Within twelve (12) months	Within twenty-four (24) months

**Share Buy-backs**

The Company did not carry out any Share buy-backs in the financial year. A total of 10,000 shares were retained as treasury shares.

**Options, Warrants and Convertible Securities**

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

**American Depository Receipt (ADR)/Global Depository Receipt (GDR) Programme**

The Company did not sponsor any ADR or GDR Programmes during the financial year.



## Corporate Governance Overview Statement (cont'd)

### **OTHER INFORMATION** (cont'd)

#### **Imposition of Sanctions/Penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any local or foreign regulatory bodies during the financial year.

#### **Non-audit fees**

There are no non-audit fees paid to the external auditors during the financial year.

#### **Variation in results**

There was no material variance between the audited results of the Group for the financial year ended 31 December 2018 and unaudited results previously released on 26 February 2019.

#### **Profit Estimate, Forecast of Projection and/or Profit Guarantee**

The Company did not release any profit estimate, forecast, projection or guarantee for the financial year just ended.

#### **Material Contracts**

On 31 December 2018, the Company entered into a conditional Sale and Purchase Agreement with Nutraceutical Biotech Global Holdings Limited for the proposed disposal of the Group's manufacturing operations in China through the disposal of the Group's entire equity interests in Pioneer Vantage Limited, [*which holds 100% equity interest in LPL (Hui Zhou) Glove Co. Ltd.*] and Lifestyle Investment (Hong Kong) Limited, [*which holds 100% equity interest in Lifestyle Safety Products (Hui Zhou) Co. Ltd.*], for a total cash consideration of HKD135.0 million. The Company obtained an unanimous shareholders' approval for the proposed disposal at an Extraordinary General Meeting held on 18 February 2019.

#### **Revaluation Policy on landed properties**

There was no revaluation of landed properties during the financial year ended 31 December 2018.

#### **Corporate Social Responsibility (CSR)**

The Company and Group are committed to the ISO 14001 Environmental Management Systems and Standards accreditation where various efforts are implemented and/or intensified to minimise any adverse effects of the manufacturing processes to the environment. In addition, the Company also made some donations to various charities and welfare organisations during the financial year ended 31 December 2018.







## Sustainability Statement

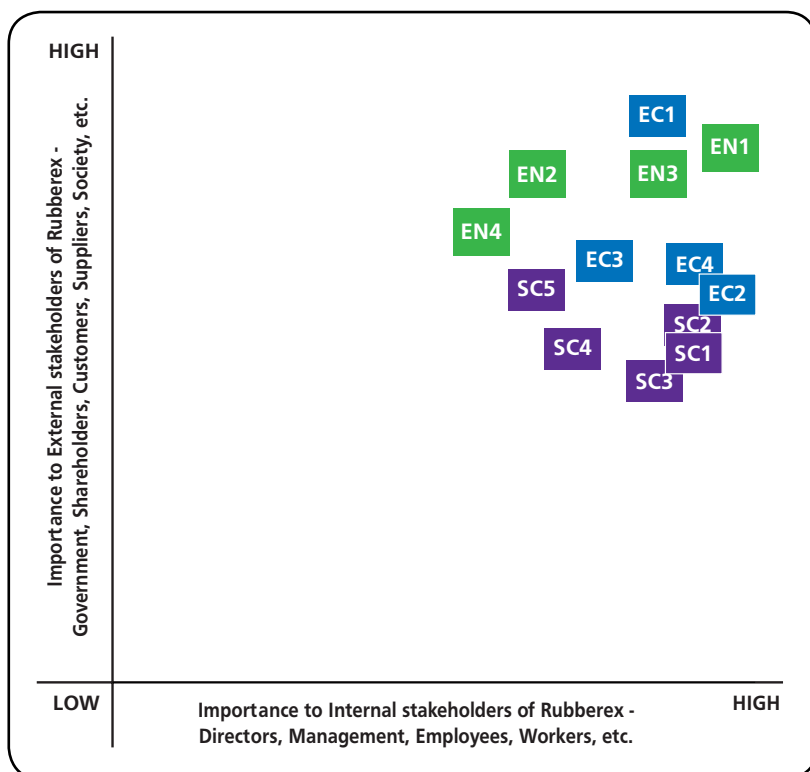
for the financial year ended 31 December 2018

### Introduction

The Board of Directors of Rubberex Corporation (M) Berhad and its subsidiary companies ("Rubberex" or the "Group") are pleased to present this Sustainability Statement for the year ended 31 December 2018, which is an extension of our inaugural General Sustainability Statement issued in the previous year.

Sustainability practices and continuous improvements are progressively on-going as we strive to balance business with the interests of our stakeholders and the community at large. We continue to be guided by the three key sustainability mainstays highlighted in our 2017 report: - Economic, Environmental and Social.

For the current reporting period, the Management has assessed the Group's sustainability going forward with particular emphasis on our Malaysia operations where our main factories, resources and key personnel are based. We have assessed the importance or impact that certain issues within the three core values highlighted above have on stakeholders, both internal and external. With that, the results have been summarised and presented in a grid diagram below:



### Sustainability Markers

#### Economical

- EC1** protect shareholders' interests
- EC2** product quality
- EC3** customers' satisfaction
- EC4** compliance to BSCI guidelines

#### Environmental

- EN1** accreditation and compliance
- EN2** efficient use of resources
- EN3** pollution and emission control
- EN4** seek alternative sources

#### Social

- SC1** remuneration and rewards
- SC2** health, safety and wellbeing
- SC3** workplace diversity and equal opportunities
- SC4** training and development
- SC5** giving back to society



Sustainability Statement  
for the financial year ended 31 December 2018 (cont'd)

Understandably, our markers have pooled at the top right-hand corner in the grid, emphasising the high importance of these sustainability measures to the Group. The markers highlighted above are further explained in detail below:

**Economic Sustainability**

The core of Rubberex's business operations is to generate profits and create sustainable value for its shareholders. However, for the financial year just ended, the Group accounted for the disposal of its entire vinyl disposable glove manufacturing operations and simultaneously made the necessary impairments to certain machineries and inventories in China, resulting in a recorded loss of RM60.0 million during the year; the Group's China operations have been reclassified as "discontinued" with its "assets held for sale" since 31 December 2018.

**(i) EC1: Acting in the best interests of shareholders**

The disposal of the China operations was the best option for the Group considering it was the highest offer received and came at the time when China was tightening its grip on environmental policies and prospects for vinyl disposable gloves was bleak. It was an opportune time to exit this particular division and reinforce our presence in Malaysia where expansion plans were already in the pipeline. Proceeds from the disposal would also be utilised to repay borrowings and thus reduce the Group's finance costs and gearing levels moving forward.

**(ii) EC2, EC3, EC4: Meeting high quality standards and ensuring customers' satisfaction**

Rubberex's operations are duly certified with the following accreditations for the manufacture of natural and synthetic rubber gloves, synthetic latex examination (nitrile disposable) gloves and polyvinyl chloride examination gloves (powdered and powder-free):

- ISO 9001 : 2015 Quality Management Systems; and
- EN ISO 13485 : 2016 Quality Management Systems (Medical Devices).

In addition, Rubberex also holds the following valid certifications relevant to the manufacturing, sales and distribution of the Group's products:

- PPE Regulation (EU) 2016/425 Module D issued by SATRA Technology Centre Limited (United Kingdom) – conformity to type based on quality assurance of the production process, for the manufacture of protective gloves;
- EU Type Examination Certificate issued by SATRA Technology Centre Limited (United Kingdom), in compliance to applicable essential health and safety requirements of Annex II of the PPE Regulation (EU) 2016/425 as a Category III product; and
- EC Type Examination Inspection Certificate issued by Asociacion de Investigacion de la Industria Textil (Spain), in compliance with Directive 89/686/EEC, transposed in the Royal Decree 1407/1992 in which the minimum requirements that Personal Protective Equipment (PPE) must comply with.

**(a) Supplier assessments**

A high quality finished product begins with quality inputs or materials. Rubberex regularly conducts assessment audits on its suppliers of raw materials, packaging materials, parts and services, both formally and informally, to ensure that materials are delivered within specified standards, quality, pricing and lead times.

The Group also adopts a fair and impartial approach in its purchasing activities by ensuring competitive prices for its materials and parts; for certain major capital expenditure, the Group occasionally practices open tenders and purchases from the lowest bidder.





Sustainability Statement  
for the financial year ended 31 December 2018 (cont'd)

**Economic Sustainability** (cont'd)

**(ii) EC2, EC3, EC4: Meeting high quality standards and ensuring customers' satisfaction** (cont'd)

(a) Supplier assessments (cont'd)

In the current year 2018, the evaluation of suppliers for the Group's Malaysia operations have consistently achieved Grades A/B, with performances rated in the range of 70% to 99%:

	Rating
Suppliers of raw materials	78.8%
Suppliers of packaging materials	83.0%
Other suppliers	80.0%

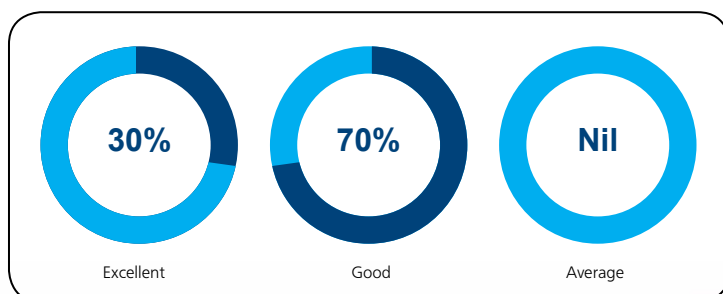


(b) Customers' surveillance and social audits

Throughout the year, Rubberex regularly receives and hosts overseas customers or buyers, both existing and new prospects, who pay official calls to our plants for quality reviews and assessments. Through these visits, our Marketing teams garner valuable feedback on our market position, product application, process improvements, shipments and deliveries. Customers' complaints, if any, are also addressed promptly.

Annually, Rubberex also conducts formal customer satisfaction surveys in order to fully understand customers' expectations and maintain rapport. The results of such surveys in 2018 indicate that 30.0% of our customers are have rated the Group "excellent" in terms of our product quality, services and business support:

<b>No. of customers surveyed</b>	70
<b>No. of replies received</b>	44 (63.0%)
<b>Results :</b>	
Rating : Excellent	30.0%
Rating : Good	70.0%
Rating : Average	Nil





Sustainability Statement  
for the financial year ended 31 December 2018 (cont'd)

**Economic Sustainability** (cont'd)

**(ii) EC2, EC3, EC4: Meeting high quality standards and ensuring customers' satisfaction** (cont'd)

(b) Customers' surveillance and social audits (cont'd)

During the year, a total of 5 audits and checks were carried out by Jabatan Keselamatan dan Kesihatan Pekerjaan (JKKP) to ensure safe work practices, chemical handling and emergency procedures.

Social audits carried out by 7 overseas customers guided by the Business Social Compliance Initiative (BSCI) supply chain management system, also safeguarded the continuity of the Group's operations by ensuring that workers were accorded fair and equitable working conditions in accordance to international labour laws governing the rights and duties of employees, employers, trade unions and governments.

**Environmental Sustainability**

The Group's commitment to the planet's sustainability and ecological systems encompasses the prudent use of energy, pollution management and control, culture of recycling and adoption of greener fuel sources.

**(i) EN1: Accreditation and regulatory compliance**

Rubberex is certified by SIRIM QAS International Sdn Bhd, a local accredited certification, inspection and testing services provider, and diligently upholds its ISO 14001:2015 compliance to the highest international environmental standards, both in its manufacturing processes and factory management.

**(ii) EN2: Efficient use of energy and resources**

Compared to year 2017, we are pleased to report that both electricity and water costs have reduced in 2018, by a combined 11.9% for our household and industrial glove division and 7.7% for our nitrile disposable glove division in Malaysia, translating to higher cost savings and product margins for the Group. We also attribute this outcome to our internal Energy Savings Committee, comprising 13 staff and competent personnel from various departments, who meet at least once monthly to review, promote and implement the most responsible efficient consumption of such resources.

**(iii) EN3: Recycle, Reduce and Reuse**

Rubberex's household and certain industrial gloves produced in Malaysia are largely made from natural rubber – they are recyclable as well as biodegradable in soil where the gloves naturally disintegrate into organic matter over time, causing no harm to the environment or water systems.

Other than pollution and emission controls, our effluent discharges are effectively treated before release to the river systems and reused in the factories. Our waste water treatment plants in Malaysia processed approximately 300m<sup>3</sup> of water per hour, which translated to RM0.2 million in monthly savings.

In another tangible effort to reduce our carbon footprint, the Group also promoted the packaging of gloves in the doubled-up 200 piece-pack or 2,000 pieces per carton style so as to optimise paper and chemicals usage, contributing to less wastes and a kinder environment in the long run.

**(iv) EN4: Our commitment to the future**

Rubberex's commitment to the sustainability of the environment extended to our latest nitrile disposable glove plant, which was originally slated for expansion in year 2018 but had since been deferred to late 2019 largely to coincide with Gas Malaysia's scheduled supply of gas to our vicinity in Bercham, Ipoh. The Management's conscientious decision to delay operations and to run the plant on gas rather than biomass was due to it being a cleaner, more viable and environmentally friendly alternative to conventional fuel.



**Sustainability Statement**  
for the financial year ended 31 December 2018 (cont'd)

**Social Sustainability**

To ensure long term business continuity, we acknowledge that our employees are vital strategic assets of the Group; we support, protect and nurture our employees in terms of their career and personal development. The Group's social commitments and responsibilities also extend to the community at large and in particular to residents living within close proximity to our manufacturing premises. Some of the Group's principle indicators of social sustainability are outlined below:-

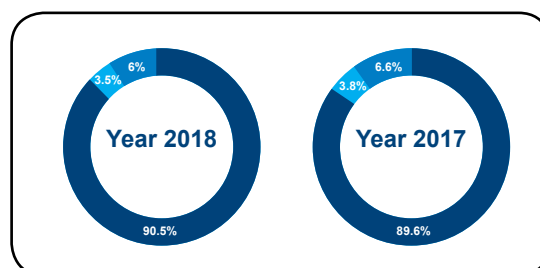
**(i) SC1: Remuneration and rewards**

Rubberex's Group-wide human resource policy with regards to recruitment and retention are comparable to industry averages, employees' skills set, performance, experience and qualifications. The Group maintains a lean organisation chart, with minimal reporting lines of authority so as to encourage communication and accountability.

In the financial year 2018, the remuneration of the Group's key management personnel, including the Managing Director in the top 5, have accounted for approximately 9.5% of total employee benefits expenses, a slight decrease from 10.4% of the previous year 2017.

	As % of total employee benefits expenses	
	Year 2018	Year 2017
Remuneration paid to top 5 senior management	6.0%	6.6%
Remuneration paid to other key management personnel	3.5%	3.8%
Remuneration paid to other employees	90.5%	89.6%

As have salary increments and promotions, staff bonuses were disbursed in both financial years and amounts paid to key management personnel were based on merit, directly linked to the results of their divisions as well as their individual leadership and executive performances. The reduction has indicated that as it should be, by hierarchical order, our management has acknowledged and taken full responsibility for the less than favourable financial results of 2018.



As at 31 December 2018, the average length of service by the Group's key management personnel was 22.8 years, underscoring the extensive breadth of knowledge, experiences and leadership of these individuals. The Group also valued loyalty among its employees and long service awards were granted to employees who have been with the Group for at least 10 years. In the current year, a total of 34 employees were rewarded and presented with certificates of appreciation for their continuous services to the Group:

No. of employees presented with 10-year service awards	2
No. of employees presented with 20-year service awards	16
No. of employees presented with 30-year service awards	16





Sustainability Statement  
for the financial year ended 31 December 2018 (cont'd)

**Social Sustainability** (cont'd)

**(ii) SC2: Health, Safety and Wellbeing**

Our employees' comfort, physical and mental wellbeing are a priority and workers' safety are never compromised. The Group's established Safety and Health policy governs the provision and use of safety equipment, safety gear and other protective wear for factory and contract workers as well as visitors. In the last two financial years, a number of employees from designated departments have also routinely undergone mandatory audiometric tests, chemical exposure monitoring tests and other ad-hoc general health screenings provided by the Group:

		Frequency	No. of employees	
			Year 2018	Year 2017
Audiometry tests	Test of hearing ability	At least once yearly	306	194
Chemical Exposure Monitoring	Test for exposure to hazardous materials	At least once yearly	54	54

There were a total of 8 industrial accidents at our Malaysia plants in 2018 of which the majority of these cases were classified as "minor" and crucially, there were no fatalities involved:

	No. of industrial accidents	
	Year 2018	Year 2017
Major	3	4
Minor	5	5
Fatalities	Nil	Nil

Throughout the year, fire drills were also carried out regularly, including at night and at workers' dormitories, to familiarise employees with safety procedures, escape routes, evacuation plans and meeting points in case of a fire. These fire drills were organised by our in-house Safety and Emergency Response Teams, consisting of 46 competent employees from various departments and work shifts, who have been trained in basic fire-fighting, medical care and first aid. The average response times of this exercise, from the trigger of alarm to full assembly in year 2018 was 3.6 minutes, which was below that recommended by the local fire department of 7.0 minutes.

Other than the standard health benefits accorded such as paid sick leaves, maternity and paternity leaves, health insurances and dental care, employees at Rubberex were also encouraged to adopt healthy lifestyles and work-life balances. The Management has actively supported fellowship and employee participation through the organisation of various friendly sports competition and other social activities throughout the year.

**(iii) SC3: Workplace Diversity and Equal Opportunities**

The people pool at Rubberex has always been culturally diverse with a harmonious blend of nationalities, talents and age groups. As at 31 December 2018, total employees at our Malaysia plants stood at 843, an increase of 10.9% from 760 at the beginning of the year. Employee movements during the year were as follows:

As at 01/01/2018	Recruitment	Resignation/ Left Malaysia	As at 31/12/2018
760	351	268	843





Sustainability Statement  
for the financial year ended 31 December 2018 (cont'd)

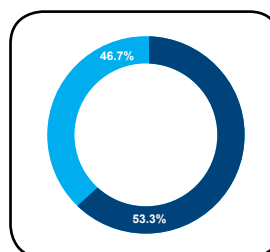
**Social Sustainability** (cont'd)

**(iii) SC3: Workplace Diversity and Equal Opportunities** (cont'd)

The bulk of workers' recruitment were plainly replacement for workers who had resigned, including foreigners who returned to their home countries upon completion of contracts, new vacancies and opened positions.

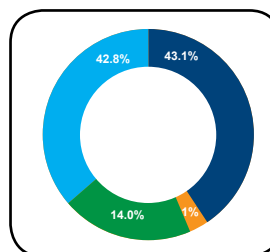
Of the total workforce as at the end of year 2018, 53.3% or 449 workers were foreigners mainly from Myanmar (62.8%), Nepal (35.0%) and Indonesia (2.2%) brought in to fulfil critical manual tasks at the plants' Production and Packing departments that require greater continuity as well as stability in terms of workers' attendance and turnover.

	No. of employees	
Local	394	46.7%
Foreigners	449	53.3%
<b>Total</b>	<b>843</b>	<b>100.0%</b>



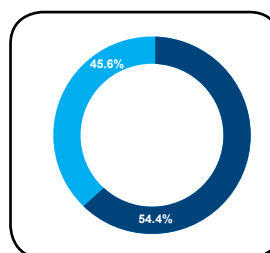
Our workforce in Malaysia is also one that is relatively young and dynamic, with the highest proportion of employees within the 31 to 45 years age-group. Sustainability for the Group is assured from a ready pool of willing, motivated learners, guided by the right balance of qualified experienced mentors.

	No. of employees	
Ages 18 – 30	361	42.8%
Ages 31 – 45	363	43.1%
Ages 46 – 60	118	14.0%
Above 60 years	1	0.1%
<b>Total</b>	<b>843</b>	<b>100.0%</b>



The Group advocates fair treatment and opportunities to its employees without discrimination of gender, race, religion or beliefs. Rubberex is impartial to the traditional factory-based, technical roles previously held mostly by males and equal chances were also accorded to our female engineers, chemists and technicians within the Group. Overall, the composition of our workforce in terms of gender disposition was also balanced and unprejudiced as reflected below.

	No. of employees	
Male	459	54.4%
Female	384	45.6%
<b>Total</b>	<b>843</b>	<b>100.0%</b>





Sustainability Statement  
for the financial year ended 31 December 2018 (cont'd)

**Social Sustainability** (cont'd)

**(iii) SC3: Workplace Diversity and Equal Opportunities** (cont'd)

Rubberex's workplace culture is one that encourages employees to openly share and suggest viewpoints, ideas, complaints or grievances with Management without intimidation. To this end, suggestion boxes placed at strategic locations within the premises have effectively achieved this purpose. During the year, a total of 10 practical and constructive proposals were accepted by Management and as a gesture of appreciation, these employees were remunerated accordingly:

No. of suggestions received	10	100.0%
No. of suggestions replied	10	100.0%
No. of suggestions accepted and implemented	9	99.0%

**(iv) SC4: Training and Development**

In order to nurture talent and support career development, a total of 213 employees have attended 25 training courses, seminars and programs held during the year, an average of 2.1 training hours invested per employee.

**(v) Giving back to society**

As responsible community members and business operators, Rubberex carries out its corporate social responsibilities (CSR) in good faith, contributing monetary support and assistance to various charities and organisations during the year, such as:-

- Berita Kesatuan Pekerja Bomba & Penyelamat Semenanjung Malaysia – contribution towards a publication to raise awareness on fire safety and fire prevention;
- Badan Kebajikan Anggota Perkhidmatan Hasil Negara Malaysia – charity fund for orphans and members with disabilities;
- The National Cancer Society of Malaysia – for the provision of education, care and support services for people affected by cancer;
- Pertubuhan Kebajikan Mental Selangor (PKMS) – contribution towards a centre of vocational training for psychiatric patients;
- Society for the Prevention of Cruelty to Animals (SPCA) – contribution towards the animal welfare fund; and
- Yayasan Jantung Malaysia.





## **Statement on Risk Management and Internal Control**

This Statement is prepared in compliance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires the Board of Directors of public listed companies to include in its Annual Report, a “statement about the state of internal control of the listed issuer as a group”.

The Board of Directors of Rubberex Corporation (M) Berhad is committed to maintaining a sound system of risk management and internal control in the Group and is pleased to provide the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2018.

### **Board Responsibility**

The Board of Directors is responsible for the adequacy and effectiveness of the Group’s Risk Management and Internal Control systems. This includes the establishment of an appropriate control environment and risk management framework as well as continually reviewing the adequacy and integrity of the said systems to safeguard our stakeholders’ interests and the Group’s assets. The system of risk management and internal controls covers finance, operations, management information systems and compliance with relevant laws, both local and foreign, all other statutory regulations, policies and procedures.

Whilst acknowledging its responsibilities, the Board of Directors is also aware of the limitations that are inherent in any systems of internal control and risk management, therefore such systems are designed to manage rather than totally eliminate the risks of failure to achieve business objectives. Accordingly, such systems can only provide reasonable rather than absolute assurance against material losses, misstatements or breaches of laws and/or regulations.

### **Risk Management Framework**

The Group’s risk management and internal control framework is a continually updated and ongoing process for identifying, evaluating and managing significant risks impacting the Group. The implementation of the risk management and internal control systems are operated within the Group by qualified personnel and supported by Management throughout the financial year. The Board of Directors, with the assistance of its Audit Committee, has also received assurance from senior Management that the Group’s risk management and internal control systems are operating adequately and effectively at the present time.

### **Internal Audit Function**

The Internal Audit department is an independent division in the Group that reports functionally to the Audit Committee. The head of the Internal Audit department meets at least quarterly with the Audit Committee and provides the Committee with objective reports on the state of internal controls within the Group. Internal Audit also carries out ad-hoc audit assignments under the direction of the Audit Committee, if necessary.



## Statement on Risk Management and Internal Control (cont'd)

### Other Key Elements of the Group's Internal Control System

The Group's internal control system is designed primarily to facilitate the achievement of the Group's business objectives and comprise, among others, the following salient features:-

- **Organisation structure**  
The organisation structure of the Group includes defined lines of responsibility and delegation of authority to the Committees of the Board as well as authority limits for management and operating units;
- **Group policies and procedures**  
The Group's policies and procedures are set in place to ensure controls in authorisation limits as well as compliance to current laws and regulations. These policies and procedures are clearly communicated to employees and include an expected code of conduct and discipline to which employees acknowledge at the time of employment;
- **Budgeting and monitoring processes**  
The operating subsidiary companies within the Group draw up an annual budget plan prior to the commencement of each new financial year that is seen and approved by Management before a Group Annual Budget is compiled and presented to the Board of Directors for consideration. Actual operating results are compared to the forecasted results regularly with variances reviewed and management action taken, where necessary. The Board of Directors is also informed of such variances on a quarterly basis;
- **Financial Performance Review**  
Regular and comprehensive information are provided to Management, covering financial results and key business indicators such as sales, production volumes, profit margins and cash flow performance;
- **Audit Committee**  
The Audit Committee comprises non-executive members of the Board of Directors, with two independent directors forming the majority and a member that is a qualified accountant. The Audit Committee has full and unrestricted access to any information pertaining to the Group and has direct communication access to both the internal and external auditors of the Group.

### Review of the Statement by External Auditors

The external auditors have reviewed this Statement in accordance with the Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysia Institute of Accountants on the Review of Directors' Statement on Risk Management and Internal Control pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the integrity of the system of risk management and internal control of the Group.

### Conclusion

The Board has received assurance from the Managing Director that to the best of their knowledge the risk management and internal control of the Group are operating effectively and adequately in all material respects, for the year under review up to the date of approval of this statement. The Board has appraised and confirmed the risk management and internal control system is satisfactory and the control issues highlighted by both Internal and External Auditors have not resulted in any material losses, contingencies or uncertainties that would require disclosure in this report.

This statement was reviewed and approved by the Board in accordance with a resolution of the Board of Directors dated 29 April 2019.





**Rubberex Corporation  
(M) Berhad**

## **Statement of Directors' Responsibility**

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International Accounting Standards Board, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2018 set out on pages 44 to 136 of the Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent. Having made adequate enquiries, the Directors have prepared the financial statements on a going concern basis.

The Directors acknowledge the responsibility for ensuring that the Group and the Company keep accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company which enables them to ensure that the financial statements comply with the Companies Act, 2016. The Directors have overall responsibilities for taking such steps so as to safeguard the assets of the Group and of the Company, to prevent and detect fraud and other irregularities

This Statement is made in accordance with a resolution of the Board of Directors dated 29 April 2019.

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## Statement of Shareholdings

as at 25 March 2019

Issued and Paid up Capital	:	RM160,191,549
Voting Rights		
On a poll	:	1 vote for each share held

### DISTRIBUTION OF SHAREHOLDERS FOR ORDINARY SHARES AS AT 25 MARCH 2019 (Excluding 10,000 Treasury Shares)

Size of Shareholdings as at 25 March 2019	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	216	4.77	10,504	0.00
100 – 1,000	344	7.60	180,248	0.07
1,001 – 10,000	2,596	57.32	13,832,944	5.49
10,001 – 100,000	1,206	26.63	37,848,602	15.01
100,001 to less than 5% of issued shares	164	3.62	111,859,019	44.35
5% and above of issued shares	3	0.07	88,464,300	35.08
<b>Total</b>	<b>4,529</b>	<b>100.00</b>	<b>252,195,617</b>	<b>100.00</b>

### 30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES (Excluding 10,000 Treasury Shares)

No.	Names	Shares	%
1	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Med-Bumikar Mara Sdn Bhd (PIVB)	32,444,889	12.86
2	Med-Bumikar Mara Sdn Bhd	31,971,661	12.68
3	Duvest Holdings Sdn Bhd	24,047,750	9.54
4	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Aun Huat & Brothers Sdn Berhad (E-IMO/BCM)	12,352,941	4.90
5	Aun Huat & Brothers Sdn. Berhad	6,956,145	2.76
6	Teng Cheng Bon @ Teng Kim Tee	6,889,184	2.73
7	CIMB Group Nominees (Asing) Sdn. Bhd. – Exempt An For DBS Bank Ltd (SFS)	6,219,200	2.47
8	Ang Huat & Brothers Sdn. Berhad	5,891,686	2.34
9	Yap Siew Chin	5,355,400	2.12
10	Teo Kwee Hock	3,827,400	1.52
11	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Ping Kok Koh (041005)	3,429,704	1.36
12	UOB Kay Hian Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Teo Siew Lai	3,107,700	1.23
13	Kon Choi Ying	2,934,638	1.16
14	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Med-Bumikar Mara Sdn Bhd (SAM)	2,889,111	1.15
15	Diamond Silk International Sdn Bhd	2,723,519	1.08
16	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Sharifuddin bin Shoib (041004)	2,164,542	0.86



Statement of Shareholdings  
as at 25 March 2019 (cont'd)

**30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES  
(Excluding 10,000 Treasury Shares) (cont'd)**

No.	Names	Shares	%
17	Kenanga Nominees (Tempatan) Sdn Bhd – Ping Kok Koh (PCS)	1,813,334	0.72
18	Koh Yit Ming @ Quek Yit Ming	1,601,200	0.63
19	Wong Kit Peng	1,559,000	0.62
20	Mohamed bin Hamzah	1,458,640	0.58
21	Low Hin Choong	1,401,600	0.56
22	Ong Suan Kim	1,178,964	0.47
23	Cimsec Nominees (Tempatan) Sdn Bhd – CIMB for Kong Chong Soon @ Chi Suim (PB)	1,150,000	0.46
24	Ong Leong Huat	1,066,000	0.42
25	Kenaga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Yap Lim Sen	1,000,000	0.40
26	Rampai Dedikasi Sdn Bhd	800,000	0.32
27	Koh Boon Chor	747,700	0.30
28	Woi Yoon Kim	731,189	0.29
29	Life Enterprise Sdn Bhd	717,400	0.28
30	Tok Peck Hong	711,000	0.28
		<b>169,141,497</b>	<b>67.07</b>

**SUBSTANTIAL SHAREHOLDERS FOR ORDINARY SHARES AS AT 25 MARCH 2019  
(Excluding 10,000 Treasury Shares)**

	Direct	No. of shares held		%
		%	Indirect	
Med-Bumikar Mara Sdn. Bhd.	67,305,661	26.69	-	-
Duvest Holdings Sdn. Bhd.	24,047,750	9.54	-	-
Teng Cheng Bon @ Teng Kim Tee	7,453,974	2.96	24,047,750	9.54 *
Aun Huat & Brothers Sdn. Bhd.	25,200,772	9.99	-	-
Ping Kok Koh	-	-	33,108,854	13.13 \\\
Sharifuddin bin Shoib	54,114	0.02	26,212,292	10.39 **
P & F Holdings Sdn. Bhd.	370,666	0.15	25,200,772	9.99 ++
Poh Cheong Meng & Sons Sdn. Bhd.	516,024	0.20	25,200,772	9.99 ++
Poh Chee Meng & Sons Holdings Sdn. Bhd.	383,121	0.15	25,200,772	9.99 ++

\* Deemed interest through Duvest Holdings Sdn. Bhd.

\*\* Deemed interest through Duvest Holdings Sdn. Bhd. and RHB Capital Nominees (Tempatan) Sdn. Bhd.

\\ Deemed interest through Duvest Holdings Sdn. Bhd., Kenanga Nominees (Tempatan) Sdn. Bhd.,

Maybank Nominees (Tempatan) Sdn. Bhd., RHB Capital Nominees (Tempatan) Sdn. Bhd. and Kon Choi Ying

++ Deemed interest through Aun Huat & Brothers Sdn. Bhd.



Statement of Shareholdings  
as at 25 March 2019 (cont'd)

**DIRECTORS' INTERESTS FOR ORDINARY SHARES AS AT 25 MARCH 2019  
(Excluding 10,000 Treasury Shares)**

	Direct	No. of shares held		%
		%	Indirect	
Dato' Abd Rahim bin Abd Halim	200,000	0.08	100,000	0.04
Dato' Mohamed bin Hamzah	1,458,640	0.58	-	-
Khoo Chin Leng	10,690	0.00	7,604	0.00
Sharifuddin bin Shoib	54,114	0.02	26,212,292	10.39
Mustapha bin Mohamed	-	-	-	-
Poh Chee Kwan	42,000	0.02	531,616	0.21

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## Directors' Report

The directors of **RUBBEREX CORPORATION (M) BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2018.

### PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary is as disclosed in Note 18 to the financial statements.

### RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	<b>The Group RM</b>	<b>The Company RM</b>
<b>Profit/(Loss) for the year from continuing operations</b>	8,684,554	(1,876,416)
<b>Loss for the year from discontinued operations</b>	(60,769,688)	(81,487,887)
<b>Loss for the year, net of tax</b>	<u>(52,085,134)</u>	<u>(83,364,303)</u>
<b>Loss for the year attributable to owners of the Company</b>	<u>(52,085,134)</u>	<u>(83,364,303)</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for discontinued operations as disclosed in Note 14.

### DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid/payable or proposed by the Company are in respect of the following:

A first interim dividend of 0.75 sen per ordinary share, single-tier, amounting to RM1,891,461, computed based on the issued and paid-up capital of 252,205,617 ordinary shares, less treasury shares of 10,000 held by the Company, was declared on May 21, 2018 and paid on August 17, 2018.

A second interim dividend of 1.00 sen per ordinary share, single-tier, amounting to RM2,521,956, computed based on the issued and paid-up capital of 252,205,617 ordinary shares, less treasury shares of 10,000 held by the Company, was declared on November 27, 2018 and paid on January 24, 2019.

No final dividend is proposed in respect of the current financial year.

### RESERVES AND PROVISIONS

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





## Directors' Report (cont'd)

### ISSUE OF SHARES AND DEBENTURES

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

### TREASURY SHARES

The Company has not repurchased any ordinary shares during the financial year.

The shares repurchased previously are being held as Treasury Shares in accordance with the requirements of Section 127(4) (b) of the Companies Act, 2016.

### SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.



## Directors' Report (cont'd)

### **OTHER STATUTORY INFORMATION** (cont'd)

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

### **DIRECTORS**

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

Dato' Abd Rahim bin Abd Halim  
Dato' Mohamed bin Hamzah  
Mr. Khoo Chin Leng  
En. Mustapha bin Mohamed  
En. Sharifuddin bin Shoib  
Mr. Poh Chee Kwan  
Mr. Yap Jek Nan (*retired on 21 May, 2018*)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

#### **Name of directors**

#### **Subsidiaries**

En. Sharifuddin bin Shoib	RM, DG
Mr. Poh Ah Yee @ Poh Chee Hee	RM, DG
Mr. Khoo Chin Leng	RM, DG, RMM, RA, PVL, LHK, LPL, RSSL
En. Sabri bin Abd Hamid	RM, DG, RMM, RA, LPL, RHK, RSSL
Mr. Khoo Thiam Chye	RM, DG, RMM, RA
Mr. Soo Soon Yew	DG
Mr. Koay Kean Leong	LSP
Mr. Wai Lih Shyng	LPL, LSP
En. Abu Bakar bin Othman	LSP
Ms. Goh Mooi Huan	PVL, LHK, LSP, RHK
Ms. Stephanie Hew Chooi Foon	PVL, LHK, RHK



Directors' Report (cont'd)

**DIRECTORS** (cont'd)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are: (cont'd)

**Name of directors**

**Subsidiaries**

Denotes:

RM	Rubberex (M) Sdn. Berhad
DG	Diamond Grip (M) Sdn. Bhd.
PVL	Pioneer Vantage Limited
RHK	Rubberex (Hong Kong) Limited
LHK	Lifestyle Investment (Hong Kong) Limited
RMM	Rubberex Marketing (M) Sdn. Bhd.
RSSL	Rubberex Spain, S.L.
RA	Rubberex Alliance Sdn. Bhd.
LPL	LPL (Hui Zhou) Glove Co. Limited
LSP	Lifestyle Safety Products (Hui Zhou) Co. Limited

**DIRECTORS' INTERESTS**

The interests in shares in the Company of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	Number of ordinary shares		
	Balance as of 1.1.2018	Transferred from/(to)	Balance as of 31.12.2018
<b>Shares in the Company</b>			
<b>Registered in the name of directors</b>			
Dato' Abd Rahim bin Abd Halim	200,000	-	200,000
Dato' Mohamed bin Hamzah	1,305,135	153,505	1,458,640
Mr. Khoo Chin Leng	10,690	-	10,690
En. Sharifuddin bin Shoib	54,114	-	54,114
Mr. Poh Chee Kwan	42,000	-	42,000
<b>Indirect interest</b>			
Dato' Abd Rahim bin Abd Halim	100,000	-	100,000
Dato' Mohamed bin Hamzah	153,505	(153,505)	-
Mr. Khoo Chin Leng	7,604	-	7,604
En. Sharifuddin bin Shoib	26,212,292	-	26,212,292
Mr. Poh Chee Kwan	531,616	-	531,616

None of the other directors in office at the end of the financial year held shares or had beneficial interests in the shares of the Company or of its subsidiaries during or at the end of the financial year.





## Directors' Report (cont'd)

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company as disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS**

The Company maintains directors' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors of the Company. The amount of insurance premium paid/payable during the year amounted to RM13,554.

There was no indemnity given to or insurance effected for other officers or auditors of the Company.

### **AUDITORS**

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

### **AUDITORS' REMUNERATION**

The amount paid/payable as remuneration of the auditors for the financial year ended December 31, 2018 is as disclosed in Note 10 to the financial statements.

Signed on behalf of the Board, as approved by the Board  
in accordance with a resolution of the Directors,

**MR. KHOO CHIN LENG**

**DATO' ABD RAHIM BIN ABD HALIM**

Ipoh, 29 April 2019



**Independent Auditors' Report**  
To The Members of Rubberex Corporation (M) Berhad  
(Incorporated in Malaysia)

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of **RUBBEREX CORPORATION (M) BERHAD**, which comprise the statements of financial position of the Group and of the Company as of December 31, 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 136.

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 of December 31, 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

*Basis for Opinion*

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

*Independence and Other Ethical Responsibilities*

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

*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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matters was addressed in the audit
<p><b><u>Impairment of assets for subsidiaries in China and investment in subsidiaries</u></b></p> <p>The Company has on December 31, 2018 entered into a conditional Share Sale Agreement ("SSA") to dispose of entire equity interest in Pioneer Vantage Limited ("<b>PVL</b>"), which holds 100% equity interest in LPL (Hui Zhou) Glove Co. Ltd. ("<b>LPL</b>"); and Lifestyle Investments (Hong Kong) Limited ("<b>LHK</b>"), which holds 100% equity interest in Lifestyle Safety Products (Hui Zhou) Co. Ltd. ("<b>LSP</b>") for a total consideration of HKD135 million (equivalent to RM71.3 million).</p>	<p>Our audit procedures, amongst others, include the following</p> <p>At Group level:</p> <ol style="list-style-type: none"> <li>1) For assets covered under the SSA, assessed impairment by comparing carrying value to the disposal consideration mentioned in the agreement;</li> </ol>





**Independent Auditors' Report**  
To The Members of Rubberex Corporation (M) Berhad  
(Incorporated in Malaysia) (cont'd)

<b>Key Audit Matters</b> (cont'd)	<b>How the matters was addressed in the audit</b> (cont'd)
<p>Under the terms of the SSA, the Company is to wind down the businesses of LPL and LSP which includes the disposal of all the inventories, loose furniture, equipment, motor vehicles and all other tangible movable assets and settle all the liabilities within one year from the SSA date. The remaining assets taken over by the purchaser are prepaid leasehold land, factory buildings and plant and machinery of LPL and LSP.</p> <p>Under MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, assets of the Group held for sale are measured at the lower of carrying amount and fair value less costs to sell</p> <p>The assessment of fair value of assets of the Group under MFRS 5 and impairment of costs of investment of the Company requires significant management estimates and judgement.</p>	<p>2) For inventories, assessed the write down by comparing subsequent selling prices less estimated costs to sell to their carrying value. We also discussed with management on the basis used to write-down certain inventories balance to its net realisable value;</p> <p>3) For receivables, evaluated management's assessment of allowance for doubtful debts by checking post year end collections from customers. We also challenged management's judgement and assumptions on any residual balances of significant past due debts after subsequent receipts taking into account past payment trend of receivables; and</p> <p>4) For other non-current assets related to discontinued operations, we evaluated carrying values as of year-end against subsequent year end selling price or where there were no sales subsequent to the year end, compared it to the market price.</p> <p>At entity level:</p> <p>For investment in subsidiary, we performed a review of the impairment losses by comparing the carrying value against the recoverable amount. The assessment of recoverable amount is determined based on fair value less cost to sell, which is the disposal consideration mentioned in the agreement.</p>

*Information Other than the Financial Statements and Auditors' Report Thereon*

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

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

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

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



**Independent Auditors' Report**  
To The Members of Rubberex Corporation (M) Berhad  
(Incorporated in Malaysia) (cont'd)

*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.

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.



**Rubberex Corporation  
(M) Berhad**

**Independent Auditors' Report**  
To The Members of Rubberex Corporation (M) Berhad  
(Incorporated in Malaysia) (cont'd)

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

**DELOITTE PLT (LLP0010145-LCA)**  
**Chartered Accountants (AF 0080)**

**YEOH SIEW MING**  
**Partner - 02421/05/2019 J**  
**Chartered Accountant**

Ipoh, 29 April 2019



**Statements of Profit or Loss and  
Other Comprehensive Income**  
for the year ended December 31, 2018

	Note	The Group		The Company	
		2018 RM	2017 RM (Restated)	2018 RM	2017 RM
<b>Continuing Operations</b>					
Revenue	5	205,235,228	187,941,111	-	-
Investment revenue	7	188,384	132,020	188,384	132,020
Other gains and losses	8	1,714,174	(4,994,776)	3,139,820	(4,422,640)
Other operating income	10	52,228	1,306,649	-	-
Changes in inventories of finished and trading goods		(7,913,749)	2,371,863	-	-
Purchase of finished and trading goods		(4,540,948)	(2,819,016)	-	-
Raw materials and consumables used		(107,396,284)	(96,186,932)	-	-
Depreciation of property, plant and equipment		(11,958,216)	(11,355,377)	-	-
Impairment losses on investment in subsidiaries	18	-	-	(3,393,235)	-
Amortisation of prepaid lease payments		(52,962)	(64,904)	-	-
Directors' remuneration	9	(2,174,098)	(2,214,106)	(212,608)	(229,510)
Employee benefit expenses	9	(27,800,623)	(26,859,356)	-	-
Finance costs	11	(3,144,337)	(3,746,726)	(287,507)	(443,095)
Other operating expenses	10	(32,068,529)	(31,791,885)	(1,311,270)	(856,678)
Profit/(Loss) before tax		10,140,268	11,718,565	(1,876,416)	(5,819,903)
Tax expenses	12	(1,455,714)	(1,547,957)	-	-
Profit/(Loss) for the year from continuing operations		8,684,554	10,170,608	(1,876,416)	(5,819,903)
<b>Discontinued Operations</b>					
(Loss)/Profit for the year from discontinued operations	14	(60,769,688)	3,001,647	(81,487,887)	-



Statements of Profit or Loss and  
Other Comprehensive Income  
for the year ended December 31, 2018 (cont'd)

Note	The Group		The Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM
<b>(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	(52,085,134)	13,172,255	(83,364,303)	(5,819,903)
<b>Other comprehensive loss</b> Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operations	(5,636,414)	(78,941)	-	-
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	(57,721,548)	13,093,314	(83,364,303)	(5,819,903)
<b>(Loss)/Earnings per share</b> From continuing and discontinued operations: Basic and diluted (sen per share)	13	(20.65)	5.39	
From continuing operations: Basic and diluted (sen per share)	13	3.44	4.16	

The accompanying Notes form an integral part of the financial statements.





**Statements of Financial Position**  
as of December 31, 2018

Note	The Group		The Company		
	2018 RM	2017 RM	2018 RM	2017 RM	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	16	86,844,488	192,560,228	-	-
Prepaid lease payments	17	5,038,046	15,995,913	-	-
Investment in subsidiaries	18	-	-	30,009,891	185,255,893
Deferred tax assets	12	1,747,586	1,684,560	-	-
Goodwill on consolidation	19	2,793,422	2,793,422	-	-
<b>Total non-current assets</b>		<b>96,423,542</b>	<b>213,034,123</b>	<b>30,009,891</b>	<b>185,255,893</b>
<b>Current assets</b>					
Inventories	20	56,266,162	88,900,444	-	-
Trade and other receivables	21	42,514,149	77,049,374	-	-
Amount owing by subsidiaries	22	-	-	34,885,392	30,756,145
Current tax assets	12	4,213,935	2,231,607	219,622	217,542
Other assets	23	1,211,096	1,498,179	1,000	1,000
Other financial assets	24	39,503	1,465,848	-	-
Cash and bank balances	25	23,865,777	28,696,258	3,590,450	8,453,507
		128,110,622	199,841,710	38,696,464	39,428,194
Assets classified as held for sale	15	70,351,551	-	70,364,880	-
<b>Total current assets</b>		<b>198,462,173</b>	<b>199,841,710</b>	<b>109,061,344</b>	<b>39,428,194</b>
<b>Total assets</b>		<b>294,885,715</b>	<b>412,875,833</b>	<b>139,071,235</b>	<b>224,684,087</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Issued capital	26(a)	160,191,549	160,191,549	160,191,549	160,191,549
Treasury shares	26(b)	(7,961)	(7,961)	(7,961)	(7,961)
Reserves	27	35,085,312	40,721,726	-	-
Retained earnings/ (Accumulated loss)	27	19,184,888	75,683,439	(55,699,847)	32,077,873
<b>Total equity</b>		<b>214,453,788</b>	<b>276,588,753</b>	<b>104,483,741</b>	<b>192,261,461</b>





Statements of Financial Position  
as of December 31, 2018 (cont'd)

	Note	The Group		The Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Deferred and non-current liabilities</b>					
Deferred revenue	32	-	508,081	-	-
Deferred tax liabilities	12	-	502,922	-	-
Borrowings	29	13,413,125	25,364,375	1,075,000	5,375,000
<b>Total deferred and non-current liabilities</b>		<b>13,413,125</b>	<b>26,375,378</b>	<b>1,075,000</b>	<b>5,375,000</b>
<b>Current liabilities</b>					
Trade and other payables	30	28,585,570	60,433,478	-	-
Amount owing to subsidiaries	22	-	-	26,193,430	19,848,660
Borrowings	29	30,992,069	39,454,703	4,300,000	4,300,000
Current tax liabilities	12	565,252	504,822	-	-
Other liabilities - accrued expenses	31	4,353,955	6,996,743	497,108	377,010
Dividend payable	28	2,521,956	2,521,956	2,521,956	2,521,956
<b>Total current liabilities</b>		<b>67,018,802</b>	<b>109,911,702</b>	<b>33,512,494</b>	<b>27,047,626</b>
<b>Total liabilities</b>		<b>80,431,927</b>	<b>136,287,080</b>	<b>34,587,494</b>	<b>32,422,626</b>
<b>Total equity and liabilities</b>		<b>294,885,715</b>	<b>412,875,833</b>	<b>139,071,235</b>	<b>224,684,087</b>

The accompanying Notes form an integral part of the financial statements.



**Rubberex Corporation**  
(M) Berhad

**Statement of Changes in Equity**  
for the year ended December 31, 2018



	Note	Attributable to Owners of the Company					Distributable Reserve Retained Earnings RM	Net Equity RM
		Issued Capital RM	Treasury Shares RM	Non-distributable Reserves		Capital Reserve RM		
				Share Premium RM	Translation Reserve RM			
<b>The Group</b>								
<b>Balance as of January 1, 2017</b>		114,639,408	(7,961)	29,503,381	43,142,453	(2,415,444)	66,998,259	251,860,096
Profit for the year		-	-	-	-	-	13,172,255	13,172,255
Other comprehensive loss for the year		-	-	-	(78,941)	-	-	(78,941)
Total comprehensive income for the year		-	-	-	(78,941)	-	13,172,255	13,093,314
Dividends	28	-	-	-	-	-	(4,413,417)	(4,413,417)
Transfer to statutory reserve		-	-	-	-	73,658	(73,658)	-
Issuance of shares	26(a)	16,048,760	-	-	-	-	-	16,048,760
Transfer arising from "no par value" regime	26(a)	29,503,381	-	(29,503,381)	-	-	-	-
<b>Balance as of December 31, 2017</b>		160,191,549	(7,961)	-	43,063,512	(2,341,786)	75,683,439	276,588,753
Loss for the year		-	-	-	-	-	(52,085,134)	(52,085,134)
Other comprehensive loss for the year		-	-	-	(5,636,414)	-	-	(5,636,414)
Total comprehensive loss for the year		-	-	-	(5,636,414)	-	(52,085,134)	(57,721,548)
Dividends	28	-	-	-	-	-	(4,413,417)	(4,413,417)
<b>Balance as of December 31, 2018</b>		160,191,549	(7,961)	-	37,427,098	(2,341,786)	19,184,888	214,453,788

**The Company****Balance as of January 1, 2017**

Loss and total comprehensive loss for the year		-	-	-	(5,819,903)	(5,819,903)
Dividends	28	-	-	-	(4,413,417)	(4,413,417)
Issuance of shares	26(a)	16,048,760	-	-	-	16,048,760
Transfer arising from "no par value" regime	26(a)	29,503,381	-	(29,503,381)	-	-

**Balance as of December 31, 2017**

Loss and total comprehensive loss for the year		-	-	-	(83,364,303)	(83,364,303)
Dividends	28	-	-	-	(4,413,417)	(4,413,417)

**Balance as of December 31, 2018**

← Attributable to Owners of the Company →						
	Note	Issued Capital RM	Treasury Shares RM	Non- distributable Reserve Share Premium RM	Distributable Reserve Retained Earnings/ (Accumulated Loss) RM	Net Equity RM
		114,639,408	(7,961)	29,503,381	42,311,193	186,446,021
		-	-	-	(5,819,903)	(5,819,903)
	28	-	-	-	(4,413,417)	(4,413,417)
	26(a)	16,048,760	-	-	-	16,048,760
	26(a)	29,503,381	-	(29,503,381)	-	-
		160,191,549	(7,961)	-	32,077,873	192,261,461
		-	-	-	(83,364,303)	(83,364,303)
	28	-	-	-	(4,413,417)	(4,413,417)
		160,191,549	(7,961)	-	(55,699,847)	104,483,741

Statement of Changes in Equity  
for the year ended December 31, 2018 (cont'd)



**Rubberex Corporation**  
**(M) Berhad**

The accompanying Notes form an integral part of the financial statements.



**Statement of Cash Flows**  
for the year ended December 31, 2018

The Group	Note	2018 RM	2017 RM
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES</b>			
(Loss)/Profit for the year		(52,085,134)	13,172,255
Adjustments for:			
Impairment loss on property, plant and equipment		41,174,719	-
Depreciation of property, plant and equipment		23,740,817	24,831,995
Inventories written down to net realisable value		7,139,303	510,993
Finance costs		3,675,642	4,667,433
Bad debts written off		3,638,176	2,243
Tax expenses recognised in profit or loss		1,958,322	2,063,033
Property, plant and equipment written off		432,284	116,192
Amortisation of prepaid lease payments		299,738	322,286
Inventories written off		225,187	-
Loss/(Gain) on disposal of property, plant and equipment		21,724	(21,782)
Unrealised (gains)/losses on foreign exchange		(1,270,254)	2,579,907
Amortisation of deferred revenue		(498,697)	(114,201)
Investment revenue recognised in profit or loss		(202,931)	(132,020)
Fair value gains on financial derivatives		(80,307)	(1,494,412)
Reversal of inventories written down		-	(214,489)
Interest income from current account		-	(9,532)
		<hr/>	<hr/>
		28,168,589	46,279,901
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		24,036,821	(5,737,269)
Trade and other receivables		30,029,383	(5,706,677)
Other assets		20,592	(626,709)
Other financial assets		1,484,306	7,178
(Decrease)/Increase in:			
Trade and other payables		(32,722,218)	12,498,865
Other liabilities - accrued expenses		(2,570,934)	999,529
Other financial liabilities		-	(31,889)
Deferred revenue		-	619,522
		<hr/>	<hr/>
Cash Generated From Operations		48,446,539	48,302,451
Interest income received		14,547	9,532
Income tax paid		(4,438,876)	(5,065,647)
Income tax refunded		-	575,275
		<hr/>	<hr/>
Net Cash From Operating Activities		44,022,210	43,821,611





Statement of Cash Flows  
for the year ended December 31, 2018 (cont'd)

<b>The Group</b>	<b>Note</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>INVESTING ACTIVITIES</b>			
Bank balance charged to bank as security for banking facility		1,660,461	(1,660,461)
Interest received		188,384	132,020
Proceeds from disposal of property, plant and equipment		945	39,405
Purchase of property, plant and equipment	34(a)	(18,895,071)	(16,959,877)
Additions to prepaid lease payments		(1,724,976)	-
Net Cash Used In Investing Activities		(18,770,257)	(18,448,913)
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>FINANCING ACTIVITIES</b>			
Proceeds from/(Repayment of) bank overdraft	34(b)	4,018,788	(9,037,106)
Proceeds from term loans	34(b)	1,725,000	2,775,000
Repayment of term loans	34(b)	(13,503,750)	(15,048,125)
(Repayment of)/Proceeds from revolving credits - net	34(b)	(8,851,816)	9,108,576
Dividend paid		(4,413,417)	(1,891,461)
Finance costs paid		(3,675,642)	(4,667,433)
Repayment of bills payable	34(b)	(2,076,147)	(4,878,508)
(Repayment of)/Proceeds from trust receipts	34(b)	(743,913)	171,216
(Repayment of)/Proceeds from bankers' acceptances - net	34(b)	(40,000)	355,000
Proceeds from issuance of shares		-	16,048,760
Net Cash Used In Financing Activities		(27,560,897)	(7,064,081)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(2,308,944)	18,308,617
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		26,119,712	8,739,955
Effect of exchange rate changes on the balance of cash held in foreign currencies		(103,639)	(928,860)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	34(c)	23,707,129	26,119,712



Statement of Cash Flows  
for the year ended December 31, 2018 (cont'd)

The Company	Note	2018 RM	2017 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Loss for the year		(83,364,303)	(5,819,903)
Adjustments for:			
Impairment losses on investment in subsidiaries		84,881,122	-
Unrealised loss/(gain) on foreign exchange		410,180	(216,873)
Finance costs		287,507	443,095
Capital distribution from a subsidiary		(3,550,000)	-
Investment revenue recognised in profit or loss		(188,384)	(132,020)
		(1,523,878)	(5,725,701)
Movements in working capital:			
Increase in other liabilities - accrued expenses		120,098	48,398
Cash Used In Operations		(1,403,780)	(5,677,303)
Income tax paid		(2,080)	(3,625)
Income tax refunded		-	13,276
Net Cash Used In Operating Activities		(1,405,860)	(5,667,652)
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Interest received		188,384	132,020
Advances granted to subsidiaries		(4,130,572)	(46,660)
Net Cash (Used In)/From Investing Activities		(3,942,188)	85,360
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Advances received from subsidiaries - net	34(b)	9,649,213	6,503,274
Dividends paid		(4,413,417)	(1,891,461)
Repayment of term loans	34(b)	(4,300,000)	(6,000,000)
Finance costs paid		(450,805)	(716,538)
Proceeds from issuance of shares		-	16,048,760
Net Cash From Financing Activities		484,991	13,944,035
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(4,863,057)	8,361,743
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		8,453,507	91,764
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	34(c)	3,590,450	8,453,507

The accompanying Notes form an integral part of the financial statements.



## Notes to the Financial Statements

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary is as disclosed in Note 18.

The registered office of the Company is located at 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at Lot 138201, Off 3/4 Mile, Jalan Bercham, Kawasan Perindustrian Bercham, 31400 Ipoh, Perak Darul Ridzuan.

The financial statements of the Group and of the Company are presented in their functional currency which is Ringgit Malaysia ("RM").

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 April 2019.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

#### 2.1 Adoption of new and amendments to MFRSs and Interpretations

In the current year, the Group and the Company adopted all of the new and amendments to MFRSs and Interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2018.

##### **MFRS 9 *Financial Instruments***

MFRS 9 introduced new requirements that are relevant to the Group and to the Company in respect of:

- 1) The classification and measurement of financial assets and financial liabilities; and
- 2) Impairment of financial assets.



## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

#### 2.1 Adoption of new and amendments to MFRSs and Interpretations (cont'd)

##### **MFRS 9 Financial Instruments** (cont'd)

The Group and the Company have elected not to restate comparatives when applying the requirements for the classification and measurement of financial assets and financial liabilities and impairment of financial assets, which is allowed under the transition provisions of MFRS 9. Any cumulative effect of initial application of MFRS 9 is therefore adjusted to retained earnings as of January 1, 2018.

The impact of MFRS 9 on the Group's and Company's financial statements are described as follows:

#### 1) Classification and measurement of financial assets

All recognised financial assets that are within the scope of MFRS 9 are required to be measured subsequently at amortised cost or at fair value on the basis of the Group's and the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income ("FVTOCI");
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss ("FVTPL").

The directors of the Group and of the Company reviewed and assessed the Group's and the Company's existing financial assets as at January 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of MFRS 9 does not have any impact on the classification and measurement of the Group's and the Company's financial assets whereby the financial assets classified as loans and receivables under MFRS 139 that were measured at amortised cost continue to be measured at amortised cost under MFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist SPPI on the principal amount outstanding.

#### 2) Classification and measurement of financial liabilities

The application of MFRS 9 does not have any impact on the classification and measurement of the Group's and of the Company's financial liabilities whereby the financial liabilities classified as other financial liabilities under MFRS 139 that were measured at amortised cost continue to be measured at amortised cost under MFRS 9.





Notes to the Financial Statements (cont'd)

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS** (cont'd)

**2.1 Adoption of new and amendments to MFRSs and Interpretations** (cont'd)

**MFRS 9 *Financial Instruments*** (cont'd)

3) Impairment of financial assets

In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss ("ECL") model, as opposed to an incurred loss model under MFRS 139. The ECL model requires the Group and the Company to account for ECL and changes in those ECL at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, MFRS 9 requires the Group and the Company to recognise a loss allowance for expected credit losses on:

- Trade and other receivables; and
- Inter-company balances (in the financial statements of the Company only).

In particular, MFRS 9 requires the Group and the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group and the Company are required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. MFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables in certain circumstances.

There is no loss allowance to be recognised under the ECL model based on the assessment made by the directors.

**MFRS 15 *Revenue from Contracts with Customers***

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 has superseded the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related Interpretations.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.





Notes to the Financial Statements (cont'd)

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS** (cont'd)

**2.1 Adoption of new and amendments to MFRSs and Interpretations** (cont'd)

**MFRS 15 Revenue from Contracts with Customers** (cont'd)

When applying MFRS 15, the Group and the Company shall recognise revenue by applying the following steps:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when the entity satisfies a performance obligation

The Group and the Company have applied practical expedients by electing not to disclose the value of unsatisfied performance obligations for contracts for which the revenue has been recognised as the expected duration of completing each contract or performance obligation is one year or less. Similar practical expedients is applied when excluding commission expenses as part of contract costs as the commission is incurred and paid within one year.

The directors of the Group and of the Company have assessed the application of MFRS 15 and are of the opinion that there is no material impact on the amounts reported for the Group and for the Company.

**IC Interpretation 22 Foreign Currency Transactions and Advance Consideration**

This Interpretation clarifies how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income when consideration for that item has been paid or received in advance in a foreign currency which resulted in recognition of a non-monetary asset or non-monetary liability.

This Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, this interpretation required the determination of the date of transaction for each payment or receipt of advance consideration.

There is no material impact on the application of this interpretation on the financial statements of the Group and of the Company.





## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

#### 2.2 Standards in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant new and amendments to MFRSs and IC Interpretations which have been issued but not yet effective until future periods, at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards when they become effective will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

MFRS 16	Leases <sup>1</sup>
MFRS 17	Insurance Contracts <sup>2</sup>
IC Interpretation 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to MFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2017 Cycle <sup>1</sup>
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlements <sup>1</sup>
Amendments to MFRS 3	Definition of a Business <sup>3</sup>
Amendments to MFRS 101 and MFRS 108	Definition of Material <sup>3</sup>
MFRSs	Amendments to Reference to the Conceptual Framework in MFRS Standards <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for the financial instruments as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transaction that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below:

#### **Subsidiaries and Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstance that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.





Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**Subsidiaries and Basis of Consolidation** (cont'd)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

***Changes in the Group's ownership interest in existing subsidiaries***

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

***Subsidiaries***

Investment in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

***Business Combinations***

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Business Combinations (cont'd)

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or deferred tax liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.





Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

**Revenue Recognition**

***Sale of goods***

**(a) Revenue Recognition with effect from January 1, 2018**

Revenue from sales of glove products is recognise at the point of time where control of the goods have been transferred to the customer.

Contracts with export sales are mainly negotiated on free-on-board ("FOB") or cost-insurance-freight ("CIF") terms. For local sales, gloves are delivered via lorries or other forms of inland transportation locally. To a lesser extent, the Group also carries out trading activities with goods purchased from third parties and shipped or delivered directly to customers. Depending on the terms of the contract with the customer, control transfers upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer.

If shipping or similar handling costs are charged to customers, this implies that the seller is ultimately responsible for the delivery of the goods up to the customer's final destination, hence, such billings are also recognised as revenue.

Revenue is measured at the fair value of the consideration for the goods received or receivable, net of any sales tax, value-added tax or trade discounts. No element of financing is included in the glove selling prices as the consideration is received or receivable on a cash basis or within short credit terms ranging from 10 to 180 days.



Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(b) Revenue Recognition applied until December 31, 2017**

Revenue is measured at the fair value of the consideration received or receivable net of sales tax/goods and services tax, trade discounts and returns.

Revenue from sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the customer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

***Interest income***

Interest income is recognised when it is probable that the economic benefits will flow to the Group and to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

***Segment Reporting***

For management purposes, the Group is organised into operating segments that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Group's other components. The Group's reporting segments were identified based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's reportable segments are strategic business operations that are managed separately based on the Group's management and internal reporting structure.

***Employee Benefits***

***Short-term employee benefits***

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

***Defined contribution plans***

The Group makes statutory contributions to approved provident funds and the contributions are charged to profit or loss as incurred. The approved provident funds are defined contribution plans. Once the contributions have been paid, there are no further payment obligations.





## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the entity (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risk; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign incorporated subsidiaries of the Group are expressed in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the translation reserve of the Group. Such exchange differences accumulated in the translation reserve of the Group are reclassified to profit or loss in the year in which the foreign incorporated subsidiary is disposed of.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

#### Borrowing Costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Government Grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Other government grants are recognised in profit or loss over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability of the Group and of the Company for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Taxation (cont'd)

##### *Deferred tax (cont'd)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### **Current and deferred tax for the year**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to other comprehensive income or equity, in which case the tax is also recognised directly in other comprehensive income or equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

##### **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and capital work-in-progress are not amortised/depreciated. Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets, other than freehold land and capital work-in-progress, over their estimated useful lives, after taking into account their estimated residual values using the straight-line method on the following bases:

Factory buildings	2% to 5%
Plant and machinery	10% to 25%
Factory, auxiliary and office equipment, furniture and fittings	10% to 28%
Electrical installation	10%
Motor vehicles	20%

The estimated useful lives and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.





## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Leases

##### (i) Finance lease

Leases, where the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases including hire-purchase arrangement. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease obligation. The finance expense is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the periods in which they are incurred.

##### (ii) Operating leases

Leases, where the Group do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised as a liability initially, and are recognised to profit or loss as a reduction of rental expense, over the term of the lease. Contingent rentals are recognised in profit or loss in the reporting period in which they are incurred.

#### Prepaid Lease Payment

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease period is treated as an operating lease. The payment made on entering into or acquiring a leasehold interest is accounted for as prepaid lease payments at the end of the reporting period. In the case of a lease of land and buildings, the prepaid lease payments are allocated whenever necessary, between the land element and buildings element of the lease at the inception of the lease in proportion to their relative fair value.

Prepaid lease payment on leasehold land is stated at surrogate cost less accumulated amortisation and accumulated impairment losses, if any.

Long-term and short-term leasehold land is amortised evenly over the lease periods ranging from 49 to 99 years.



Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Goodwill**

Goodwill arising in a business combination is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising on consolidation represents the excess of cost of business combination over the interest of the Group in the net fair values of the identifiable assets, liabilities and contingent liabilities recognised of the acquiree at the date of the combination.

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units of the Group expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in profit or loss and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

**Impairment of Assets excluding Goodwill**

At the end of each reporting period, the Group and the Company review the carrying amounts of their assets (other than deferred tax asset, inventories and financial assets which are dealt with in their respective policies) to determine if there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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



Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the "Weighted Average" method. The cost of raw materials, packing materials, trading goods, parts and consumables comprise the original purchase price plus cost incurred in bringing the inventories to their present location and condition. The cost of finished goods comprises the cost of raw materials, direct labour and a proportion of production overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**Non-current Assets Held For Sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as a held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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





Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Discontinued Operations**

A discontinued operation is a component of the Group's business that represent a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

**Financial Instruments**

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

Financial assets and financial liabilities are initially measured at fair value, plus transaction costs, except for those financial assets and financial liabilities classified as FVTPL, which are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

**(a) Financial assets under MFRS 9 with effect from January 1, 2018**

All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**(i) Classification of financial assets**

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding are measured subsequently at amortised cost.

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding are measured subsequently at FVTOCI.



Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**Financial Instruments** (cont'd)

**(a) Financial assets under MFRS 9 with effect from January 1, 2018** (cont'd)

**(i) Classification of financial assets** (cont'd)

By default, all other financial assets are measured subsequently at FVTPL.

**(a) Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI.

**(b) Financial assets at FVTPL**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the statement of profit or loss.

**(ii) Foreign exchange gains and losses**

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost and at FVTPL, exchange differences are recognised in the statement of profit or loss.

**(iii) Impairment of financial assets**

The Group recognises a loss allowance for ECL on financial assets that are measured at amortised cost such as trade receivables, other receivables and inter-company indebtedness (for company level). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial assets.







Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**Financial Instruments** (cont'd)

**(a) Financial assets under MFRS 9 with effect from January 1, 2018** (cont'd)

**(iii) Impairment of financial assets** (cont'd)

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial assets at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial asset. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the end of the reporting period.

*(a) Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made are recognised in the statement of profit or loss.

*(b) Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of the reporting period.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in the statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.



Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**Financial Instruments** (cont'd)

**(a) Financial assets under MFRS 9 with effect from January 1, 2018** (cont'd)

***(iv) Derecognition of financial assets***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the assets carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss.

**Financial liabilities and equity instruments under MFRS 9 with effect from January 1, 2018**

***(i) Classification as debt or equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***(a) Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised at cost including transaction costs, and deducted directly in equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

***(b) Financial liabilities***

All financial liabilities are measured subsequently at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.





Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(a) Financial assets under MFRS 9 with effect from January 1, 2018 (cont'd)**

**Financial liabilities and equity instruments under MFRS 9 with effect from January 1, 2018  
(cont'd)**

**(ii) Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial liabilities. These foreign exchange gains and losses are recognised in the statement of profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

**(iii) Derecognition of financial liabilities**

The Group and the Company derecognises financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

When the Group and the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group and the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in the statement of profit or loss as the modification gain or loss.

**(b) Financial assets under MFRS 139 applied until December 31, 2017**

Financial assets of the Group are classified into "loans and receivables" and "at FVTPL" categories while financial assets of the Company are classified into "loans and receivables" category. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.



Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**(b) Financial assets under MFRS 139 applied until December 31, 2017** (cont'd)

**(ii) Financial assets at FVTPL**

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item. Fair value is determined in the manner described in Note 33.

**(iii) Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.





Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**(b) Financial assets under MFRS 139 applied until December 31, 2017** (cont'd)

**(iii) Impairment of financial assets** (cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**(iv) Derecognition of financial assets**

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.





Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(b) Financial assets under MFRS 139 applied until December 31, 2017 (cont'd)**

**Financial liabilities and equity instruments under MFRS 139 applied until December 31, 2017**

**(i) Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

**(a) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**(b) Financial liabilities**

Financial liabilities of the Group and of the Company are classified as either "financial liabilities at FVTPL" or "other financial liabilities" categories.

**(ii) Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in profit or loss. Fair value is determined in the manner described in Note 33.



Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(b) Financial assets under MFRS 139 applied until December 31, 2017 (cont'd)**

**Financial liabilities and equity instruments under MFRS 139 applied until December 31, 2017 (cont'd)**

**(iii) Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

**(iv) Derecognition of financial liabilities**

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligation are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets or financial liabilities classified as FVTPL.

**Derivative financial instruments**

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

**Earnings per Share**

Basic earnings per share ("EPS") is calculated by dividing the consolidated profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the consolidated profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential ordinary shares.



Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Statements of Cash Flows**

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, bank overdrafts which form an integral part of the Group's cash management and highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**(a) Critical judgements in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and the Company's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

**(b) Key sources of estimation uncertainty**

In the application of the accounting policies of the Group and of the Company, the directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

**(i) Impairment of goodwill**

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

For the purpose of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Key assumptions used in determining the recoverable amount of cash-generating unit based on value-in-use calculations are disclosed in Note 19. Changes in assumptions could significantly affect the recoverable amount of the cash-generating unit to which the goodwill was allocated.





Notes to the Financial Statements (cont'd)

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**  
(cont'd)

**(b) Key sources of estimation uncertainty** (cont'd)

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below: (cont'd)

(ii) Impairment of property, plant and equipment

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount. The Group performs an impairment indicator test annually for signs of impairment of its property, plant and equipment. If there are signs of impairment, then a review of recoverable amounts is performed.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Management of the Group has carried out a review on its property, plant and equipment and concluded that indication of impairment existed on certain property, plant and equipment. The recoverable amount is determined based on fair value less cost to sell as discussed in Note 16.

(iii) Loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancement.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(iv) Inventory obsolescence

The Group writes off inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternative uses. Write off is applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The identification of obsolete inventories requires use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying values of the inventories and inventories written off/(back) in the period in which such estimate has been changed.





Notes to the Financial Statements (cont'd)

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**  
(cont'd)

**(b) Key sources of estimation uncertainty** (cont'd)

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below: (cont'd)

(v) Impairment of investment in subsidiaries

Impairment exist when the carrying value of the investment in subsidiaries exceed their recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Company has determined the recoverable amount of the investment in subsidiaries from fair value less costs of disposal calculation, which is based on a contracted value. During the current financial year, the Company recognised impairment losses of RM84,881,122 on investment in Pioneer Vantage Limited and Lifestyle Investment (Hong Kong) Limited. Further details of the assessment are disclosed in Note 18.

**5. REVENUE**

The following is an analysis of the Group's revenue for the year from continuing operations:

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Sale of manufactured products	198,407,537	185,530,662
Sale of trading products	6,827,691	2,410,449
	<hr/>	<hr/>
	205,235,228	187,941,111
	<hr/>	<hr/>

**6. SEGMENT REPORTING**

The Group's business mainly comprises the manufacturing and sale of gloves.

Segmental information is presented in respect of the geographical segments of the Group that engages in business activities from which it may earn revenue and incur expenses. The segment reporting is presented based on the management and internal reporting structure of the Group.

Information reported to the chief operating decision maker, which is the Managing Director of the Group and senior management for the purposes of resource allocation and assessment of performance focused on the operations of the Group by geographical location in Malaysia, Hong Kong and Europe.

Unallocated corporate assets and liabilities include items that cannot be reasonably allocated to an individual segment.

The Group's both manufacturing plants in China were disclosed as discontinued operations in the current year. In addition, revenue generated by marketing arm from these manufacturing plant in China are also presented under discontinued operations. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more detail in Note 14.





## 6. SEGMENT REPORTING (cont'd)

### Geographical segments by location of assets

The following is an analysis of the Group's revenue and results by reportable segment.

The Group 2018	Malaysia RM	Hong Kong RM	Europe RM	Eliminations RM	Total RM
<b>Revenue</b>	204,081,162	-	89,227,895	(88,073,829)	205,235,228
<b>Results</b>					
Segment results from continuing operations	10,226,148	-	1,018,101	1,851,972	13,096,221
Investment revenue					188,384
Finance costs					(3,144,337)
Profit before tax (continuing operations)					10,140,268
Tax expense					(1,455,714)
Profit for the year from continuing operations					8,684,554
Loss for the year from discontinued operations					(60,769,688)
Loss after tax and discontinued operations					(52,085,134)
<b>Assets</b>					
Segment assets	154,049,777	13,110,179	40,084,358	-	207,244,314
Unallocated corporate assets					5,961,521
Assets relating to discontinued operations					81,679,880
Consolidated total assets					294,885,715
<b>Liabilities</b>					
Segment liabilities	28,434,105	185,846	2,887,321	-	31,507,272
Unallocated corporate liabilities					44,970,445
Liabilities relating to discontinued operations					3,954,210
Consolidated total liabilities					80,431,927
<b>Other Information (continuing operations)</b>					
Capital expenditure	9,172,361	-	320,634	-	9,492,995
Depreciation and amortisation charges	11,826,946	-	184,232	-	12,011,178
Inventories written down to net realisable value	2,860,160	-	-	-	2,860,160
Property, plant and equipment written off	920	-	-	-	920

Notes to the Financial Statements (cont'd)



**Rubberex Corporation**  
**(M) Berhad**

## 6. SEGMENT REPORTING (cont'd)

The Group 2017 (Restated)	Malaysia RM	Hong Kong RM	Europe RM	Eliminations RM	Total RM
<b>Revenue</b>	195,710,151	-	78,500,256	(86,269,296)	187,941,111
<b>Results</b>					
Segment results from continuing operations	13,436,924	-	2,476,410	(580,063)	15,333,271
Investment revenue					132,020
Finance costs					(3,746,726)
Profit before tax (continuing operations)					11,718,565
Tax expense					(1,547,957)
Profit for the year from continuing operations					10,170,608
Profit for the year from discontinued operations					3,001,647
Profit after tax and discontinued operations					13,172,255
<b>Assets</b>					
Segment assets	166,142,816	27,079,466	44,453,297	-	237,675,579
Unallocated corporate assets					3,916,167
Assets relating to discontinued operations					171,284,087
Consolidated total assets					412,875,833
<b>Liabilities</b>					
Segment liabilities	30,074,511	2,255,529	2,616,668	-	34,946,708
Unallocated corporate liabilities					65,826,822
Liabilities relating to discontinued operations					35,513,550
Consolidated total liabilities					136,287,080
<b>Other Information (continuing operations)</b>					
Capital expenditure	4,944,738	-	566,109	-	5,510,847
Depreciation and amortisation charges	11,338,710	-	81,571	-	11,420,281
Property, plant and equipment written off	2,129	-	-	-	2,129
Reversal of inventories written down	-	-	(214,489)	-	(214,489)
Inventories written down to net realisable value	510,993	-	-	-	510,993

Notes to the Financial Statements (cont'd)



**Rubberex Corporation**  
(M) Berhad



Notes to the Financial Statements (cont'd)

**6. SEGMENT REPORTING** (cont'd)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than current and deferred tax assets. Goodwill is allocated to reportable segments as described in Note 19; and
- all liabilities are allocated to reportable segments other than borrowings, current and deferred tax liabilities that are managed on a group basis.

Revenue from sales to external customers by location of customers from continuing operations are:

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Europe	99,074,416	87,946,574
Asia	57,815,850	46,242,563
North and South America	27,251,968	23,812,362
Rest of the world	21,092,994	29,939,612
	205,235,228	187,941,111

Revenues of approximately RM43,258,144 (2017: RM40,117,200) are derived from a single external customer. These revenues are attributable to the Europe segment.

**7. INVESTMENT REVENUE**

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>Continuing operations</b>				
Interest income from:				
Fixed deposits	188,384	132,020	188,384	132,020
Advances to subsidiaries (Note 22)	-	-	163,299	273,442
	188,384	132,020	351,683	405,462
Less: Set off against finance costs (Note 11)	-	-	(163,299)	(273,442)
	188,384	132,020	188,384	132,020



Notes to the Financial Statements (cont'd)

**7. INVESTMENT REVENUE** (cont'd)

The following is an analysis of investment revenue by category of assets that are not designated as at FVTPL:

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Financial assets measured at				
- amortised cost	188,384	132,020	-	-
- loan and receivables at amortised cost	-	-	351,683	405,462
	<u>188,384</u>	<u>132,020</u>	<u>351,683</u>	<u>405,462</u>

**8. OTHER GAINS AND LOSSES**

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Continuing operations</b>				
Realised gains/(losses) on foreign exchange	2,293,079	(4,470,291)	-	(4,639,513)
Fair value gains on financial derivatives designated as at FVTPL	39,503	258,973	-	-
Unrealised (losses)/gains on foreign exchange	(585,924)	(790,258)	(410,180)	216,873
Loss on deconsolidation of a subsidiary	(32,484)	-	-	-
Gain on disposal of property, plant and equipment	-	6,800	-	-
Capital distribution from a subsidiary	-	-	3,550,000	-
	<u>1,714,174</u>	<u>(4,994,776)</u>	<u>3,139,820</u>	<u>(4,422,640)</u>



Notes to the Financial Statements (cont'd)

**9. DIRECTORS' REMUNERATION AND EMPLOYEE BENEFIT EXPENSES**

Included in other employee benefit expenses are the following:

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
<b>Continuing operations</b>		
Statutory contributions	1,583,649	1,568,222
Rental of hostel	82,800	38,146
Gratuity	-	53,950

Details of remuneration of directors of the Group and of the Company are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>Continuing operations</b>				
Executive directors of the Company:				
Salaries, allowances and bonuses	551,170	576,820	-	-
Statutory contributions	61,338	64,416	-	-
	612,508	641,236	-	-
Executive directors of the subsidiaries:				
Salaries and bonuses	1,209,149	1,206,864	-	-
Statutory contributions	139,833	136,496	-	-
	1,348,982	1,343,360	-	-
Non-executive directors:				
Fees	212,608	229,510	212,608	229,510
	<u>2,174,098</u>	<u>2,214,106</u>	<u>212,608</u>	<u>229,510</u>

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM3,600 (2017: RM3,600).

*Compensation of key management personnel*

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly which includes Executive directors of the Group and certain members of senior management of the Group.





Notes to the Financial Statements (cont'd)

**9. DIRECTORS' REMUNERATION AND EMPLOYEE BENEFIT EXPENSES (cont'd)**

The remuneration of members of key management personnel (other than the directors) of the Group during the year are as follows:

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Short-term employee benefits	795,497	956,144
Statutory contributions	91,656	106,530
	<b>887,153</b>	<b>1,062,674</b>

The estimated monetary value of benefits-in-kind received and receivable by members of key management personnel otherwise than in cash from the Group amounted to RM3,000 (2017: RM3,600).

**10. OTHER OPERATING INCOME/(EXPENSES)**

Included in other operating income/(expenses) are the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>Continuing operations</b>				
Amortisation of deferred revenue	10,711	58,193	-	-
Insurance compensation received/receivable	-	1,016,333	-	-
Rental of:				
Premises	(884,401)	(831,618)	-	-
Pallet	(63,002)	(74,160)	-	-
Motor vehicle	(43,549)	(46,406)	-	-
Office equipment	(2,778)	(2,830)	-	-
Auditors' remuneration	(255,869)	(237,142)	(84,500)	(72,500)
Bad debts written off	(1,205)	(2,243)	-	-
Property, plant and equipment written off	(920)	(2,129)	-	-





Notes to the Financial Statements (cont'd)

**11. FINANCE COSTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
<b>Continuing operations</b>				
Interests on:				
Term loans	2,014,272	2,652,640	450,178	716,059
Bills payable	291,997	326,225	-	-
Revolving credits	254,042	243,625	-	-
Bank overdrafts	192,383	170,834	-	-
Trust receipts	34,712	44,720	-	-
Bank charges and commitment fees	356,931	308,682	628	478
Total interest expense for financial liabilities that are not designated as at FVTPL	3,144,337	3,746,726	450,806	716,537
Less: Set off against investment revenue (Note 7)	-	-	(163,299)	(273,442)
	<u>3,144,337</u>	<u>3,746,726</u>	<u>287,507</u>	<u>443,095</u>

Interest costs on revolving credits and term loans were set off against interest income on advances received from subsidiaries in the financial statements of the Company as disclosed in Note 7 as these borrowings were onlent to and utilised by the subsidiaries.

**12. TAX EXPENSES**

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Tax expenses comprise:		
Current income tax expense:		
Malaysian	1,575,105	2,603,623
Foreign	219,559	582,364
Adjustment recognised in the current year in relation to the income tax of prior years	(63,924)	(480,908)
	<u>1,730,740</u>	<u>2,705,079</u>
Deferred tax relating to origination and reversal of temporary differences:		
Current year:		
Malaysian	94,974	(1,626,574)
Foreign	-	(14,548)
Adjustment recognised in the current year in relation to the deferred tax of prior years	(370,000)	484,000
	<u>(275,026)</u>	<u>(1,157,122)</u>
Total tax expense relating to continuing operations	1,455,714	1,547,957
Total tax expense relating to discontinued operations (Note 14)	502,608	515,076
Total tax expense	<u>1,958,322</u>	<u>2,063,033</u>



Notes to the Financial Statements (cont'd)

12. TAX EXPENSES (cont'd)

Malaysian income tax rate remained at 24% (2017: 24%) for the year of assessment 2018 of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

The tax expenses for the year can be reconciled to the accounting profit/(loss) as follows:

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(Loss) before tax:				
Continuing operations	10,140,268	11,718,565	(1,876,416)	(5,819,903)
Discontinued operations (Note 14)	(60,267,080)	3,516,723	(81,487,887)	-
	<u>(50,126,812)</u>	<u>15,235,288</u>	<u>(83,364,303)</u>	<u>(5,819,903)</u>
Tax/(Loss) calculated at 24% (2017: 24%)	(12,030,400)	3,656,000	(20,000,000)	(1,400,000)
Tax effects of:				
Expenses that are not deductible in determining taxable profit	3,833,092	2,145,280	20,000,000	1,400,000
Unutilised tax losses and unabsorbed tax capital allowances not recognised as deferred tax assets	12,148,000	751,000	-	-
Loss not available to offset against future taxable profits	-	1,000	-	-
Incentive for increase in export utilised	(1,301,000)	(2,842,000)	-	-
Income that is not taxable in determining taxable profit	(407,000)	(906,000)	-	-
Utilisation of deductible temporary differences not recognised previously as deferred tax assets	-	(373,000)	-	-
Effect of different tax rates in other jurisdictions	(74,000)	(395,000)	-	-
Temporary differences arising from property, plant and equipment not recognised	-	(68,000)	-	-
	<u>2,168,692</u>	<u>1,969,280</u>	<u>-</u>	<u>-</u>
Adjustment recognised in the current year in relation to the income tax of prior years	159,630	(390,247)	-	-
Adjustment recognised in the current year in relation to the deferred tax of prior years	(370,000)	484,000	-	-
	<u>1,958,322</u>	<u>2,063,033</u>	<u>-</u>	<u>-</u>



Notes to the Financial Statements (cont'd)

**12. TAX EXPENSES** (cont'd)

	<b>The Group</b>		<b>The Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current tax assets</b>				
Tax refund receivables	4,213,935	2,231,607	219,622	217,542
<b>Current tax liabilities</b>				
Income tax payables	565,252	504,822	-	-
<b>Deferred tax balances</b>				

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Deferred tax assets	1,747,586	1,684,560
Deferred tax liabilities	-	(502,922)
	<b>1,747,586</b>	<b>1,181,638</b>

The movement in deferred tax assets/(liabilities) during the financial year are as follows:

	<b>As of</b>	<b>Recognised</b>	<b>Net</b>	<b>As of</b>
	<b>January 1</b>	<b>in the</b>	<b>foreign</b>	<b>December 31</b>
	<b>RM</b>	<b>statement of</b>	<b>currency</b>	<b>RM</b>
		<b>profit or loss</b>	<b>exchange</b>	
		<b>RM</b>	<b>differences</b>	
			<b>RM</b>	
<b>The Group</b>				
<b>2018</b>				
<b>Deferred tax (liabilities)/assets</b>				
Property, plant and equipment	(2,376,425)	(248,430)	60	(2,624,795)
Unrealised gain on inventories	819,355	(536,974)	-	282,381
Changes in fair value of derivative	(363,718)	345,264	8,454	(10,000)
Unrealised exchange differences on receivables	78,000	(55,000)	-	23,000
Unutilised tax losses and unabsorbed tax capital allowances	(49,000)	(215,000)	-	(264,000)
Deferred revenue	14,426	(14,160)	(266)	-
Incentive for increase in export	3,059,000	1,282,000	-	4,341,000
	<b>1,181,638</b>	<b>557,700</b>	<b>8,248</b>	<b>1,747,586</b>



Notes to the Financial Statements (cont'd)

**12. TAX EXPENSES** (cont'd)

The movement in deferred tax assets/(liabilities) during the financial year are as follows: (cont'd)

	As of January 1 RM	Recognised in the statement of profit or loss RM	Net foreign currency exchange differences RM	As of December 31 RM
<b>The Group</b>				
<b>2017</b>				
<b>Deferred tax (liabilities)/assets</b>				
Property, plant and equipment	(242,486)	(2,133,452)	(487)	(2,376,425)
Unrealised gain on inventories	620,293	199,062	-	819,355
Changes in fair value of derivative	(2,000)	(368,860)	7,142	(363,718)
Unrealised exchange differences on receivables	(120,000)	198,000	-	78,000
Unutilised tax losses and unabsorbed tax capital allowances	-	(49,000)	-	(49,000)
Deferred revenue	-	14,768	(342)	14,426
Incentive for increase in export	-	3,059,000	-	3,059,000
	255,807	919,518	6,313	1,181,638

As of December 31, 2018, the amounts of deductible temporary differences of the Group of which deferred tax assets are not recognised in the financial statements, are as follows:

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Unutilised tax losses and unabsorbed tax capital allowances	-	2,866,000
Incentive for increase in export	-	6,971,000
Temporary differences arising from property, plant and equipment	288,000	282,000
Temporary differences arising from deferred revenue	-	458,000
	288,000	10,577,000







Notes to the Financial Statements (cont'd)

**13. (LOSS)/EARNINGS PER SHARE**

The basic and diluted (loss)/earnings per share are calculated as follows:

<b>Basic and Diluted</b>	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
From continuing operations (sen)	3.44	4.16
From discontinued operations (sen)	(24.09)	1.23
Total basic and diluted (loss)/earnings per share (sen)	(20.65)	5.39

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
(Loss)/Profit for the year attributable to owners of the Company	(52,085,134)	13,172,255
Loss/(Profit) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	60,769,688	(3,001,647)
Earnings used in the calculation of basic earnings per share from continuing operations	8,684,554	10,170,608

	<b>2018 Shares</b>	<b>2017 Shares</b>
Number of ordinary shares in issue as of January 1	252,205,617	229,278,817
Number of Treasury Shares repurchased as of January 1	(10,000)	(10,000)
Issuance of new shares	252,195,617	229,268,817
	-	15,284,533
Number of ordinary shares in issue/Weighted average number of ordinary shares in issue	252,195,617	244,553,350



Notes to the Financial Statements (cont'd)

**14. DISCONTINUED OPERATIONS**

On December 31, 2018, the Company entered into a conditional Share Sale Agreement with Nutraceutical Biotech Global Holdings Limited for the disposal of the Group's manufacturing plants in China, through the disposal of the Company's entire equity interests in Pioneer Vantage Limited [which holds 100% equity interest in LPL (Hui Zhou) Glove Co. Ltd.] and Lifestyle Investment (Hong Kong) Limited [which holds 100% equity interest in Lifestyle Safety Products (Hui Zhou) Co. Ltd.], for a total cash consideration of HKD135.0 million (equivalent to RM71.3 million). The disposal is expected to be completed by September 30, 2019 and these operations have been classified as a group held for disposal and presented separately in the statement of financial position. As a result of the disposal, the Group recognised an impairment loss of RM41,174,179 pertaining to the property, plant and equipment of the subsidiaries in China.

The results of the discontinued operations which have been included in the (loss)/profit for the year as set out below. The comparative profit and cash flows from discontinued operations have also been restated accordingly.

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>(Loss)/Profit for the year from discontinued operations</b>		
Revenue	158,022,943	215,490,996
Other gains and losses	(352,470)	(1,146,057)
Other operating income	568,509	65,540
Changes in inventories of finished goods	(6,779,933)	449,799
Purchase of finished goods	(3,505,684)	(116,370)
Raw materials and consumables used	(95,482,566)	(138,386,682)
Depreciation of property, plant and equipment	(11,782,601)	(13,476,618)
Impairment loss on property, plant and equipment (Note 16)	(41,174,719)	-
Amortisation of prepaid lease payment	(246,776)	(257,382)
Directors' remuneration	(188,774)	(207,431)
Employee benefit expenses	(30,047,079)	(27,653,669)
Finance costs	(531,305)	(920,707)
Other operating expenses	(28,766,625)	(30,324,696)
(Loss)/Profit before tax	(60,267,080)	3,516,723
Tax expense (Note 12)	(502,608)	(515,076)
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>(60,769,688)</b>	<b>3,001,647</b>



Notes to the Financial Statements (cont'd)

**14. DISCONTINUED OPERATIONS** (cont'd)

	<b>The Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Impairment losses on investment in subsidiaries	(81,487,887)	-
<b>LOSS FOR THE YEAR</b>	<b>(81,487,887)</b>	<b>-</b>

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from/(used in) discontinued operations</b>		
Net cash inflows from operating activities	28,589,323	12,162,350
Net cash outflows from investing activities	(8,567,351)	(10,065,390)
Net cash (outflows)/inflow from financing activities	(8,969,220)	6,466,170
Net cash inflows	<b>11,052,753</b>	<b>8,563,130</b>

**15. ASSETS CLASSIFIED AS HELD FOR SALE**

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Property, plant and equipment (Note 16)	58,025,619	-
Prepaid lease payment (Note 17)	12,325,932	-
	<b>70,351,551</b>	<b>-</b>

	<b>The Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Investment in subsidiaries:		
Unquoted shares outside Malaysia, at cost (Note 18)	70,364,880	-

## 16. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM	Factory buildings RM	Plant and machinery RM	Factory, auxiliary and office equipment, furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Capital work-in progress RM	Total RM
<b>Cost</b>								
As of January 1, 2017	3,545,041	73,047,996	310,491,156	15,569,755	1,563,796	2,982,456	45,580,552	452,780,752
Additions	-	2,810,714	11,314,082	1,112,657	6,000	-	2,277,402	17,520,855
Disposals	-	-	-	(243,068)	-	(285,183)	-	(528,251)
Write off	-	-	(212,063)	(4,146)	-	-	-	(216,209)
Reclassification	-	6,664,555	23,390,582	2,078,578	422,834	-	(32,556,549)	-
Net foreign currency exchange differences	-	(1,785,797)	(5,912,393)	(81,866)	(132,480)	96,090	(517,461)	(8,333,907)
As of December 31, 2017	3,545,041	80,737,468	339,071,364	18,431,910	1,860,150	2,793,363	14,783,944	461,223,240
Additions	-	542,185	15,926,753	818,236	34,698	-	3,162,656	20,484,528
Disposals	-	-	(51,816)	-	-	-	-	(51,816)
Write off	-	-	(1,981,954)	(1,380)	-	-	-	(1,983,334)
Reclassification	-	(38,254)	2,258,240	(40,500)	-	-	(2,179,486)	-
Reclassified as held for sale (Note 15)	-	(46,521,865)	(162,225,564)	-	-	-	-	(208,747,429)
Net foreign currency exchange differences	-	(1,532,606)	(5,267,106)	(110,483)	-	(28,457)	(433,677)	(7,372,329)
As of December 31, 2018	3,545,041	33,186,928	187,729,917	19,097,783	1,894,848	2,764,906	15,333,437	263,552,860

Notes to the Financial Statements (cont'd)



**Rubberex Corporation**  
**(M) Berhad**



16. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	Freehold land RM	Factory buildings RM	Plant and machinery RM	Factory, auxiliary and office equipment, furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Capital work-in progress RM	Total RM
<b>Accumulated depreciation and impairment</b>								
As of January 1, 2017	-	22,655,115	213,013,056	11,125,304	153,912	1,856,346	-	248,803,733
Charge for the year	-	2,884,087	20,007,098	1,365,773	182,091	392,946	-	24,831,995
Disposals	-	-	-	(243,068)	-	(267,560)	-	(510,628)
Write off	-	-	(98,000)	(2,017)	-	-	-	(100,017)
Reclassification	-	-	(18,850)	18,850	-	-	-	-
Net foreign currency exchange differences	-	(304,734)	(3,957,935)	(68,912)	-	(30,490)	-	(4,362,071)
As of December 31, 2017	-	25,234,468	228,945,369	12,195,930	336,003	1,951,242	-	268,663,012
Charge for the year	-	2,969,210	18,900,890	1,395,123	187,693	287,901	-	23,740,817
Disposals	-	-	(29,147)	-	-	-	-	(29,147)
Write off	-	-	(1,550,590)	(460)	-	-	-	(1,551,050)
Impairment recognised during the year (Note 14)	-	-	28,835,560	354,829	-	-	11,984,330	41,174,719
Reclassified as held for sale (Note 15)	-	(11,168,548)	(139,553,262)	-	-	-	-	(150,721,810)
Net foreign currency exchange differences	-	(301,267)	(3,983,204)	(84,180)	-	(24,550)	(174,968)	(4,568,169)
As of December 31, 2018	-	16,733,863	131,565,616	13,861,242	523,696	2,214,593	11,809,362	176,708,372
<b>Carrying amount</b>								
As of December 31, 2018	3,545,041	16,453,065	56,164,301	5,236,541	1,371,152	550,313	3,524,075	86,844,488
As of December 31, 2017	3,545,041	55,503,000	110,125,995	6,235,980	1,524,147	842,121	14,783,944	192,560,228

Factory buildings of the Group with carrying amount of RM1,794,249 (2017: RM2,193,931) are charged to a licensed bank for facilities granted to a subsidiary as disclosed in Note 29.

Notes to the Financial Statements (cont'd)



Rubberex Corporation  
(M) Berhad





Notes to the Financial Statements (cont'd)

17. PREPAID LEASE PAYMENTS

The Group	Long-term leasehold land RM	Short-term leasehold land RM	Total RM
<b>At cost</b>			
As of January 1, 2017	2,173,511	17,677,377	19,850,888
Net foreign currency exchange differences	-	(491,294)	(491,294)
As of December 31, 2017	2,173,511	17,186,083	19,359,594
Additions	1,985,690	-	1,985,690
Reclassified as held for sale (Note 15)	-	(15,297,549)	(15,297,549)
Net foreign currency exchange differences	-	(414,151)	(414,151)
As of December 31, 2018	4,159,201	1,474,383	5,633,584
<b>Accumulated amortisation</b>			
As of January 1, 2017	40,342	3,107,126	3,147,468
Amortisation for the year	37,085	285,201	322,286
Net foreign currency exchange differences	-	(106,073)	(106,073)
As of December 31, 2017	77,427	3,286,254	3,363,681
Amortisation for the year	25,142	274,596	299,738
Reclassified as held for sale (Note 15)	-	(2,971,617)	(2,971,617)
Net foreign currency exchange differences	-	(96,264)	(96,264)
As of December 31, 2018	102,569	492,969	595,538
<b>Carrying amount</b>			
As of December 31, 2018	4,056,632	981,414	5,038,046
As of December 31, 2017	2,096,084	13,899,829	15,995,913

Long-term and short-term leasehold land of the Group with carrying amount of RM3,857,232 and RM981,414 (2017: Nil and RM11,177,580) respectively are charged to licensed banks for facilities granted to the Group as disclosed in Note 29.



Notes to the Financial Statements (cont'd)

**18. INVESTMENT IN SUBSIDIARIES**

<b>The Company</b>	<b>2018 RM</b>	<b>2017 RM</b>
Unquoted shares, at cost:		
In Malaysia	27,353,102	27,353,102
Outside Malaysia	157,902,791	157,902,791
	<u>185,255,893</u>	<u>185,255,893</u>
Reclassified as held for sale		
- unquoted shares outside Malaysia, at cost (Note 15)	(151,852,767)	-
	<u>33,403,126</u>	<u>185,255,893</u>
<b>Accumulated impairment losses</b>		
At beginning of year	-	-
Additions	84,881,122	-
Reclassified as held for sale (Note 15)	(81,487,887)	-
At end of year	<u>3,393,235</u>	<u>-</u>
<b>Carrying amount</b>	<u>30,009,891</u>	<u>185,255,893</u>

In 2017, the Company waived amounts owing by subsidiaries amounting to RM125,191,600. The amounts waived were treated as capital contributions to the subsidiaries.

The subsidiaries are as follows:

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Effective Equity Interest</b>		<b>Principal Activities</b>
		<b>2018 %</b>	<b>2017 %</b>	
<b>Direct subsidiaries</b>				
Rubberex (M) Sdn. Berhad	Malaysia	100	100	Manufacturing and sale of household and industrial rubber gloves.
Filrex (Malaysia) Sdn. Bhd. #	Malaysia	100	100	Under Members' Voluntary Winding-up.
Diamond Grip (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of industrial rubber gloves.
Pioneer Vantage Limited * @	Hong Kong	100	100	Investment holding.
Rubberex (Hong Kong) Limited *	Hong Kong	100	100	Trading of gloves and other latex products.
Lifestyle Investment (Hong Kong) Limited * @	Hong Kong	100	100	Investment holding.



Notes to the Financial Statements (cont'd)

**18. INVESTMENT IN SUBSIDIARIES** (cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2018 %	2017 %	
<b>Indirect subsidiaries</b>				
<b><i>Held through Rubberex (M) Sdn. Berhad</i></b>				
Rubberex Marketing (M) Sdn. Bhd.	Malaysia	100	100	Dormant since 2017
Rubberex Spain, S.L. *	Spain	100	100	Trading of gloves, household items, kitchen items and personal protective products.
<b><i>Held through Diamond Grip (M) Sdn. Bhd.</i></b>				
Rubberex Alliance Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of disposable gloves.
<b><i>Held through Pioneer Vantage Limited</i></b>				
LPL (Hui Zhou) Glove Co. Limited ^	People's Republic of China	100	100	Manufacturing and sale of industrial and disposable gloves.
<b><i>Held through Lifestyle Investment (Hong Kong) Limited</i></b>				
Lifestyle Safety Products (Hui Zhou) Co. Limited ^	People's Republic of China	100	100	Manufacturing and sale of disposable gloves.

\* The financial statements of these companies are examined by auditors other than the auditors of the Company.

^ The financial statements of these companies are examined by a member firm of the auditors of the Company.

# The Company commenced Members' Voluntary Winding-up on March 22, 2018, and was deconsolidated in the current financial year.

@ On December 31, 2018, the Company entered into a conditional Share Sale Agreement with Nutraceutical Biotech Global Holdings Limited to dispose of its entire equity interest in Pioneer Vantage Limited and Lifestyle Investment (Hong Kong) Limited for a total consideration of HKD135.0 million (equivalent to RM71.3 million).





Notes to the Financial Statements (cont'd)

**18. INVESTMENT IN SUBSIDIARIES** (cont'd)

**Composition of the Group**

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2018	2017
Manufacturing and sale of household and industrial rubber gloves	Malaysia	1	1
Manufacturing and sale of industrial rubber gloves	Malaysia	1	1
Manufacturing and sale of disposable gloves	Malaysia	1	1
Manufacturing and sale of industrial and disposable gloves	People's Republic of China	2	2
Investment holding	Hong Kong	2	2
Trading of gloves and other latex products	Hong Kong	1	1
Trading of gloves, household items, kitchen items and personal protective products	Malaysia	-	1
	Spain	1	1
Dormant	Malaysia	2	1
		11	11

**19. GOODWILL ON CONSOLIDATION**

	The Group	
	2018 RM	2017 RM
Cost:		
At beginning and end of year	2,793,422	2,793,422

**Impairment tests for cash-generating units ("CGU") containing goodwill**

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The carrying amount of goodwill is allocated to the manufacturing operations of Diamond Grip (M) Sdn. Bhd..



Notes to the Financial Statements (cont'd)

**19. GOODWILL ON CONSOLIDATION** (cont'd)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on a financial forecast approved by directors covering a five year period from 2019 to 2023. The following key assumptions are used to generate the financial forecast:

	<b>2018</b>	<b>2017</b>
Sales volume	Consistent with prior year	Consistent with prior year
Inflation rate	2.10% per annum	3.80% per annum
Discount rate	11.00%	13.80%

Receivables and payables turnover period are estimated to be consistent with the current financial year.

The above assumptions were determined based on past business performance and management's expectations of market development.

The directors believe that any reasonable possible changes in the assumptions applied are not likely to cause the goodwill to be materially impaired.

**20. INVENTORIES**

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Finished and trading goods	43,470,738	63,423,526
Raw materials	9,734,434	19,961,090
Packing materials	2,659,327	4,783,277
Parts and consumables	401,663	732,551
	<u>52,266,162</u>	<u>88,900,444</u>

The cost of inventories for continuing operations recognised as an expense during the year was RM178,938,047 (2017: RM155,054,021).

Included in cost of inventories recognised are the following income/(expense):

	<b>The Group</b>	
<b>Continuing operations</b>	<b>2018 RM</b>	<b>2017 RM</b>
Reversal of inventories written down	-	214,489
Finished and trading goods written down to net realisable value	(2,860,160)	(510,993)
	<u>(2,860,160)</u>	<u>(510,993)</u>







Notes to the Financial Statements (cont'd)

**21. TRADE AND OTHER RECEIVABLES**

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Trade receivables	38,567,110	58,929,797
Less: Loss allowance	-	(2,046)
	<hr/>	<hr/>
	38,567,110	58,927,751
Other receivables	1,596,568	15,787,048
Goods and Services Tax receivable	2,350,471	2,334,575
	<hr/>	<hr/>
	42,514,149	77,049,374

The currency profile of trade and other receivables is as follows:

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
United States Dollar	34,893,420	41,573,708
Ringgit Malaysia	2,801,948	3,656,275
Chinese Renminbi	2,801,166	13,337,558
Euro	1,664,952	18,114,422
Swiss Franc	352,663	341,573
Hong Kong Dollar	-	27,884
	<hr/>	<hr/>
	42,514,149	77,051,420

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted on sale of goods ranged from 10 to 180 days (2017: 10 to 150 days). No interest is charged on overdue outstanding trade receivables. An allowance has been made for estimated irrecoverable amounts of trade receivables of Nil (2017: RM2,046) based on the past default experience of the Group.

The Group apply the simplified approach to measure ECL. This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of receivables sharing the same credit risk characteristics and past due days.

Management assesses the ECL for portfolios of trade receivables based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the countries.

No significant changes to estimation techniques or assumptions were made during the reporting period.

Other receivables of the Group comprise mainly advance payments of Nil (2017: RM2,590,715) made to the China Government for acquisition of land use rights in People's Republic of China of which the land title has not been issued; proceeds receivable from China Government for the surrender of land use rights of Nil (2017: RM2,077,372); and advance payments of RM98,515 (2017: RM198,352) to suppliers for purchase of raw materials and property, plant and equipment.



Notes to the Financial Statements (cont'd)

**21. TRADE AND OTHER RECEIVABLES** (cont'd)

Movement in the allowance for doubtful debts is as follows:

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Balance at January 1	2,046	509,508
Amount written off	(2,046)	(521,681)
Net foreign currency exchange differences	-	14,219
Balance at December 31	-	2,046

Ageing of impaired trade receivables:

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
More than 150 days	-	2,046

Included in trade receivables of the Group are receivables with total carrying amount of RM7,100,363 (2017: RM7,340,904) which are past due at the end of the reporting period for which the Group has not recognised loss allowance as there have not been significant changes in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances nor does it has a legal right to offset against any amounts owed by the Group to the counterparties.

The Group seeks to maintain strict control over its outstanding trade receivables and has a credit period policy to minimise credit risk. Overdue balances are reviewed by management at least twice a month.

Ageing of trade receivables which are past due but not impaired at the end of the reporting period are as follows:

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Number of days past due:		
1 - 30 days	6,001,444	4,430,017
31 - 60 days	432,410	1,155,189
61 - 90 days	58,498	737,863
91 - 120 days	211,671	660,655
More than 120 days	396,340	357,180
	7,100,363	7,340,904



Notes to the Financial Statements (cont'd)

**22. RELATED PARTY TRANSACTIONS**

The amount owing by/(to) subsidiaries arose mainly from advances and expenses paid on behalf which are unsecured and interest-free except for advances granted to certain subsidiaries which bear interest at rates ranging from 5.26% to 5.86% (2017: 5.28% to 5.83%) per annum.

The amounts owing by/(to) subsidiaries, classified as current assets/(liabilities), are repayable upon demand and will be settled in cash.

The currency profile of amount owing by subsidiaries is as follows:

	<b>The Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	32,810,000	30,756,145
Hong Kong Dollar	2,075,392	-
	<hr/>	<hr/>
	34,885,392	30,756,145

The currency profile of amount owing to subsidiaries is as follows:

	<b>The Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	19,797,275	13,556,718
Hong Kong Dollar	6,396,155	6,291,942
	<hr/>	<hr/>
	26,193,430	19,848,660

During the financial year, transactions undertaken by the Company with its subsidiaries are as follows:

	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Capital distribution from a subsidiary	3,550,000	-
Interest on advances received/receivable (Note 7)	163,299	273,442
Advances granted	(5,518,641)	(1,817,100)
	<hr/>	<hr/>

The transactions with subsidiaries are aggregated as these transactions are similar in nature.



Notes to the Financial Statements (cont'd)

**23. OTHER ASSETS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Refundable deposits	1,050,928	1,310,429	1,000	1,000
Prepaid expenses	160,168	187,750	-	-
	<u>1,211,096</u>	<u>1,498,179</u>	<u>1,000</u>	<u>1,000</u>

Refundable deposits of the Group include Nil (2017: RM260,714) paid to a third party to acquire a piece of vacant land.

**24. OTHER FINANCIAL ASSETS**

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Derivatives carried at FVTPL		
- foreign currency forward contracts	<u>39,503</u>	<u>1,465,848</u>

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuation on foreign receipts and payments.

**25. CASH AND BANK BALANCES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Fixed deposits with a licensed bank	3,100,000	8,100,000	3,100,000	8,100,000
Cash and bank balances	20,765,777	20,596,258	490,450	353,507
	<u>23,865,777</u>	<u>28,696,258</u>	<u>3,590,450</u>	<u>8,453,507</u>

The fixed deposits of the Group and of the Company have an average maturity of 1.5 months (2017: 1 month) with average effective interest rate of 3.60% (2017: 3.45%) per annum.



Notes to the Financial Statements (cont'd)

**25. CASH AND BANK BALANCES** (cont'd)

The currency profile of cash and bank balances is as follows:

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
United States Dollar	7,942,141	10,729,130
Euro	5,783,588	2,641,573
Ringgit Malaysia	5,578,455	11,025,168
Chinese Renminbi	2,622,015	4,180,962
Hong Kong Dollar	1,939,578	119,425
	23,865,777	28,696,258

Cash and bank balances of the Company are denominated in Ringgit Malaysia.

**26. SHARE CAPITAL AND TREASURY SHARES**

**(a) Share Capital**

	← <b>The Group and The Company</b> →			
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Number of</b>	<b>Number of</b>	<b>RM</b>	<b>RM</b>
	<b>ordinary</b>	<b>ordinary</b>		
	<b>shares</b>	<b>shares</b>		
<b>Issued and fully paid:</b>				
Ordinary shares				
At beginning of year	252,205,617	229,278,817	160,191,549	114,639,408
Issued during the year	-	22,926,800	-	16,048,760
Transfer from share premium arising from "no par value" regime	-	-	-	29,503,381
	252,205,617	252,205,617	160,191,549	160,191,549





Notes to the Financial Statements (cont'd)

**26. SHARE CAPITAL AND TREASURY SHARES** (cont'd)

**(b) Treasury Shares**

	← The Group and The Company →			
	2018 Number of ordinary shares	2017 Number of ordinary shares	2018 RM	2017 RM
As of January 1/ December 31	10,000	10,000	7,961	7,961

The Company has not repurchased any ordinary shares during the financial year.

As of December 31, 2018, the number of ordinary shares in issue and fully paid after excluding the Treasury Shares was 252,195,617 (2017: 252,195,617).

**27. RESERVES**

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Non-distributable reserves:</b>				
Translation reserve	37,427,098	43,063,512	-	-
Capital reserve	(2,341,786)	(2,341,786)	-	-
	<u>35,085,312</u>	<u>40,721,726</u>	<u>-</u>	<u>-</u>
<b>Distributable reserve:</b>				
Retained earnings/ (Accumulated loss)	19,184,888	75,683,439	(55,699,847)	32,077,873

**Translation reserve**

Translation reserve represents the exchange differences arising on translation of financial statements of foreign subsidiaries and arising on translation of monetary items receivable from foreign operations for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operations) that are taken up in other comprehensive income and accumulated in equity. Such exchange differences are recognised as income or expense in the statement of profit or loss, in the period in which the foreign subsidiaries are disposed of.





Notes to the Financial Statements (cont'd)

**27. RESERVES** (cont'd)

**Capital reserve**

Capital reserve include the excess of the purchase consideration for the acquisition of shares in the subsidiaries from non-controlling interests over the share of the identifiable net assets of the subsidiaries at the date of acquisition. The acquisition constitutes a capital transaction with owners, and the excess of purchase consideration over share of net assets is therefore recorded as a capital reserve.

Subsequent changes in the ownership interests in the subsidiaries that do not result in a loss of control are also adjusted in capital reserve. Any differences between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received shall be recognised directly in capital reserve and attributed to the owners of the Company (controlling entity). Such capital reserve is recognised as expense in profit or loss in the period in which the subsidiaries are disposed of.

Included in capital reserve is a percentage of the retained earnings of a foreign subsidiary transferred as required by the laws and regulations of the country of domicile of the foreign subsidiary.

**28. DIVIDENDS**

	← The Group and The Company →			
	2018 RM	2017 RM	Net dividend per share	
			2018 sen	2017 sen
First interim dividend - 0.75 sen per share, single-tier (2017: 0.75 sen per share, single-tier)	1,891,461	1,891,461	0.75	0.75
Second interim dividend paid - 1.00 sen per share, single-tier (2017: 1.00 sen per share, single-tier)	2,521,956	2,521,956	1.00	1.00
	4,413,417	4,413,417	1.75	1.75

A first interim dividend of 0.75 sen per ordinary share, single-tier, amounting to RM1,891,461, computed based on the issued and paid-up capital of 252,205,617 ordinary shares, less treasury shares of 10,000 held by the Company, was declared on May 21, 2018 and paid on August 17, 2018.

A second interim dividend of 1.00 sen per ordinary share, single-tier, amounting to RM2,521,956, computed based on the issued and paid-up capital of 252,205,617 ordinary shares, less treasury shares of 10,000 held by the Company, was declared on November 27, 2018 and paid on January 24, 2019.



Notes to the Financial Statements (cont'd)

**29. BORROWINGS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Secured:				
Term loan	9,028,125	10,906,875	-	-
Trust receipts	909,633	1,653,546	-	-
Bankers' acceptances	315,000	355,000	-	-
Bank overdrafts	158,648	-	-	-
Revolving credits	-	2,877,736	-	-
Unsecured:				
Term loans	17,975,000	27,875,000	5,375,000	9,675,000
Bills payable	7,000,000	9,148,056	-	-
Revolving credits	5,000,000	11,086,780	-	-
Bank overdrafts	4,018,788	916,085	-	-
	<u>44,405,194</u>	<u>64,819,078</u>	<u>5,375,000</u>	<u>9,675,000</u>
Less: Amount due within 12 months (shown under current liabilities)	(30,992,069)	(39,454,703)	(4,300,000)	(4,300,000)
Non-current portion	<u>13,413,125</u>	<u>25,364,375</u>	<u>1,075,000</u>	<u>5,375,000</u>

The non-current portion is repayable as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
More than 1 year but not later than 2 years	8,385,000	14,492,500	1,075,000	5,375,000
More than 2 years but not later than 5 years	3,350,000	10,871,875	-	-
More than 5 years	1,678,125	-	-	-
	<u>13,413,125</u>	<u>25,364,375</u>	<u>1,075,000</u>	<u>5,375,000</u>



Notes to the Financial Statements (cont'd)

**29. BORROWINGS** (cont'd)

Analysis of borrowings by currency is as follows:

<b>The Group 2018</b>	<b>Ringgit Malaysia RM</b>	<b>United States Dollar RM</b>	<b>Chinese Renminbi RM</b>	<b>Hong Kong Dollar RM</b>	<b>Total RM</b>
Term loans	27,003,125	-	-	-	27,003,125
Bills payable	7,000,000	-	-	-	7,000,000
Revolving credits	5,000,000	-	-	-	5,000,000
Bank overdrafts	4,177,436	-	-	-	4,177,436
Trust receipts	909,633	-	-	-	909,633
Bankers' acceptances	315,000	-	-	-	315,000
	<b>44,405,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,405,194</b>
<b>The Group 2017</b>					
Term loans	38,781,875	-	-	-	38,781,875
Bills payable	5,968,000	3,180,056	-	-	9,148,056
Revolving credits	5,000,000	-	8,964,516	-	13,964,516
Trust receipts	1,653,546	-	-	-	1,653,546
Bank overdrafts	900,531	-	-	15,554	916,085
Bankers' acceptances	355,000	-	-	-	355,000
	<b>52,658,952</b>	<b>3,180,056</b>	<b>8,964,516</b>	<b>15,554</b>	<b>64,819,078</b>

Borrowings of the Company are denominated in Ringgit Malaysia.

The effective interest rates per annum are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Term loans	5.26 - 6.65	5.28 - 6.26	5.26 - 5.86	5.28 - 5.83
Bills payable	4.12 - 4.64	3.92 - 4.33	-	-
Revolving credits	4.88 - 5.15	4.88 - 6.30	-	-
Bank overdrafts	7.49 - 7.74	7.17 - 7.60	-	-
Trust receipts	4.16 - 4.19	3.96	-	-
Bankers' acceptances	4.16	3.98	-	-



Notes to the Financial Statements (cont'd)

**29. BORROWINGS** (cont'd)

The Company has a five (5) year unsecured term loan of RM21,500,000 (2017: RM21,500,000) which is repayable by twenty (20) equal quarterly instalments commencing June 30, 2015.

One of the subsidiaries has seven (7) term loans:

- (a) a five (5) year secured term loan of RM13,200,000 (2017: RM10,560,000) which is repayable by twenty (20) equal quarterly instalments of RM660,000 commencing June 26, 2015;
- (b) a five (5) year unsecured term loan of RM28,000,000 (2017: RM28,000,000) which is repayable by twenty (20) equal quarterly instalments of RM1,400,000 commencing June 27, 2016;
- (c) a five (5) year secured term loan of RM3,000,000 (2017: RM3,000,000) which is repayable by twenty (20) equal quarterly instalments of RM150,000 commencing January 26, 2017;
- (d) a ten (10) year secured term loan of RM2,775,000 (2017: RM2,775,000) which is repayable by 120 equal monthly instalments of RM23,125 commencing April 1, 2017;
- (e) a ten (10) year secured term loan of RM1,725,000 (2017: RM1,725,000) will be repayable by 120 equal monthly instalments of RM14,375 commencing July 1, 2018;
- (f) A seventy eight (78) months secured term loan of RM14,220,000 (2017: RM14,220,000) which is pending for release as of the end of the reporting period, will be repayable by sixty (60) monthly instalments commencing the 19th month after full drawdown; and
- (g) A seventy eight (78) months secured term loan of RM19,780,000 (2017: RM19,780,000) which is pending for release as of the end of the reporting period, will be repayable by sixty (60) monthly instalments commencing the 19th month after the full drawdown.

As of December 31, 2018, total banking facilities of the Group and of the Company are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Secured:				
Term loans	54,700,000	52,060,000	-	-
Bank overdrafts, bills payable and other banking facilities	71,000,000	51,397,000	-	-
Unsecured:				
Term loans	49,500,000	66,500,000	21,500,000	38,500,000
Bank overdrafts, bills payable and other banking facilities	127,500,000	212,838,000	500,000	-

The Company's term loans and other banking facilities are guaranteed by its subsidiaries and also secured by letters of negative pledge from the Company and its subsidiaries.

Term loans and other banking facilities of the Group to the extent of RM91,700,000 (2017: RM67,732,000) are secured by a charge over certain factory buildings and leasehold land of subsidiaries as disclosed in Notes 16 and 17 respectively.







Notes to the Financial Statements (cont'd)

**30. TRADE AND OTHER PAYABLES**

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Trade payables	16,736,365	46,017,142
Other payables for consumables, utilities, services, maintenance of property, plant and equipment and advanced payment received	11,770,416	14,416,336
Sales and Services Tax payable	78,789	-
	<hr/>	<hr/>
	28,585,570	60,433,478

The currency profile of trade and other payables is as follows:

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Ringgit Malaysia	22,587,606	24,434,196
Chinese Renminbi	3,374,440	31,513,048
Euro	2,427,777	2,455,690
United States Dollar	171,529	1,940,434
Hong Kong Dollar	24,218	90,110
	<hr/>	<hr/>
	28,585,570	60,433,478

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group for trade purchases ranged from 10 to 90 days (2017: 10 to 90 days). No interest is charged on overdue outstanding trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The amounts owing to other payables are unsecured, interest-free and are repayable on demand.

**31. OTHER LIABILITIES - ACCRUED EXPENSES**

The currency profile of accrued expenses is as follows:

	<b>The Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Ringgit Malaysia	3,318,618	2,970,975
Chinese Renminbi	506,375	2,964,459
Euro	459,544	150,088
Hong Kong Dollar	47,775	70,121
United States Dollar	21,643	841,100
	<hr/>	<hr/>
	4,353,955	6,996,743

Other liabilities of the Company are denominated in Ringgit Malaysia.



Notes to the Financial Statements (cont'd)

**32. DEFERRED REVENUE**

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
At beginning of year	508,081	-
Additions	-	634,070
Amortisation	(498,697)	(114,201)
Foreign currency exchange differences	(9,384)	(11,788)
At end of year	<u>-</u>	<u>508,081</u>

Deferred revenue mainly consists of government grants awarded to certain foreign subsidiaries for projects with environmental initiatives.

**33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT**

*Categories of financial instruments*

	<b>The Group</b>		<b>The Company</b>	
	<b>Loans and receivables</b>		<b>Loans and receivables</b>	
	<b>At amortised cost</b>	<b>at amortised cost</b>	<b>At amortised cost</b>	<b>at amortised cost</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><i>Financial assets</i></b>				
Trade and other receivables	40,163,678	74,714,799	-	-
Amount owing by subsidiaries	-	-	34,885,392	30,756,145
Refundable deposits	1,050,928	1,310,429	1,000	1,000
Cash and cash equivalents	23,865,777	28,696,258	3,590,450	8,453,507
	<b>FVTPL</b>	<b>FVTPL</b>	<b>FVTPL</b>	<b>FVTPL</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Derivatives - foreign currency forward contracts	39,503	1,465,848	-	-





Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

	The Group		The Company	
	At amortised cost	Other financial liabilities at amortised cost	At amortised cost	Other financial liabilities at amortised cost
	2018	2017	2018	2017
	RM	RM	RM	RM
<b>Financial liabilities</b>				
Trade and other payables	28,506,781	60,433,478	-	-
Other liabilities - accrued expenses	4,353,955	6,996,743	497,108	377,010
Amount owing to subsidiaries	-	-	26,193,430	19,848,660
Dividend payable	2,521,956	2,521,956	2,521,956	2,521,956
Borrowings	44,405,194	64,819,078	5,375,000	9,675,000

**Financial Risk Management Objectives and Policies**

The operations of the Group and of the Company are subjected to a variety of financial risks, including market risk, credit risk, liquidity risk and cash flow risk. The principal objective of the Group and of the Company is to minimise their exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

**(a) Market risk**

The Group and the Company are exposed primarily to the risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's and the Company's exposure to market risks or the manner in which these risks are managed and measured.

**(i) Foreign currency risk management**

The Group transacts business in various foreign currencies including United States Dollar ("USD"), Euro ("EURO"), Chinese Renminbi ("RMB"), Hong Kong Dollar ("HKD"), Swiss Franc ("CHF") and Great Britain Pound ("GBP") and therefore, is exposed to foreign exchange risk. The Group enters into foreign currency forward contracts to manage its exposure against foreign currency fluctuations on foreign receipts and payments.

The carrying amounts of the foreign currency denominated monetary assets and liabilities of the Group and of the Company at the end of the reporting period are disclosed in Notes 21, 22, 25, 29, 30 and 31.



Notes to the Financial Statements (cont'd)

**33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

**(a) Market risk (cont'd)**

**(i) Foreign currency risk management (cont'd)**

Foreign currency sensitivity analysis

The management does not consider the Group's and the Company's exposure to foreign currency exchange risk significant as of December 31, 2018. Therefore, sensitivity analysis for foreign currency exchange risk is not disclosed.

**(ii) Interest rate risk management**

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

The Group and the Company finance their operations by a mixture of internal funds and bank and other borrowings. The Group and the Company regularly review the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration of the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The policy of the Group and of the Company are to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The details of the Group's and of the Company's fixed deposits and borrowings are as disclosed in Notes 25 and 29 respectively.

Interest rate sensitivity analysis

The Group and the Company do not consider their exposure to interest rate risk from bank borrowings and interest-bearing assets significant as of December 31, 2018 due to insignificant fluctuations in the market interest rates. Therefore, interest rate sensitivity analysis is not disclosed.

**(b) Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a mean of mitigating the risk of financial loss from defaults. The exposure of the Group to credit risk arises principally from its receivables and other financial assets while the exposure of the Company to credit risk arises from its intercompany balances, financial guarantees given to licensed banks for credit facilities granted to subsidiaries and other financial assets.





Notes to the Financial Statements (cont'd)

**33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

**(b) Credit risk management (cont'd)**

*Receivables*

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables and, where appropriate, credit guarantee insurance cover is purchased.

As the Group does not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

A significant portion of trade receivables are regular customers of the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Trade receivables with balances exceeding credit limits are monitored through the holding back of new shipment until the old debts plus the new orders are within the credit limit.

For other receivables, management does not foresee any credit risk due to the nature of other receivables which comprise mainly advance payments made to suppliers and China Government, as well as proceeds receivable from the China Government, full impairment loss has been made as of year end if collectability involved uncertainty.

The ageing of trade receivables that are past due and/or impaired is disclosed in Note 21.

*Intercompany Balances*

The Company provides unsecured advances to its subsidiaries. There is no fixed repayment term imposed on intercompany balances as the credit risk is managed on a Group basis by the management of the Company to ensure that risk of losses incurred by the Company due to non-repayment by subsidiaries, is minimal.

The Company measures the loss allowance for amount due from subsidiaries if there are indicators that the subsidiaries are having financial difficulties or inactive. At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

At the end of the financial period, there was no indication that the balances due from subsidiaries are not recoverable.

*Financial Guarantee*

The Company provides unsecured financial guarantees to licensed banks in respect of credit facilities granted to subsidiaries. The Company monitors on an ongoing basis the trend of repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM46,411,406 (2017: RM51,881,078) representing the outstanding balance of credit facilities of subsidiaries in which financial guarantees are given by the Company as of the end of the reporting period.

At the end of the reporting period, there was no indication that the subsidiaries will default on repayment.





Notes to the Financial Statements (cont'd)

**33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

**(b) Credit risk management (cont'd)**

*Other Financial Assets*

The credit risk on liquid funds are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

**(c) Liquidity and cash flow risks management**

Ultimate responsibility for liquidity and cash flow risks management rests with the Board of Directors, which has built an appropriate liquidity and cash flow risks management framework for the management of the short, medium and long-term funding and liquidity management requirements of the Group and of the Company. The Group and the Company manage liquidity and cash flow risks by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The Group and the Company expect that the cash generated from their operations, their existing credit facilities and the trade terms provided by their suppliers will be sufficient to meet the Group's and the Company's currently anticipated capital expenditure and working capital needs for at least the next 12 months. The Group and the Company may consider opportunities to obtain additional funds to support their working capital requirements and capital expenditures, or may seek to raise additional funds through equity financing.

The Group has credit facilities of approximately RM81,077,217 (2017: RM136,220,939) which is unused at the end of the reporting period.





Notes to the Financial Statements (cont'd)

**33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

**(c) Liquidity and cash flow risks management (cont'd)**

The maturity profile of the Group's and of the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows:

<b>The Group 2018</b>	<b>On demand or within one year RM</b>	<b>One year to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
Non-derivative financial assets:				
Trade and other receivables	40,163,678	-	-	40,163,678
Refundable deposits	1,050,928	-	-	1,050,928
Cash and cash equivalents	23,875,077	-	-	23,875,077
Total undiscounted non-derivative financial assets	65,089,296	-	-	65,089,296
Undiscounted derivatives	39,503	-	-	39,503
Total undiscounted derivatives and non-derivative financial assets	65,129,186	-	-	65,129,186
Non-derivative financial liabilities:				
Trade and other payables	28,506,781	-	-	28,506,781
Dividend payable	2,521,956	-	-	2,521,956
Other liabilities	4,353,955	-	-	4,353,955
Borrowings	31,703,388	12,829,890	1,895,188	46,428,466
Total undiscounted non-derivative financial liabilities	67,086,080	12,829,890	1,895,188	81,811,158
Net undiscounted non-derivative financial liabilities	(1,956,894)	(12,829,890)	(1,895,188)	(16,681,972)



Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) *Liquidity and cash flow risks management* (cont'd)

The maturity profile of the Group's and of the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows: (cont'd)

The Group 2017	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Loans and receivables	76,025,228	-	-	76,025,228
Cash and cash equivalents	28,719,546	-	-	28,719,546
Total undiscounted non-derivative financial assets	104,744,774	-	-	104,744,774
Undiscounted derivatives	1,465,848	-	-	1,465,848
Total undiscounted derivatives and non-derivative financial assets	106,210,622	-	-	106,210,622
Non-derivative financial liabilities:				
Other financial liabilities	111,387,736	26,373,795	984,905	138,746,436
Net undiscounted non-derivative financial liabilities	(5,177,114)	(26,373,795)	(984,905)	(32,535,814)





Notes to the Financial Statements (cont'd)

**33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

**(c) Liquidity and cash flow risks management (cont'd)**

The maturity profile of the Group's and of the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows: (cont'd)

<b>The Company 2018</b>	<b>On demand or within one year RM</b>	<b>One year to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
Non-derivative financial assets:				
Amount owing by subsidiaries	34,885,392	-	-	34,885,392
Refundable deposits	1,000	-	-	1,000
Cash and cash equivalents	3,599,750	-	-	3,599,750
<b>Total undiscounted non-derivative financial assets</b>	<b>38,486,142</b>	<b>-</b>	<b>-</b>	<b>38,486,142</b>
Non-derivative financial liabilities:				
Amount owing to subsidiaries	26,193,430	-	-	26,193,430
Other payables	2,521,956	-	-	2,521,956
Accrued expenses	497,108	-	-	497,108
Borrowings	4,531,770	1,091,555	-	5,623,325
Financial guarantee contracts	46,411,406	-	-	46,411,406
<b>Total non-derivative financial liabilities</b>	<b>80,155,670</b>	<b>1,091,555</b>	<b>-</b>	<b>81,247,225</b>
<b>Net undiscounted non-derivative financial liabilities</b>	<b>(41,669,528)</b>	<b>(1,091,555)</b>	<b>-</b>	<b>(42,761,083)</b>



Notes to the Financial Statements (cont'd)

**33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

**(c) Liquidity and cash flow risks management (cont'd)**

The maturity profile of the Group's and of the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows: (cont'd)

<b>The Company 2017</b>	<b>On demand or within one year RM</b>	<b>One year to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
Non-derivative financial assets:				
Loans and receivables	30,757,145	-	-	30,757,145
Cash and cash equivalents	8,453,507	-	-	8,453,507
<b>Total undiscounted non-derivative financial assets</b>	<b>39,210,652</b>	<b>-</b>	<b>-</b>	<b>39,210,652</b>
Non-derivative financial liabilities:				
Other financial liabilities	25,022,320	5,623,325	-	30,645,645
Financial guarantee contracts	51,881,078	-	-	51,881,078
<b>Total non-derivative financial liabilities</b>	<b>76,903,398</b>	<b>5,623,325</b>	<b>-</b>	<b>82,526,723</b>
<b>Net undiscounted non-derivative financial liabilities</b>	<b>(37,692,746)</b>	<b>(5,623,325)</b>	<b>-</b>	<b>(43,316,071)</b>







Notes to the Financial Statements (cont'd)

**33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT** (cont'd)

**Financial Risk Management Objectives and Policies** (cont'd)

**(d) Capital risk management**

The Group and the Company manage their capital to ensure the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remain unchanged from 2017.

The capital structure of the Group and of the Company consists of net debt and equity. The Group and the Company are not subject to any externally imposed capital requirements.

The Group has complied with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**Gearing ratio**

The gearing ratio at the end of the reporting period is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Debt (i)	44,405,194	64,819,078	5,375,000	9,675,000
Fixed deposits, cash and bank balances	(23,865,777)	(28,696,258)	(3,590,450)	(8,453,507)
Net debt	<u>20,539,417</u>	<u>36,122,820</u>	<u>1,784,550</u>	<u>1,221,493</u>
Equity (ii)	<u>214,453,788</u>	<u>276,588,753</u>	<u>104,483,741</u>	<u>192,261,461</u>
Net debt to equity ratio	<u>0.10</u>	<u>0.13</u>	<u>0.02</u>	<u>0.01</u>

(i) Debt is defined as borrowings.

(ii) Equity includes all capital and reserves of the Group and of the Company that are managed as capital.



Notes to the Financial Statements (cont'd)

**33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

**(d) Capital risk management (cont'd)**

**Fair values of financial instruments**

Foreign currency forward contracts

The notional amounts and estimated fair values of the Group's foreign currency forward contracts outstanding at the end of the reporting period are as follows:

	Sell USD	Outstanding contracts Sell EURO	Buy USD	Net
<b>2018</b>				
Foreign currency	470,000	416,537	(212,000)	-
Notional value (RM)	1,967,730	1,993,848	(881,039)	-
Fair value (RM)	22,786	20,607	(3,890)	39,503
<b>2017</b>				
Foreign currency	17,075,144	861,811	-	-
Notional value (RM)	70,633,656	4,304,533	-	-
Fair value (RM)	1,340,745	125,103	-	1,465,848

The fair values of foreign currency forward contracts, which are categorised as Level 2 in the fair value hierarchy, are calculated by reference to the current rates for contracts with similar maturity profiles.

Financial instruments carried at amortised cost

The carrying amounts of short-term financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of term loans, which are categorised as Level 2 in the fair value hierarchy, are estimated using discounted cash flow analysis based on the current borrowing rates for similar types of term loan arrangements. There is no material difference between the carrying amounts and the estimated fair values of term loans.

There were no transfers between Levels 1 and 2 in 2018.





Notes to the Financial Statements (cont'd)

**34. STATEMENTS OF CASH FLOWS** (cont'd)

**34. STATEMENTS OF CASH FLOWS**

(a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	The Group	
	2018 RM	2017 RM
Cash purchase	18,895,071	16,959,877
Balance outstanding - other payables	1,589,457	560,978
	<u>20,484,528</u>	<u>17,520,855</u>

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

		Balance as of 1.1.2018 RM	Financing cash flows RM	Non-cash changes Net foreign currency exchange differences RM	Balance as of 31.12.2018 RM
Trust receipts	29	1,653,546	(743,913)	-	909,633
Bills payable	29	9,148,056	(2,076,147)	(71,909)	7,000,000
Revolving credits	29	13,964,516	(8,851,816)	(112,700)	5,000,000
Bank overdrafts	29	-	4,018,788	-	4,018,788
Term loans	29	38,781,875	(11,778,750)	-	27,003,125
Bankers' acceptances	29	355,000	(40,000)	-	315,000
		<u>63,902,993</u>	<u>(19,471,838)</u>	<u>(184,609)</u>	<u>44,246,546</u>



Notes to the Financial Statements (cont'd)

34. STATEMENTS OF CASH FLOWS (cont'd)

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

The Group

		Balance as of	Financing	Non-cash	Balance as of
	Note	1.1.2017	cash flows	changes	31.12.2017
		RM	RM	Net foreign	RM
				currency	
				exchange	
				differences	
				RM	
Trust receipts	29	1,482,330	171,216	-	1,653,546
Bills payable	29	14,432,297	(4,878,508)	(405,733)	9,148,056
Revolving credits	29	5,000,000	9,108,576	(144,060)	13,964,516
Bank overdrafts	29	9,037,106	(9,037,106)	-	-
Term loans	29	51,055,000	(12,273,125)	-	38,781,875
Bankers' acceptances	29	-	355,000	-	355,000
		<u>81,006,733</u>	<u>16,553,947</u>	<u>(549,793)</u>	<u>63,902,993</u>

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### 34. STATEMENTS OF CASH FLOWS (cont'd)

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

#### The Company

Note	Balance as of 1.1.2018 RM	Financing cash flows RM	Non-cash changes			Balance as of 31.12.2018 RM	
			Net foreign currency exchange differences RM	Capital distributions RM	Interest Income RM		
Amount due to subsidiaries	22	19,848,660	9,649,213	388,443	(3,550,000)	(142,886)	26,193,430
Term loans	29	9,675,000	(4,300,000)	-	-	-	5,375,000
		<u>29,523,660</u>	<u>5,349,213</u>	<u>388,443</u>	<u>(3,550,000)</u>	<u>(142,886)</u>	<u>31,568,430</u>

#### The Company

Note	Balance as of 1.1.2017 RM	Financing cash flows RM	Non-cash changes			Balance as of 31.12.2017 RM	
			Net foreign currency exchange differences RM	Capital distributions RM	Interest Income RM		
Amount due to subsidiaries	22	18,377,874	1,928,815	(216,873)	-	(241,156)	19,848,660
Term loans	29	15,675,000	(6,000,000)	-	-	-	9,675,000
		<u>34,052,874</u>	<u>(4,071,185)</u>	<u>(216,873)</u>	<u>-</u>	<u>(241,156)</u>	<u>29,523,660</u>

Notes to the Financial Statements (cont'd)



**Rubberex Corporation**  
**(M) Berhad**





Notes to the Financial Statements (cont'd)

**34. STATEMENTS OF CASH FLOWS** (cont'd)

(c) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and at banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statements of financial position as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM</b>	<b>2017 RM</b>	<b>2018 RM</b>	<b>2017 RM</b>
Fixed deposits with a licensed bank	3,100,000	8,100,000	3,100,000	8,100,000
Cash and other bank balances	20,765,777	20,596,258	490,450	353,507
Bank overdrafts	(158,648)	(916,085)	-	-
Bank balance charged to bank as security for banking facilities	-	(1,660,461)	-	-
	<u>23,707,129</u>	<u>26,119,712</u>	<u>3,590,450</u>	<u>8,453,507</u>

**35. CAPITAL COMMITMENTS**

As of the end of the reporting period, the Group has the following commitment in respect of property, plant and equipment:

	<b>2018 RM</b>	<b>2017 RM</b>
Capital expenditure: Approved and contracted for	-	4,494,435





Notes to the Financial Statements (cont'd)

**36. OPERATING LEASE ARRANGEMENTS**

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<b>2018 RM</b>	<b>2017 RM</b>
Within one year	<u>509,176</u>	<u>518,695</u>

Operating lease payments represent rentals payable by the Group for warehouse and office. Leases are negotiated for terms of five years (2017: five years) with an option to renew the lease after that date.

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**Rubberex Corporation  
(M) Berhad**



## Statement by Directors

The directors of **RUBBEREX CORPORATION (M) BERHAD** state that, in their opinion, the accompanying financial statements 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 of December 31, 2018 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

**MR. KHOO CHIN LENG**

**DATO' ABD RAHIM BIN ABD HALIM**

Ipoh, 29 April 2019

## Declaration by the Director

Primarily Responsible for the Financial Management of the Company

I, **MR. KHOO CHIN LENG (IC No. 590509-07-5615)**, the director primarily responsible for the financial management of **RUBBEREX CORPORATION (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

**MR. KHOO CHIN LENG**

Subscribed and solemnly declared by the abovenamed **MR. KHOO CHIN LENG** at **IPOH** this 29th day of **April, 2019**.

Before me,

**LAM YING WOH (A209)**  
COMMISSIONER FOR OATHS





**Properties Held By The Company And Its Subsidiaries**  
as at 31 December 2018

Location	Tenure/ Expiry Date	Description of existing use	Land area (sq. m)	Date of Acquisition/ [Revaluation]	Age (years)/ Carrying amount (RM'000)
Lot 228174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Freehold/-	Manufacturing, warehouse and office	37,258	[1996]	24.5/3,545
Lot 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Leasehold (60 years)/ 23 April 2055	Manufacturing, warehouse and office	32,382	1999	20.0/981
Lot 383268, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Leasehold (99 years)/ 23 December 2106	Manufacturing, warehouse and office	12,141	2007	11.0/199
Lot 312174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Leasehold (86 years)/ 02 December 2101	Warehouse and office	8,496	2016	3.0/1,871
Lot 351408, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Leasehold (86 years)/ 07 July 2103	Warehouse	8,092	2018	1.0/1,986
Plot 010169, 010170 Daxiotang Village, Luoyang Town, Buluo County, Huizhou City, Guangdong Province, People's Republic of China.	Leasehold (50 years)/ 29 November 2056	Manufacturing, warehouse and office	104,597	2006	13.0/7,797
Plot 010984 Daxiotang Village, Luoyang Town, Buluo County, Huizhou City, Guangdong Province, People's Republic of China.	Leasehold (50 years)/ 29 June 2055	Manufacturing, warehouse and office	41,115	2007	12.0/4,529
Factory buildings located at Lot 228174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	-	Manufacturing, warehouse and office	-	[1996]	24.5/2,781



Properties Held By The Company And Its Subsidiaries  
as at 31 December 2018 (cont'd)

Location	Tenure/ Expiry Date	Description of existing use	Land area (sq. m)	Date of Acquisition/ [Revaluation]	Age (years)/ Carrying amount (RM'000)
Factory buildings located at Lot 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	-	Manufacturing, warehouse and office	-	1999	20.0/13,672
Factory buildings located Daxiotang Village, Luoyang Town, Buluo County, Huizhou City, Guangdong Province, People's Republic of China.	-	Manufacturing, warehouse and office	-	2006	13.0/35,353

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APPENDIX I

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**PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND ARTICLES  
OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION**

**COMPANIES ACT 2016  
MALAYSIA**

**PUBLIC COMPANY LIMITED BY SHARES**

**CONSTITUTION**

**OF**

**RUBBEREX CORPORATION (M) BERHAD**

**Incorporated on 4 January 1996**

Companies Act 2016

Public Company Limited by Shares

Constitution of

**RUBBEREX CORPORATION (M) BERHAD**

**Name of Company**

1. The name of the Company is **Rubberex Corporation (M) Berhad.** *Company name*

**Registered Office**

2. The registered office of the Company is situated in Malaysia. *Registered office*

**DEFINITIONS AND INTERPRETATION**

**Definitions**

3. In this Constitution: *Definitions*

“Act” Means the Companies Act 2016, as amended, substituted or re-enacted from time to time.

“Annual General Meeting” Means a meeting of the Company required to be held pursuant to Section 340 of the Act.

“Auditors” Means the auditors of the Company.

“Board” or “Board of Directors” Means the board of directors for the time being of the Company.

“Board Meeting” Means a meeting of the Directors of the Company.

“Bursa Securities” Means Bursa Malaysia Securities Berhad.

“Central Depositories Act” Means the Securities Industry (Central Depositories) Act 1991 and regulations made thereunder, as amended or re-enacted from time to time.

“Company” Means **Rubberex Corporation (M) Berhad.**

“Company’s Documents”

Including, but not limited to any of the following documents that may be issued by the Company from time to time:

- (a) In respect of a Member and person entitled to a Security in consequence of an Event of Transmission:
  - (i) Notices relating to General Meetings, instrument appointing a proxy (including electronic proxy appointment and voting manner), annual reports, audited financial statements, circular to shareholders, notices to holders of Securities, prospectus, information memorandum, notice of resolution, statement and other documents relating thereto;
  - (ii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc;
  - (iii) Other publication concerning the Company; and/or
  - (iv) All written communications.
- (b) In respect of a Director:
  - (i) Notices relating to meetings of Board and Board committees and other documents relating thereto;
  - (ii) Notices relating to General Meetings, annual reports, audited financial statements, circular to shareholders, and other documents relating thereto;
  - (iii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc;

- (iv) Other publication concerning the Company; and/or
  - (v) All written communications.
- (c) In respect of the Auditors:
- (i) Notices relating to General Meetings, audited financial statements, and other documents relating thereto;
  - (ii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc; and/or
  - (iii) All written communications.
- (d) In respect of a holder of Debt Securities:
- (i) Notices relating to meeting of Debt Securities holders, audited financial statements, notices to Debt Securities holders and other documents relating thereto;
  - (ii) All other documents as required under the trust deed governing an issue of Debt Securities, Act, the Listing Requirements, applicable laws, guidelines, practice directives etc; and/or
  - (iii) All written communications.

“Constitution” The constitution of the Company as constituted by this document, or as altered from time to time by a special resolution.

“Debt Securities” Means debentures, loan stocks or other similar instruments representing or evidencing indebtedness, whether secured or unsecured, and whether convertible or not.

“Deposited Security” Means a security standing to the credit of a Securities Account and includes a security in a Securities Account that is in suspense.

“Depositor”	Means a holder of a Securities Account.
“Depository”	Means Bursa Malaysia Depository Sdn Bhd.
“Directors”	Means the directors for the time being of the Company (inclusive of alternate or nominee directors).
“Event of Transmission”	Means the death, bankruptcy or insolvency of a Member or debenture holder which would result in the Member or debenture holder being unable to remain as the registered holder of a share or debenture or such other transmission by operation of law.
“General Meeting”	Means a meeting of Members of the Company.
“Joint Holder”	In respect of a Security (other than Deposited Security), means two (2) or more persons are jointly entitled to any Security in the Company.
“Jumbo Certificate”	In relation to a Deposited Security, means a certificate comprising not less than fifty thousand (50,000) units of Securities of the Company or such denominations as may be directed by the Depository which is registered in the name of the Depository or its nominee company, as nominee for Depositors.
“Listed Deposited Security”	Means a Deposited Security quoted on the official list of Bursa Securities.
“Listing Requirements”	Means Main Market Listing Requirements of Bursa Securities, including any amendment that may be made from time to time.
“Member”	Means:  (a) a person whose name is entered in the Register of Members as the holder for the time being of one or more shares in the Company; and/or  (b) a Depositor whose name appears in the Record of Depositors as the holder for the time being of one or more shares in the Company.

Shares include ordinary shares, preference shares or other type of shares that may be issued and allotted by the Company from time to time.



“Office”	Means the registered office of the Company.
“Officer”	Means any Director, Secretary or employee of the Company.
“Record of Depositors”	Means a record provided by the Depository to the Company under Chapter 24.0 of the Rules.
“Register of Members”	Means the record of members of the Company kept and maintained pursuant to Section 50 of the Act.
“Registrar”	Means the Registrar of Companies designated under Section 20A(1) of the Companies Commission of Malaysia Act 2001.
“Representative of Member”	Includes any of the following persons:  (a) Representative appointed by a corporation which is a Member; or  (b) Attorney appointed by the Member by a power of attorney.
“Rules”	Means the Rules of Depository, including any amendment that may be made from time to time.
“Seal”	Means the common seal of the Company.
“Secretary”	Means a secretary of the Company appointed under Section 236 of the Act.
“Security” or “Securities”	Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007.
“Securities Account”	Means an account established by the Depository for a Depositor for the recording of deposit of Securities and for dealing in such Securities by the Depositor.
“Shareholder”	Means a holder of one or more share(s) in the Company.
“Unlisted Deposited Security”	Means a Deposited Security other than Listed Deposited Security.

#### **Interpretation**

4. (1) Expressions referring to writing include, unless the contrary intention appear, references to printing, lithography, photography *Interpretation*

and other modes of representing or reproducing words in a visible form.

- (2) Words importing the singular number only shall include the plural number, and vice versa.
- (3) Words importing the masculine gender only shall include the feminine gender.
- (4) Words importing persons shall include corporations.
- (5) Unless the context requires otherwise, other words and expressions contained in this Constitution shall bear the same meaning as in the Act when this Constitution becomes effective and binding on the Company.

### **TYPE AND PURPOSE OF COMPANY**

#### **Type of Company**

5. (1) The Company is a public company limited by shares. *Public company*
- (2) The liability of the Members is limited to the amount, if any, unpaid on shares held by the Members. *Members' liability*

#### **Purpose of Company**

6. (1) The principal objects for which the Company is established are: *Objects*
  - (a) To acquire and hold for investment shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking or any syndicate of persons constituted or carrying on business in Malaysia or elsewhere and debentures, debentures stocks, bonds obligations and securities issued or guaranteed by any government, sovereign ruler, commissions, public body or authority supreme, Municipal, local or otherwise and to acquire any such shares, stock, original subscription, tender, purchase, transfer, exchange or otherwise and to exercise and generally to enforce and exercise all rights and powers conferred by or incidental to the ownership thereof and in particular to sell, transfer, exchange or otherwise disposes of the same;
  - (b) To purchase or otherwise acquire for investment lands, houses, buildings, plantations, and other property of any tenure and any interest therein and any movable property of any description or any interest therein and to create and sell freehold and leasehold ground rents and to make advances upon the security of land or house, or other

property or any interest therein and generally to sell, lease or exchange land and house property, and any other property whether real or personal and whether for valuable consideration or not; and

- (c) To facilitate and encourage the creation, issue or conversion of debentures, debenture stocks, bonds, obligations, shares stocks and securities, and to underwrite the issue of the same, and to act as trustees in connection with any such securities, and to take part in the conversion of business concerns and undertakings into companies.
- (2) Without derogating from the generality of this Clause, the Company shall have the full capacity to carry on or undertake any business or activity that is in the best interest of the Company with full rights, powers and privileges for such purpose in accordance with Section 21 of the Act, subject always to the requirements of any applicable laws and regulations. *Legal capacity and powers of the Company*

## SECURITIES

### Classes of Shares

- 7. (1) The capital of the Company shall consist of ordinary shares. *Ordinary shares*
- (2) A holder of ordinary share(s) shall have the following voting rights: *Rights of ordinary shares*
  - (a) Right to vote on a show of hands to one (1) vote on any resolution of the Company; and
  - (b) Right to vote on a poll to one (1) vote for every share held on any resolution of the Company.

### Variation of Rights

- 8. (1) If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied: *Variation of rights*
  - (a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or
  - (b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.

- (2) The provisions of this Constitution relating to General Meetings apply with the necessary modifications to every separate meeting of the holders of the shares of the class referred to in Clause 8(1), except that:
- Quorum for Class Meeting*
- (a) for a meeting other than an adjourned meeting, a quorum is constituted by two (2) persons present holding at least one-third (1/3) of the number of issued shares of such class, excluding any shares of that class held as treasury shares; *Class Meeting*
- (b) if that class of shares only has one holder, a quorum is constituted by one (1) person present holding shares of such class; and
- (c) for an adjourned meeting, a quorum is constituted by one (1) person present holding share(s) of such class. *Adjourned Class Meeting*
- (3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:
- Variation of rights of existing preference shares*
- (a) the terms of the issue of the existing preference shares; or
- (b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

### Records of Members

9. (1) The records of Members of the Company comprise the following: *Records of Members*
- (a) Record of Depositors; and/or
- (b) Register of Members.
- (2) In relation to Deposited Securities, a Depositor whose name appears in the Record of Depositors maintained by the Depository in accordance with Section 34 of the Central Depositories Act in respect of the Securities of the Company which have been deposited with the Depository shall be deemed to be a shareholder, debenture holder or option holder of the Company, as the case may be, and shall, subject to the provisions of the Central Depositories Act and any regulations made under that Act, be entitled to the number of securities stated in the Record of Depositors. *Record of Depositors*
- (3) In relation to non-Deposited Securities, the Company shall: *Register of Members*
- (a) maintain a Register of Members at its Office or such other

place as may be determined by the Directors from time to time; and

- (b) record the particulars of the Members as prescribed under Section 50 of the Act in the Register of Members.
- (4) The Company shall use the address of a Member in the Record of Depositors or Register of Members (as applicable) for the purpose of delivering Company's Documents and such address may be any one or more of the following:
- (a) a residential address;
  - (b) a postal address;
  - (c) a registered office (if the Member is a corporation);
  - (d) a business address;
  - (e) an email address;
  - (f) a facsimile number; and/or
  - (g) contact details as provided by the Depositor to the Depository.
- (5) (a) In relation to Deposited Securities, a Depositor must notify the Depository from time to time of any change of his particulars or such information as required under the Rules. *Notification of change of particulars of Record of Depositors*
- (b) In relation to non-Deposited Securities, each Member must notify the Company as soon as practicable (in any event no later than fourteen (14) days) of any change of his particulars to enable the Company to record such change in the Register of Members and notify the Registrar within the aforesaid timeline as stipulated in the Act. *Notification of change of particulars of Register of Members*

#### **Certificates of Shares or Debentures**

10. (1) The Company may, as required by the Depository, issue a Jumbo Certificate in the name of the Depository or its nominee company, as nominee for Depositors, for the Deposited Securities issued by the Company from time to time. *Issuance of Jumbo Certificate*
- (2) In relation to non-Deposited Securities:



- (a) every person whose name is entered as member in the Register of Members or holder in the register of debenture holders shall be entitled without payment to receive a certificate in respect of the shares or debentures issued under the Seal in accordance with the Act. *Issuance of share / debenture certificate*
- (b) in respect of shares or debentures held jointly by several persons, the Company is not bound to issue more than one (1) certificate for such shares or debentures, and delivery of a certificate for shares or debentures to one (1) of several Joint Holders is sufficient delivery to all such holders. *Issuance of share / debenture certificate to Joint Holders*
- (c) if a certificate of shares or debentures is worn out, defaced, lost or destroyed, it may be re-issued on payment of a fee not exceeding RM50.00 on the application by the Shareholder or debenture holder. The Directors may, at its absolute discretion and as they think fit, impose such terms and requirements (if any) as to evidence and indemnity and payment of out-of-pocket expenses of the Company incidental to the investigation, and in the case of defacement or wearing out, on delivery of the old certificate. *Loss or destruction of share / debenture certificate*

### **Beneficial Ownership of Shares**

11. (1) Except as required by law, the Central Depositories Act, the Rules or pursuant to any order of the Court, no person is to be recognised by the Company as holding any share upon any trust. *Trust*
- (2) Except as required by law, this Constitution, the Central Depositories Act, the Rules or pursuant to any order of the Court, the Company is not bound by or compelled in any way to recognise or enter into the Register of Members or Record of Depositors: *Not compelled to recognise trust*
- (a) any equitable, contingent, future or partial interest in any share or unit of a share; or
- (b) any other rights in respect of any share or unit of share,
- other than the registered holder's rights to the entirety of the share or unit of share.
- (3) Clause 11(2) applies even when the Company has notice of any interest or right (including notice of any trust expressed, implied or constructive in this regard) referred to in Clauses 11(2)(a) or (b). *Notice of interest or right*

## DEALING IN SECURITIES

### Issue of Securities

12. (1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:
- Allotment of shares or grant of rights*
- (a) issue and allot shares in the Company; and
  - (b) grant rights to subscribe for shares or options over unissued shares in the Company.
- (2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares):
- Pre-emptive rights shall not apply*
- (a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;
  - (b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and
  - (c) for such consideration as the Directors may determine.
- (3) (a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.
- Issue of new shares or securities to Members*
- (b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.
  - (c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the

new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

- (4) Subject to Paragraph 6.06 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue. *General mandate for issue of securities*
- (5) (a) The Company may pay commission (including brokerage) subject to the following: *Permitted commission*
- (i) the commission shall not exceed the rate of ten percent (10%) of the price at which the shares in respect whereof the same is paid are issued; or
- (ii) the commission shall not exceed an amount equal to ten percent (10%) of that price,
- whichever is lesser;
- (b) The rate of commission shall be disclosed in the manner prescribed in the Act; and
- (c) The said commission may be satisfied by payment in cash or shares (fully or partly paid shares) or partly in one way and partly in the other. For the purpose of Clause 12(5), commission includes brokerage and the rates referred to in Clause 12(5)(a) shall not apply to brokerage.
- (6) Subject to Section 130 of the Act, where any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest or returns on the amount of such share capital as is for the time being paid up and charge the interest or returns paid to share capital as part of the cost of construction of the works, buildings or the provision of any plant. *Power of Company to pay interest out of capital in certain cases*

### **Transfer and Transmission of Securities under the Central Depository System**

13. Clauses 14 and 15 shall apply to Deposited Securities. *Application*

### Transfer of Securities

14. The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities. *Transfer of securities*

### Transmission of Securities

15. Where: *Transmission of securities*
- (a) the Securities of the Company are listed on another stock exchange; and
  - (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

### Transfer and Transmission of Shares or Debentures

16. Clauses 17 to 23 shall apply to non-Deposited Securities. *Application*

### Transfer of Shares or Debentures

17. (1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act. *Instrument of transfer*
- (2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee. *Execution of instrument of transfer*
- (3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively. *Effect the transfer of shares or debentures*
18. (1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures *Items for transfer of*

- must be delivered by the transferor to the Office of the Company: *shares or debentures*
- (a) the instrument of transfer duly executed and stamped;
  - (b) the certificate of the shares or debentures which the instrument of transfer relates; and
  - (c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.
- (2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable). *Approval of registration*
19. (1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if: *Refusal of registration*
- (a) the shares are not fully paid shares;
  - (b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;
  - (c) the Company has a lien on the shares; and/or
  - (d) the Shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.
- (2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors. *Notification to transferor and transferee*
20. On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or register of debenture holders, the Company may close the Register of Members or register for any class of members or register of debenture holders (collectively, the "Registers") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year. *Closing the Register of Members or Register of Debenture Holders*

#### **Transmission on Death**

21. In case of the death of a Member or debenture holder, the only persons recognised by the Company as having any title to the interest of the *Transmission on death*



deceased Member or debenture holder in the shares or debentures respectively shall be:

- (1) the survivor(s), where the deceased Member or debenture holder was a Joint Holder; and
- (2) the legal personal representatives of the deceased Member or debenture holder, where the deceased Member or debenture holder was a sole holder,

but nothing herein contained shall release the estate of a deceased Joint Holder from any liability in respect of any share which had been jointly held by him with other persons.

### Transmission by Operation of Law

- |     |     |  |   |
|-----|-----|--|---|
| 22. | (1) | Any person becoming entitled to a share or debenture in consequence of an Event of Transmission may, upon such evidence being produced as is properly required by the Directors, and subject as hereinafter provided, elect either to register himself as the holder of the share or debenture or to have some other person nominated by him registered as the transferee of the shares or debentures.   | <i>Registration of transmission</i>   |
|     | (2) | If the entitled person elects to register himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.  | <i>Elects to register himself as holder</i>   |
|     | (3) | If he elects to have another person registered, he shall execute an instrument of transfer of the share or debenture in favour of that person.   | <i>Elects to register other person as the holder</i>  |
|     | (4) | All limitations, restrictions and clauses of this Constitution relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as if the Event of Transmission had not occurred and the notice or transfer were a transfer signed by that Shareholder or debenture holder.  | <i>Limitations, restrictions and clauses relating to transfer of shares or debentures shall apply to transmission</i> |
| 23. | (1) | Upon an Event of Transmission and the receipt by the Company of the relevant notification as required under the Act together with such documentary evidence as required by the Directors from the person who is entitled to the title to the relevant shares or debentures, the Company shall register the person as a shareholder or debenture holder of the Company within sixty (60) days from its receipt of the notification (together with the required documentary evidence). | <i>Entitled to the same rights as the registered holder</i>   |
|     | (2) | The registration of transmission of shares or debentures under Clause 23(1) shall entitle the registered holder to the same  |   |

dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting or otherwise), as the registered holder would have been entitled to if the registered holder had not suffered an Event of Transmission.

- (3) Where two (2) or more persons are jointly entitled to any shares or debentures in consequence of the death of the registered holder, they shall, for the purpose of this Constitution, be deemed to be Joint Holders of the shares or debentures. *Joint Holder*

### Lien on Shares

24. (1) The Company has a first and paramount lien on every share for: *Lien on shares*
- (a) any amount due or unpaid in respect of the share which has been called or is payable at a fixed date and/or time;
  - (b) all amounts that the Company may be called on by law to pay in respect of the share; and/or
  - (c) any reasonable interest in respect of the unpaid amounts on the share and reasonable expenses incurred by the Company in respect of receiving unpaid amounts on the share.
- (2) The Company's lien, if any, on a share extends to all dividends payable in respect of the share which may be retained and applied towards the satisfaction of any or all amounts due to the Company in respect of which the lien exists. *Dividends payable may be used for satisfaction of the amount due*
- (3) The Company's lien on shares and dividends from time to time declared in respect of such shares, shall be restricted to: *Company's lien on shares and dividends*
- (a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid,
  - (b) if the shares were acquired under an employee share option scheme, amounts which are owed to the Company for acquiring them; and
  - (c) such amounts as the Company may be called upon by law to pay, and has paid, in respect of the shares of the Member or deceased Member.
- In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.
- (4) The Directors may at any time declare a share to be wholly or partly exempt from Clauses 24(1) or (2), or both. *Exemption*

25. No person is entitled to exercise any rights or privileges as a Member until the Member has paid all calls, instalments of calls and other moneys (including interest and expenses) for the time being payable in respect of which the lien exists. *Rights or privileges of a Member*
26. The registration of a transfer of a share approved by the Directors shall operate as a waiver of the Company's lien over the share. *Registration of transfer*
27. (1) Subject to Clause 27(2), the Company may sell, in any manner as the Directors think fit and appropriate, any shares over which the Company has a lien. *Sale of shares under lien*
- (2) A share on which the Company has a lien shall not be sold unless: *Enforcing sale of shares under lien*
- (a) a sum in respect of which the lien exists is presently payable; and
- (b) the Company has, not less than fourteen (14) days before the date of the sale, given to the registered holder for the time being of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder of the share, a notice in writing stating and demanding payment of such part of the amount in respect of which the privilege or lien exists and is presently payable.
28. (1) To give effect to any sale of shares under Clause 27, the Directors may authorise a person to transfer the shares sold to the purchaser of the shares. *Give effect to any sale of shares*
- (2) The Company shall register the purchaser as the holder of the shares comprised in any such transfer and the Directors shall not be bound to see to the application of the purchase money. *Register the purchaser as the holder*
- (3) The title of the purchaser to the shares shall not be affected by any irregularity or invalidity in the proceedings relating to the sale of the shares. *Title of the purchaser*
29. The proceeds of a sale of shares under Clause 27 shall be received and applied by the Company in payment first of the expenses of the sale, then of such part of the amount in respect of which the lien exists as is presently payable and the residue (if any) shall (subject to any similar lien for sums not presently payable that exists over the shares before the sale) be paid to the person entitled to the shares as at the date of the sale. *Proceeds of sale of shares*

### **Calls on shares**

30. (1) The Directors may from time to time make calls upon the Shareholders in respect of any money unpaid on the shares of the Shareholders and not by the conditions of the allotment of the shares made payable at fixed date, provided that: *Directors to make calls*

- (a) no call shall exceed one-fourth ( $\frac{1}{4}$ ) of the issue price of the share or be payable at less than thirty (30) days from the date fixed for the payment of the last preceding call; and
- (b) each Shareholder shall, upon receiving at least fourteen (14) days' notice specifying the date, time and place of payment, pay to the Company (at the time or times and place specified in the notice) amount called on the Shareholder's shares.
- (2) The Joint Holders of a share shall be jointly and severally liable to pay all calls in respect of their shares. *Joint Holder*
- (3) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments. *Board's resolution authorising the call*
- (4) A call may be revoked or postponed as the Directors may determine. *Directors may revoke or postpone call*
31. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due shall pay interest on that sum from the appointed day for payment to the time of actual payment at a rate not exceeding eight percent (8%) per annum as the Board may determine. *Interest on late payment*
- (2) The Board may waive payment of any such interest in whole or in part. *Waiver of interest*
32. (1) Any sum which, by the terms of issue of a share, becomes payable on allotment or at any fixed date shall be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. *Sum becomes due and payable*
- (2) In the case of non-payment of such sum, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. *Non-payment of such sum*
33. (1) The Company may accept from any Shareholder the whole or a part of the amount unpaid on a share although no part of that amount has been called up. *Advance from shareholder*
- (2) The Company may make arrangements on the issue of shares for varying the amounts and times of payment of calls as between Shareholders. *Arrangement to vary the amount and payment*
- (3) Upon all or any part of the money advanced by Shareholder (for all *Interest on*

or any part of the money uncalled or unpaid upon the shares held by such Shareholder) received by the Directors from the Shareholder become payable, the Directors may authorise the Company to pay interest or return at a rate not exceeding eight percent (8%) per annum as may be agreed upon between the Directors and the Shareholder paying the sum in advance (unless the Company in a General Meeting otherwise directs). *advance*

- (4) However, the Company may not pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

### Forfeiture of Shares

34. (1) If a Shareholder fails to pay any call or instalment of a call on or before the day appointed for the payment of the call or instalment, the Directors may serve a notice on the Shareholder requiring payment of the amount unpaid, together with interest at such rate not exceeding eight percent (8%) per annum as the Directors shall determine. *Notice of forfeiture of shares*
- (2) The notice shall specify a date (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment is required to be made and the notice shall state that, in the event of non-payment on or before the specified date, the shares in respect of which the call was made will be liable to be forfeited. *Contents of notice*
35. (1) If the requirements set out in the notice served under Clause 34 are not complied with, the shares in respect of which such notice has been given shall be forfeited by a resolution of the Directors to that effect, unless the required payment is made before such resolution. *Passing of Directors' resolution to forfeit the shares*
- (2) A forfeiture of shares as referred to in Clause 35(1) above shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. *Forfeiture including all dividends declared*
36. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and, at any time before a sale or disposition of the forfeited shares, the forfeiture may be cancelled on such terms as the Directors think fit. *Forfeited share may be sold, reissued or otherwise*
37. If any share is forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs. *Sale of shares forfeited*
38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares. Notwithstanding that, such person shall remain liable to pay to the Company all money that, at the date of forfeiture, was payable by the person to the Company in respect of the shares (together with interest or compensation at the rate of eight percent (8%) per
- Cessation of Member in respect of forfeited shares*

annum from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of the interest or compensation). Liability of the person shall cease if and when the Company receives payment in full of all the money (including interest or compensation) so payable in respect of the shares.

39. A statutory declaration in writing by a Director or Secretary that a share in the Company has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts stated in the declaration against all persons claiming to be entitled to the share. *Statutory declaration*
40. (1) The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the shares and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of. *Consideration of the forfeited shares*
- (2) Upon the execution of the transfer of the share, the transferee shall be registered as the holder of the share and the Company shall not be bound to see to the application of the purchase money (if any). *Transfer of forfeited shares*
- (3) The title of the transferee to the share is not affected by any irregularity or invalidity in the proceedings in connection with the forfeiture, sale or disposal of the share. *Title of the transferee*
41. The provision of this Constitution as to forfeiture of shares shall apply in the case of non-payment of any sum that, by the terms of issue of a share, become payable to the Company at a fixed date as if that sum of the shares had been payable by virtue of a call duly made and notified. *Provision of forfeited shares*

#### **Conversion of shares into stock**

42. The Company may by ordinary resolution passed at a General Meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares in accordance with Sections 84(1)(b) and 86 of the Act. *Conversion of shares into stock and vice versa*
43. (1) The stockholders may transfer their stock or any part thereof in the same manner as the transfer of shares from which the stock arose may, before the conversion, have been transferred or be transferred in the closest manner as the circumstances allow. *Stock is transferable*
- (2) The Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum. *Directors' powers*
44. (1) The stockholders shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose. *Rights of stockholders*
- (2) However, no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such part of stock which *Participation in dividends and profits*



would not, if existing shares have conferred that privilege or advantage.

45. For the purpose of Clauses 42 to 44, any reference in this Constitution as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder" respectively. *Reference*

### **Alteration of Capital**

46. (1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:
- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or *Consolidation of shares*
  - (b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived. *Subdivision of shares*
- (2) The Company may from time to time by special resolution and subject to other applicable requirements:
- (a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or *Cancellation of shares*
  - (b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained. *Reduction of share capital*
- (3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof. *Purchase of own shares*

## PASSING OF RESOLUTIONS OF MEMBERS

### Passing of Resolutions of Members

47. The Company may pass a resolution of the Members or of a class of Members at a meeting of the Members. *Passing a Members' Resolution*

## MEETINGS OF MEMBERS

### Convening General Meetings

48. (1) The Company shall hold an Annual General Meeting in every calendar year pursuant to Section 340 of the Act to transact the following ordinary business: *Annual general meeting*
- (a) The laying of audited financial statements and the reports of the Directors and Auditors; *Ordinary business*
  - (b) The declaration of dividend (if any);
  - (c) The election or re-election and the fixing of the fees and benefits of the Directors;
  - (d) The appointment and the fixing of the fees and benefits of the Directors; and
  - (e) The appointment or re-appointment and the fixing of the remuneration of the Auditors.
- (2) All businesses (except for those set out under Clause 48(1)) shall be special that is transacted at an Annual General Meeting and also that is transacted at other General Meeting. *Special business*
49. Subject to Clause 48, all meetings of Members shall be called General Meetings. *General Meetings*
50. The Board: *Board to convene General Meeting*
- (1) may, whenever it thinks fit, convene a meeting of the Members; and
  - (2) shall convene a General Meeting on the request of the Members pursuant to Section 311 of the Act.
51. A General Meeting may be requisitioned by: *Members to requisite a General Meeting*
- (a) any Member(s) holding at least ten percent (10%) of the issued and paid up share capital of the Company pursuant to Sections

310(b) and 311(3)(a) of the Act; or

- (b) any of the Members representing more than one half of the total voting rights of all of the Members who requisitioned the General Meeting pursuant to Section 313(1) of the Act.

### Notice of General Meetings

52. (1) A notice of a General Meeting must specify the following: *Contents of Notice of General Meeting*
- (a) the place, date and time of the General Meeting;
- (b) the general nature of the business of the General Meeting; and
- (c) the text of any proposed resolution and other information as the Directors think fit.
- (2) If the General Meeting is to be held in two (2) or more places, the notice of the General Meeting shall specify the technology or method that will be used to facilitate the General Meeting. *General Meeting held at two (2) or more venues*
- (3) The main venue of the General Meeting shall be in Malaysia and the chairperson shall be present at that main venue of the General Meeting. *Main venue*
53. (1) The notices convening General Meetings shall specify the place, day and hour of the General Meeting, and shall be given to all Shareholders at least fourteen (14) days before the General Meeting or at least twenty-one (21) days before the General Meeting where any special resolution is to be proposed or where it is an Annual General Meeting. Any notice of a General Meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the Annual General Meeting, of every such meeting must be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. *Notice of General Meetings*
- (2) The notice of General Meeting shall exclude the date of issuing the notice and the date of the General Meeting.
- (3) An Annual General Meeting may be called by a notice shorter than the period referred to in Clause 53(1) if so agreed by all the Members entitled to attend and vote at the General Meeting.
- (4) The technology to be used for the purpose of this Clause must allow the Members who participate in the physical and/or virtual *Technology to be used for physical*

- General Meeting to communicate simultaneously with the chairperson, Directors, other Members and advisers (if any) taking part in the main venue of the General Meeting and such technology may include telephone, television, video conferencing, or any other telecommunication or digital methods which permits instantaneous communication. *and/or virtual General Meeting*
- (5) Subject to the Act, the Listing Requirements and other applicable laws and regulations, the physical and/or virtual General Meeting shall be deemed to constitute a General Meeting and all provisions of this Constitution relating to General Meetings shall apply to any physical and/or virtual General Meeting provided the following conditions are met: *Conditions for physical and/or virtual General Meeting*
- (a) All the Members for the time being entitled to receive notice of the General Meeting shall be entitled to receive notice of the physical and/or virtual General Meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as determined by the Board of Directors and permitted by this Constitution; and
- (b) The Members who attend the General Meeting remotely may participate, speak and vote at the physical and/or virtual General Meeting provided that the remote locations should leverage on technology to facilitate voting, including voting in absentia and remote shareholders' participation at the physical and/or virtual General Meeting.
- (6) A General Meeting, other than an Annual General Meeting and a General Meeting for passing of a special resolution, may be called by a notice shorter than the period referred to in Clause 53(1) if so agreed by a majority in the number of the Members who collectively hold not less than ninety-five percent (95%) of the total number of shares giving the rights to attend and vote at the General Meeting, excluding any shares in the Company held as treasury shares. *Shorter notice*
54. Notice of every General Meeting shall be given in the manner authorised by Clause 127 to: *Persons entitled to receive notice of General Meeting*
- (1) every Member (including any person who is entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting and the Company has been notified of the person's entitlement in writing);
- (2) every Director; and
- (3) the Auditors.
55. (1) In relation to Deposited Securities, the Company shall request the Depository in accordance with the Rules, to issue a Record of *Record of Depositors*

Depositors to whom notices of General Meetings shall be given by the Company.

- (2) The Company shall also request the Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the General Meeting (“General Meeting Record of Depositors”).
- (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a Depositor shall not be regarded as a Member entitled to attend any General Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

### **Quorum for General Meetings**

56. (1) No business is to be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business. *Quorum*
- (2) Two (2) Members personally present at a meeting or by proxy or by Representative of Member shall constitute a quorum. *More than one (1) Member*
- (3) For the purpose of constituting a quorum:
- (a) one (1) or more representatives appointed by a corporation shall be counted as one (1) Member; *Corporate representative*
  - (b) one (1) or more proxies appointed by a person shall be counted as one (1) Member; or *Proxy*
  - (c) the presence of one (1) or more Joint Holders shall be counted as one (1) Member. *Joint Holders*

### **No Quorum**

57. If a quorum is not present within half an hour after the time appointed for a General Meeting: *Quorum is not present*
- (1) where the General Meeting was convened upon the requisition of Members, the meeting shall be dissolved; or *Requisition of Member*
  - (2) in any other case: *Other case*
    - (a) if no determination is made by the Directors, the General Meeting shall stand adjourned to the same day in the next week at the same time and place or if that day falls on a public holiday then to the next business day following that public holiday; or *Adjournment of General Meeting*

- (b) the General Meeting shall stand adjourned to another day and at another time and place as the Directors may determine; and

if at the adjourned General Meeting, a quorum is not present within half an hour from the time appointed for the meeting, then any Member present shall form a quorum.

*Adjourned  
General  
Meeting*

### **Chairperson of General Meetings**

58. The chairperson of a General Meeting is:

- (1) where the Board has appointed a chairperson or deputy chairperson amongst the Directors, the Chairperson of the Board; or

*Chairperson  
of the Board*

- (2) where:

*Members to  
appoint  
Chairperson  
of General  
Meeting*

- (a) the Chairperson of the Board is unable or unwilling to act as the chairperson of the General Meeting;
- (b) the Chairperson is not present within fifteen (15) minutes after the time appointed for the holding of the General Meeting; or
- (c) the Board has not appointed a chairperson amongst the Directors,

the Members present shall elect one of their Members present to be the chairperson of the General Meeting.

- (3) For avoidance of doubt, a proxy or Representative of Member may be elected as the chairperson of the General Meeting by a resolution passed at the meeting.

### **Adjournment of General Meetings**

- 59. (1) The chairperson shall adjourn a General Meeting, at which a quorum is present, from time to time and from place to place if the Members present with a majority of votes that may be cast at that meeting agree or direct the chairperson to do so.

*Members'  
consent is  
required*

- (2) No business shall be transacted at any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place (referred to as the "Original General Meeting").

*Only transact  
the business  
left unfinished  
at the General  
Meeting*

- (3) There is no need to give any notice of an adjourned General

*Notice of  
adjourned*



Meeting or of the business to be transacted at an adjourned General Meeting unless the adjourned General Meeting is to be held thirty (30) days or more after the date of the Original General Meeting or otherwise as the chairperson directs. *General Meeting*

### Voting by Show of Hands

60. (1) Subject to the Listing Requirements, at a General Meeting, a resolution put to the vote of the General Meeting shall be decided on a show of hands unless a poll is demanded before or on the declaration of the result of the show of hands. *By show of hands*
- (2) On a vote on a resolution at a General Meeting on a show of hands, a declaration by the chairperson that a resolution has been passed unanimously, or with a particular majority, or is lost, and an entry to that effect in the minutes of the proceeding shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. *Declaration by the chairperson*

### Voting by Poll

61. (1) A poll may be demanded: *Demand a poll*
- (a) by the chairperson;
- (b) by at least three (3) Members present in person or by proxy;
- (c) by any Member or Members present in person or by proxy and representing not less than ten percent (10%) of the total voting rights of all the Members having the right to vote at the General Meeting; or
- (d) by a Member or Members holding shares in the Company conferring a right to vote at the General Meeting being shares on which an aggregate sum has been paid up equal to not less than ten percent (10%) of the total paid up shares conferring that right.
- For purposes of this Clause, references to "Member" shall include Representative of Member.
- (2) The demand for a poll may be subsequently withdrawn. *Withdrawal of a demand for poll*
- (3) Subject to Clause 61(4), if a poll is duly demanded, it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairperson directs. *When a poll is to be held*

- (4) No poll shall be demanded on the election of a chairperson of a General Meeting or on a question of adjournment of a General Meeting. *No poll on election of chairperson or adjournment*
- (5) When a poll is properly demanded, the earlier vote by a show of hands shall be superseded by the result of the poll and the result of the poll shall be the resolution of the General Meeting at which the poll was demanded. *Result of the poll*

### **Casting Vote**

62. In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the General Meeting at which the show of hands takes place or at which the poll is carried out is entitled to a second or casting vote. *Chairperson shall have a casting vote*

### **Voting Entitlement**

63. Subject to any rights or restrictions for the time being attached to any class or classes of shares:
- (1) at meetings or class meetings of Members, each Member entitled to vote may vote in person or by a proxy or by Representative of Member; *Voting by Member*
- (2) on a vote by way of show of hands, every Member who is present in person or by proxy or Representative of Member has one (1) vote; *Voting by a show of hands*
- (3) on a vote by way of poll, every Member who is present in person or by proxy or by Representative of Member shall have one (1) vote for each share or stock the Member holds; and *Voting by poll*
- (4) in the case of Joint Holders, the joint holders shall be considered as one (1) Member. *Voting by Joint Holders*
64. For the purposes of Clause 63(2): *Votes by proxy*
- (1) where a Member entitled to vote on a resolution has appointed a proxy, the proxy shall be entitled to vote on a show of hands, provided that he is the only proxy appointed by the Member; *May vote by show of hands if one proxy is appointed*
- (2) where a Member entitled to vote on a resolution has appointed more than one (1) proxy,
- (a) the proxies shall only be entitled to vote on a poll; and *May only vote on a poll if more than one (1) proxy appointed*
- (b) the appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy; and

- (3) in respect of Clause 64(1), where the shares of the Company are quoted on a stock exchange and if a Member entitled to vote on a resolution has appointed more than one (1) proxy, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange. *Exception*
65. For the purposes of Clause 63(4), if the Joint Holders purport to exercise the power to vote in the same way, the power is treated as exercised in that way. If the Joint Holders do not purport to exercise the power in the same way, the power is treated as not exercised. *Votes of Joint Holders of shares*
66. For the purposes of Clause 63, when a corporate Member appoints more than one (1) representative, if its representatives purport to exercise the power to vote in the same way, the power is treated as exercised in that way. If the representatives do not purport to exercise the power in the same way, the power is treated as not exercised. *Votes of corporate representative of shares*

### **Voting Restrictions**

67. If a Member is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health, the relevant committee or trustee or such other person as properly appointed under the applicable law to manage his estate may exercise any rights of the Member in relation to a meeting of the Company's Members as if the committee, trustee or other person were the Member. *Member is of unsound mind*
68. No member is entitled to attend and vote at any General Meeting unless all calls or other sums presently payable by the Member in respect of shares in the Company have been paid. *Calls unpaid*

### **Objection to Votes**

69. (1) An objection may be raised to the qualification of a voter only at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered. *Objection to qualification of a voter*
- (2) Any such objection made in due time shall be referred to the chairperson of the General Meeting, whose decision is final and conclusive. *Any objection shall be referred to the chairperson*
- (3) A vote not disallowed pursuant to an objection at the General Meeting is valid for all purposes. *Vote not disallowed*

## **PROXIES / REPRESENTATIVES OF MEMBERS**

### **General**

70. (1) A Member of the Company may appoint a proxy and/or Representative of Member to exercise his rights to attend, participate, speak and vote for the Member at a General Meeting. *Proxy / Representative of Member*

A proxy may but need not be a Member of the Company.

- (2) Subject to the Act and this Constitution, a proxy or Representative of Member is only entitled to vote: *Entitlement to vote*
- (a) if the Member is entitled to vote;
  - (b) if the Member is not personally present at the General Meeting;
  - (c) if the Member has complied with the requirements set out in this Constitution to properly appoint a proxy or Representative of Member and to give notice of such appointment to the Company;
  - (d) if the Member has conferred a right to vote on the proxy or Representative of Member; and
  - (e) the appointment of proxy or Representative of Member was not revoked by the Member by a notice of revocation forty-eight (48) hours before the time of holding of the General Meeting or adjourned General Meeting or such other time that may be determined by the Directors and the said revocation must be deposited at the Office or such other place in Malaysia as is specified in the notice convening the General Meeting.
- (3) A proxy or Representative of Member may vote, whether on a show of hands or on a poll, on any question at any General Meeting and to the extent permitted under the instrument of proxy or certificate of appointment of corporate representative or power of attorney. *May vote by a show of hands or on a poll*

## Proxies

71. (1) An instrument appointing a proxy: *Manner of execution of instrument appointing a proxy*
- (a) must be in writing and executed by or on behalf of the appointing Member in substantially the form and in the manner as specified in "Appendix A" annexed hereto or in such other permitted form (including the electronic proxy appointment and voting manner) as the Board of Directors may determine from time to time;
  - (b) will not be invalid merely because it omits any particulars of the proxy and the appointing Member; and
  - (c) will be deemed to have appointed the Chairperson of the General Meeting as the proxy of the appointing Member where no other person has been named to act as proxy.

- (2) An instrument appointing a proxy may:
- Form of instrument of proxy*
- (a) specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote in the resolution except as specified in the instrument;
  - (b) specify the proportion or number of votes that the proxy may exercise; and/or
  - (c) be a specific appointment for a particular meeting.
- (3) An instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority :
- (a) shall be deemed to confer authority to demand or join in demanding a poll; *Confer authority to demand a poll*
  - (b) shall be deposited at the Office or at such other place in Malaysia as is specified in the notice convening the General Meeting or adjourned General Meeting, at which the person named in the instrument proposes to vote: *Time limit to deposit instrument appointing a proxy*
    - (i) not less than forty-eight (48) hours before the time for holding the General Meeting or adjourned General Meeting; or
    - (ii) in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll; and
  - (c) may be accepted if it is: *Execution by electronic or digital signature or authentication of an appointment by electronic means*
    - (i) transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Member; or
    - (ii) authenticated in any document given to the Company by electronic means which shows the validity of the appointment of a proxy.
- (4) In Clause 71(3), documents relating to proxies include: *Documents relating to proxies*
- (a) the appointment of a proxy in relation to a General Meeting;
  - (b) any document necessary to show the validity of, or

otherwise relating to, the appointment of a proxy; and

(c) notice of the revocation of the authority of a proxy.

(5) For the purposes of Clause 71(3), delivery may be effected by: *Manner of delivery*

(a) physical delivery of the document;

(b) delivery by facsimile transmission;

(c) delivery by email transmission; or

(d) lodging electronic document,

to the place, facsimile number, electronic address or the designated website link or address (where applicable) as specified in the notice of General Meeting.

(6) The proceedings at a General Meeting shall not be invalidated where an appointment of proxy in respect of that General Meeting is sent in electronic form, but cannot be read by the Company due to technical problems or other reasons.

(7) If a Member is entitled to cast two (2) or more votes at a General Meeting, the Member: *Member with two (2) or more votes*

(a) may appoint up to two (2) proxies; and

(b) must specify the proportion or number of the Member's votes each proxy may execute.

(8) (a) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. *Appointment of multiple proxies*

(b) An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

(9) Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. *Appointment of proxy by authorised nominee*

(10) When two (2) or more valid but differing appointments of a proxy *Differing*



are received by the Company in respect of the same share for use at the same General Meeting, the one which is last received (regardless of its date or of the date of its execution or submission) shall be treated as replacing and revoking the other as regards that share. If the Company is unable to determine which appointment was last received, none of them shall be treated as valid in respect of that share.

*Appointment of Proxy*

- (11) For the avoidance of doubt, the appointment of a proxy shall not preclude a Member from attending and voting in person at a General Meeting.

72. (1) Subject to Clause 72(2), a vote given in accordance with the terms of an instrument of proxy is valid despite:

*Validity of a vote*

- (a) the previous death or unsound mind of the appointing Member;
- (b) the revocation of the instrument or of the authority under which the instrument was executed; or
- (c) the transfer of the share in respect of which the instrument or power is given.

- (2) Clause 72(1) does not apply if an instrument in writing of such:

- (a) death, unsound mind or transfer has been received by the Company before the commencement of the General Meeting or adjourned General Meeting at which the instrument is used; or
- (b) revocation by the Member was not received by the Company forty-eight (48) hours before the time of holding of the General Meeting or adjourned General Meeting or such other time that may be determined by the Directors, and

the said notification must be deposited at the Office or such other place in Malaysia as is specified in the notice convening the General Meeting.

### **Attorneys**

73. (1) A person purporting to be the attorney of a Member shall be required to produce the original Power of Attorney to the Company.

*Power of attorney*

- (2) A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdictions in which it is executed.

### Corporate Representatives

74. (1) A corporate Member may appoint an individual as its corporate representative to exercise all or any of the powers the corporate Member may exercise. *Appointment of corporate representative*
- (2) The appointment may be a standing appointment until notice of revocation is received by the Company.
- (3) The instrument of appointment may set out restrictions on the powers of the corporate representative.
- (4) A corporate Member may appoint more than one (1) corporate representative. However, it shall observe the voting entitlement set out in Clause 66.

### DIRECTORS

#### Number of Directors

75. (1) The Company may from time to time by an ordinary resolution passed at a General Meeting fix the number of Directors (excluding Alternate Director) but the number so fixed shall not be less than two (2) nor more than twelve (12). *May fix the number of Directors*
- (2) The shareholding qualification for Directors may be fixed by the Company in general meeting and until so fixed no shareholding qualification for Director shall be required. *Shareholding qualification for Directors*

#### Retirement of Directors

76. (1) An election of Directors shall take place each year. *Election*
- (2) At the first Annual General Meeting of the Company, all the Directors shall retire from office at the conclusion of the Annual General Meeting. *Retirement at Annual General Meeting*
- (3) At the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. *Retirement at Annual General Meeting in every subsequent year*
- (4) The Directors to retire in every year shall be the Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall be determined by lot, unless they otherwise
- Directors to retire*

agreed among themselves.

- (5) A retiring Director shall be eligible for re-election at the Annual General Meeting. *Eligible for re-election*
- (6) The Company may appoint any person who is not disqualified under the Act to fill in vacancy at the Annual General Meeting at which a Director so retires, and if no appointment was made to fill the vacancy, the retiring Director shall, if he offers himself for re-election, be deemed to have been re-elected, unless:
- (a) at that meeting, the Company expressly resolved not to fill the vacated office; or
- (b) a resolution for the re-election of the Directors is put to the meeting and lost.

### **Appointment of Directors**

77. The Directors shall have power from time to time to appoint any person: *Appointment by Directors*
- (1) to be a Director to fill a casual vacancy; and
- (2) to be an addition to the existing Directors,
- subject to the total number of Directors shall not exceed the maximum number fixed in Clause 75(1).
78. Any Director so appointed under Clause 77 shall hold office only until the next Annual General Meeting, and shall then be eligible for re-election. *Hold office until next Annual General Meeting*
79. The Members may, at any time and from time to time by an ordinary resolution, appoint any person: *Appointment by Members*
- (1) to be a Director to fill a casual vacancy; and
- (2) to be an addition to the existing Directors,
- subject to the total number of Directors shall not exceed the maximum number fixed in Clause 75(1).
80. Subject to Clause 75(1), no person, not being a retiring Director, shall be eligible for election to the office of Director at any General Meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the Office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and *Notice of intention to appoint Director*

signifying his candidature for the office, or the intention of such member to propose him for election, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board shall be served on the Members at least seven (7) days before the meeting at which the election is to take place.

### **Proceedings in case of Vacancies**

81. The remaining Director may continue to act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to this Constitution, the remaining Director may, except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number, or to summon a General Meeting.
- Proceedings in case of vacancies*

### **Defects in Appointment of Directors**

82. The acts of a Director shall be valid notwithstanding any defect that is discovered after his appointment or in his qualifications.
- Validity of acts of Directors*

### **Appointment of Managing and Executive Directors**

83. (1) The Board of Directors may from time to time appoint one (1) or more of its body to the office of Managing Director (which term shall be deemed to include the chief executive or other such designation of the Company's chief executive officer) for such period and on such terms as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment.
- Managing and Executive Directors*
- (2) A Director (other than a Managing Director) holding any such other office or employment is herein referred to as an "Executive Director".
- Executive Director*
- (3) Any such appointment of a Managing Director automatically terminates if the appointee ceases from cause to be a Director.
- Cessation of office of Managing Director*
84. A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine.
- Remuneration*
85. (1) The Board of Directors may, upon such terms and conditions and with such restrictions as it may think fit, entrust to and confer upon a Managing Director or an Executive Director any of the powers exercisable by them. A Managing Director or an Executive Director shall be subject to the control of the Board of Directors.
- Directors may confer powers to Managing Director or Executive Director*
- (2) Any powers so conferred may be collateral with, or be to the

exclusion of, the powers of the Board of Directors.

- (3) The Board of Directors may at any time, and from time to time, revoke, withdraw, alter or vary all or any of the powers so conferred on a Managing Director or an Executive Director.

### **Appointment of Alternate Director**

86. (1) Any Director (called in this Clause the "Appointer") may, with the approval of a majority of the other members of the Board of Directors, appoint one (1) or more persons to be his Alternate Director in the Appointer's place for any period as the Appointer thinks fit provided that:
- Appointment of Alternate Director*
- (a) such person is not a Director of the Company; and
- (b) such person does not act as an Alternate Director for more than one (1) Director of the Company.
- (2) An appointment or removal of an Alternate Director must be in writing under the Appointer's hand. The original notification of appointment or removal must be provided by the Appointer to the Board.
- Appointment or removal must be in writing*
- (3) An Alternate Director may resign from office by notice in writing to the Appointer and the Board.
- Resignation*
- (4) An Alternate Director must vacate office if the Appointer vacates office as a Director or removes the appointee from office.
- Vacate office*
87. An Alternate Director is entitled to receive notice of Board Meetings and, if the Appointer is not present at such a meeting, is entitled to attend and vote in his stead.
- Entitled to receive notice of Board Meetings*
88. (1) An Alternate Director may exercise any powers that the Appointer may exercise and the exercise of any such power by the Alternate Director shall be deemed to be the exercise of the power by the Appointer.
- Exercise of power*
- (2) The exercise of any power by an Alternate Director shall be an agent of the Company and not as an agent of the Appointer.
89. An Alternate Director:
- (1) has no entitlement to receive remuneration from the Company and any fee paid by the Company to the Alternate Director shall be deducted from the Appointer's remuneration; and
- Not entitled to receive remuneration*
- (2) is entitled to be reimbursed for all the travelling and other expenses properly incurred by him in attending the Board Meetings on behalf
- May be paid travelling and*

of the Appointer from the Company.

*other  
expenses*

### **Appointment of Associate Director**

90. (1) The Board may from time to time appoint any person to be an associate director and may from time to time revoke any such appointment. *Appointment or revocation*
- (2) The Board may fix, determine and vary the powers, duties and remuneration of any person appointed as an associate director. *Board to fix the terms*
- (3) A person appointed as an associate director does not have any right to attend or vote at any Board Meetings except by the invitation and with the consent of the Board. *May attend Board Meetings by invitation*

### **Removal of Director**

91. Subject to the Act, the Company may by an ordinary resolution remove any Director and may by an ordinary resolution appoint another person in place of the removed Director provided that the total number of Directors should not at any time fall below the minimum or exceed the maximum set out in Clause 75(1) of this Constitution. *May remove and appoint a Director by ordinary resolution*

### **Vacation of Office of Director**

92. The office of Director shall become vacant if the Director: *Vacation of office*
- (1) resigns from his office by giving a written notice to the Company at its Office;
- (2) is removed from office in accordance with Clause 91 of this Constitution;
- (3) becomes disqualified from being a Director under Section 198 or Section 199 of the Act;
- (4) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001;
- (5) dies or has passed away;
- (6) has been convicted by a court of law of an offence under the securities laws; or
- (7) otherwise vacates his office in accordance with this Constitution.



### Remuneration of Directors

93. (1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors. *Non-executive Directors' remuneration*
- (2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting. *Fee*
- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors: *Expenses*
- (a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and
- (b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover. *Executive Directors' remuneration*

### Powers of Directors

94. (1) The business and affairs of the Company shall be managed by or under the direction and supervision of the Directors who may pay all expenses incurred in promoting and registering the Company. *Directors shall manage the business and affairs of the Company*
- (2) The Directors may exercise all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company except any power that the Act or by this Constitution requires the Company to exercise in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made. *Validity of acts of Directors*

- (3) Where an oral contract is made by a Director acting under authority, express or implied, the contract is to be reduced to writing within fourteen (14) days and may be subject to ratification by the Board (if required). If there is any non-compliance with the above requirement of reduction to writing and proper ratification by the Board, the Director entering into such oral contract shall assume personal responsibility for the same and shall indemnify the Company fully in all respects in relation to such contract. *Oral contract shall be reduced to writing and Board's ratification*
- (4) (a) The Directors may procure the establishment and maintenance of any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons who are or shall have been at any time in the employment or service of the Company or any subsidiary company or to any persons who are or have been a Director or other officer of and holds or has held salaried employment in the Company or any subsidiary company, or the wives, widows, families or dependents of any such persons. *Establishment and maintenance of fund*
- (b) The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, association, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or of its members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object.
95. Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:
- (1) borrow money; *Borrowing*
- (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital; *Mortgage*
- (3) issue debentures and other Securities whether outright or as security; and/or *Issue debentures*
- (4) (a) lend and advance money or give credit to any person or company; *Lend or advance money*
- (b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;

- (c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

96. All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Company, must be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by any two (2) Directors or in such other manner as the Directors may from time to time determine. *Operation of cheques, promissory notes etc.*
97. (1) The Directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for the purposes and with the powers, authorities, and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for a period and subject to any conditions as the Directors may think fit. *Power of attorney*
- (2) Any powers of attorney granted under Clause 97(1) may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities, and discretions vested in the attorney.
98. Subject always to the Act and the Listing Requirements, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board of Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established. *Director may hold other office*

### Delegation of Powers

99. Subject to the applicable laws and/or the Listing Requirements:
- (1) the Directors may delegate any of their powers to a committee or committees consisting of such their number as they think fit; *Directors may delegate powers to committee*
- (2) any committee formed under Clause 99(1) shall exercise the powers delegated in accordance with any directions of the Directors and a power so exercised shall be deemed to have been exercised by the Directors; and *Committee shall exercise powers as per Board's direction*

- (3) the Board shall, subject to the Listing Requirements and upon the committee's recommendation (where applicable), appoint a chairperson of the committee and determine the period for which he is to hold office. *Chairperson of committee*
100. The Company may pass a resolution of the committee either by way of a written resolution or at a meeting of the committee. *Passing a Committee's Resolution*
101. (1) The Company may pass a resolution of the committee by way of a written resolution by the committee's members recording the resolution and signing the record. *Passing of resolution by committee's members*
- (2) The record of decisions made by the committee is valid and effective as if it were a resolution duly passed at a meeting of the committee. *Record of decision*
- (3) Any such resolution may consist of several documents in like form, each signed by one or more of the committee's members, and shall be as valid and effectual as if it were a resolution duly passed at a meeting of the committee. *Resolution may consist of several documents*
- (4) Any such document may be accepted as sufficiently signed by a member of the committee if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the said member. *Agreement to written resolution by electronic means*
102. (1) A committee may, whenever it thinks fit, convene a meeting of the committee, and may adjourn the meeting as it thinks proper. *Convening of meeting of the committee*
- (2) The committee may hold a committee meeting at two (2) or more venues within or outside Malaysia using any technology that gives the committee members as a whole a reasonable opportunity to participate. *Committee meeting may hold at two or more venues*
- (3) The virtual meeting of the Directors set out in Clause 120 shall apply to the meeting of the committee. *Virtual meeting of committee*
- (4) Where a meeting of committee is held and: *Chairperson of meeting*
- (a) a chairperson has not been appointed as provided by Clause 99(3);
- (b) the person so appointed is not present within fifteen (15) minutes after the time appointed for holding the meeting; or
- (c) the person so appointed is unable or unwilling to act as the chairperson of the meeting,

the members present may, subject to the Listing Requirements, choose one of their number to be chairperson of the meeting.

- (5) No business is to be transacted at any meeting unless a quorum of members is present at the time when the meeting proceeds to business. *Quorum*
- (6) Subject to the Listing Requirements, two (2) members personally present at a meeting shall constitute a quorum. *Quorum*
- (7) Questions arising at any meeting of the committee must be determined by a majority of votes of the members present, and in the case of an equality of votes, the chairperson has a second or casting vote, except where two (2) members form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote. *Votes*

#### **Duties of Directors**

103. A Director shall at all times exercise his powers in accordance with the Act, for a proper purpose and in good faith in the best interest of the Company. *Duties*
104. Where a Director acts by virtue of his position as an employee of the Company, or who was appointed by or as a board representative of Member, employer or debenture holder, that Director shall be taken to have acted in the best interest of the Company, and in the event of any conflict between his duty to act in the best interest of the Company and his duty to his nominator, he shall not subordinate his duty to act in the best interest of the Company to his nominator. *Duties of nominee Director*

#### **Directors' Interest in Contracts**

105. (a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. *Directors' interest in contracts*
- (b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

## PASSING OF RESOLUTIONS OF DIRECTORS

### Passing of Resolutions of Directors

106. The Company may pass a resolution of the Directors either by way of a written resolution or at a meeting of the Directors. *Passing a Directors' Resolution*

## DIRECTORS' WRITTEN RESOLUTION

### Passing of resolution by the Directors

107. (1) The Directors may pass a resolution without a Board Meeting, if a majority of the Directors entitled to vote and sign on the resolution signed the resolution, signifying their agreement to the resolution set out in the document. *Passing of resolution by more than one Director*
- (2) Any such resolution may consist of several documents in like form, each signed by one (1) or more of the Directors, and shall be as valid and effectual as if it were a resolution duly passed at a Board Meeting. *Resolution may consist of several documents*

### Agreement to written resolution by electronic means

108. (1) Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Director. *Agreement to written resolution by electronic means*
- (2) For the purposes of Clause 108(1), delivery may be effected by: *Manner of delivery*
- (a) physical delivery of the document;
  - (b) delivery by facsimile transmission; or
  - (c) delivery by email transmission,
- to the place, facsimile number or electronic address as specified by the Director or Secretary of the Company.

## MEETINGS OF DIRECTORS

### Frequency of Board Meetings

109. The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. *Frequency of Board Meetings*



### Convening Board Meetings

110. A Director may at any time, and the Secretary shall on the requisition of a Director to do so, convene a Board Meeting by giving notice in accordance with Clause 111. *Secretary or Director may convene a Board Meeting*

### Notice of Board Meetings

111. (1) A notice of a Board Meeting must specify the following: *Contents of Notice of Board Meeting*
- (a) the place, date and time of the Board Meeting;
  - (b) the general nature of the business (including matters to be discussed) of the Board Meeting; and
  - (c) where the Directors think fit, the text of any proposed resolution and other information.
- (2) If the Board Meeting is to be held in two (2) or more places, the notice of the Board Meeting shall specify the technology that will be used to facilitate the Board Meeting. *Board Meeting held at two (2) or more venues*
- (3) The main venue of the Board Meeting shall be the place where the chairperson is present at the Board Meeting. *Main venue*
112. Reasonable notice in the circumstances must be given of all Board Meetings. *Notice period*
113. Notice of every Board Meeting shall be given to all Directors in accordance with the manner specified in Clause 127. *Directors entitled to receive notice*

### Quorum for Board Meetings

114. (1) No business is to be transacted at any Board Meeting unless a quorum of Directors is present at the time when the meeting proceeds to business. *Quorum*
- (2) Two (2) Directors personally present at a meeting shall constitute a quorum. *More than one Director*
- (3) In this clause, "Director" includes Alternate Director. *Meaning of Director*

### No Quorum

115. If a quorum is not present within half an hour after the time appointed for a Board Meeting: *Quorum is not present*

- (1) the Board Meeting shall stand adjourned to another day and at another time and place as the Directors may determine; or *Adjournment of Board Meeting*
- (2) if no determination is made by the Directors, the Board Meeting shall stand adjourned to the same day in the next week at the same time and place or if that day falls on a public holiday then to the next business day following that public holiday; and
- (3) if at the adjourned Board Meeting, a quorum is not present within half an hour from the time appointed for the meeting, then any Director present shall form a quorum. *Adjourned Board Meeting*

### **Chairperson of Board Meetings**

116. (1) The Directors shall appoint one of their number as Chairperson and may also appoint another of their number as Deputy Chairperson of the Company. *Chairperson and Deputy Chairman*
- (2) The Directors shall determine the period for which such Chairperson or Deputy Chairperson is to hold office. *Office period*
- (3) The Chairperson or Deputy Chairperson (in the absence of the Chairperson) shall be the Chairperson of the Board Meeting. *Chairperson of Board Meetings*
- (4) Where a Board Meeting is held and: *Chairperson of Board Meetings*
- (a) a Chairperson or Deputy Chairperson has not been appointed as provided by Clause 116(1); or
- (b) the person so appointed is not present within fifteen (15) minutes after the time appointed for the holding of the Board Meeting or is unable to act for all or part of the meeting;
- the Directors present shall elect one of their number to be the chairperson of the Board Meeting.
- (5) For avoidance of doubt, an Alternate Director shall not be elected as the chairperson of the Board Meeting.

### **Adjournment of Board Meetings**

117. (1) The chairperson shall adjourn a Board Meeting, at which a quorum is present, from time to time and from place to place if the Directors present with a majority of votes that may be cast at that meeting agree or direct the chairperson to do so. *Directors' consent is required*
- (2) No business is to be transacted at any adjourned Board Meeting *Only transact*

other than the business left unfinished at the Board Meeting from which the adjournment took place (referred to as the “Original Board Meeting”). *the business left unfinished at the Board Meeting*

- (3) There is no need to give any notice of an adjourned Board Meeting or of the business to be transacted at an adjourned Board Meeting unless the adjourned Board Meeting is to be held more than thirty (30) days after the date of the Original Board Meeting. *Notice of adjourned Board Meeting*

### **Voting at Board Meetings**

118. (1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors. *Directors’ decision*

- (2) Each Director is entitled to cast one (1) vote on each matter for determination. *Casting of vote*

### **Casting Vote**

119. In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote. *Chairperson shall have a casting vote*

### **Virtual Meetings of Directors**

120. (1) The Directors may hold a Board Meeting at two (2) or more venues within or outside Malaysia using any technology that gives the Directors as a whole a reasonable opportunity to participate. *Board Meeting may hold at two (2) or more venues*

- (2) The technology to be used for the purpose of this Clause must be such that each Director taking part in the meeting must be able to communicate simultaneously with each of the other Directors taking part in the meeting and may include telephone, television, video conferencing, or any other audio and/or visual device which permits instantaneous communication. *Technology to be used for virtual meeting*

(3) A virtual meeting shall be deemed to constitute a Board Meeting and all the provisions of this Constitution as to Board Meetings shall apply to any virtual meeting provided the following conditions are met: *Conditions for virtual meeting*

- (a) All the Directors for the time being entitled to receive notice of the Board Meeting (including any Alternate Director) shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as permitted by this Constitution; and

- (b) A Director may not leave a virtual meeting by disconnecting from the technology used unless he has previously expressly notified the chairperson of the meeting of his intention to leave the meeting and a Director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during such a meeting until such notified time of his leaving the meeting.
- (4) A minute of the proceedings of meetings including virtual meetings shall be sufficient evidence of such proceeding and of the observance of all necessary formalities if certified as a correct minute by the chairperson of the meeting or the next succeeding meeting. *Minutes*

## SECRETARY

### Appointment of Secretary

121. The Secretary shall in accordance with the Act be appointed by the Board for such terms, at such remuneration, and upon such terms and conditions as the Board may think fit. *Appointment*

### Casual Vacancy of Secretary

122. (1) Any Secretary so appointed under Clause 121 may be removed by the Directors, in accordance with the terms and conditions of its appointment. *Removal*
- (2) The office of a Secretary may or will become vacant if the Secretary: *Vacation of office*
- (a) resigns from office by notice in writing to the Board, the Secretary shall cease to act as Secretary upon the expiry of thirty (30) days from the date of the notice to the Board or from the effective date as specified in his notice or the terms of appointment; or
- (b) is unable to communicate with the Directors at the last known residential address, the Secretary may, notify the Registrar of that fact and of his intention to resign from the office, and he shall cease to act as the Secretary on the expiry of thirty (30) days from the date of the notice to the Registrar.
- (3) The Board shall fill the vacancy of the Secretary within thirty (30) days after the occurrence of any event under Clause 122(1) or (2). *Fill the casual vacancy of Secretary*

## INSURANCE AND INDEMNITY OF APPLICABLE PERSONS

### Applicable Persons

123. The provisions of Clauses 124 to 126 shall apply to the following persons (*“Applicable Persons”*): *Applicable persons*
- (1) every person who is or has been an Officer;
  - (2) Auditors; and
  - (3) any other officers as defined in the Act.

### Indemnity

124. The Company does not exempt an Applicable Person from a liability which by law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust, of which he may be guilty in relation to the Company incurred in his capacity as an Applicable Person. *No indemnity*
125. (1) The Company may indemnify an Applicable Person out of the Company’s assets for any costs incurred by him or the Company in respect of any proceedings: *Indemnity may be allowed*
- (a) that relates to his liability for any act or omission in his capacity as an Applicable Person; and
  - (b) in which judgment is given in favour of the Applicable Person or in which the Applicable Person is acquitted or in which the Applicable Person is granted relief under the Act, or where proceedings are discontinued or not pursued.
- (2) The Company may also indemnify an Applicable Person in respect of an application for relief under the Act.
- (3) The Company may indemnify an Applicable Person in respect of: *Exception*
- (a) any liability to any person, other than the Company, for any act or omission in his capacity as an Officer or Auditors; and
  - (b) costs incurred by that Applicable Person in defending or settling any claim or proceedings relating to any such liability except:
    - (i) any liability of the Director to pay:
      - (aa) a fine imposed in criminal

proceedings; or

(bb) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature, however arising; or

(ii) any liability incurred by the Director:

(aa) in defending criminal proceedings in which he is convicted; or

(bb) in defending civil proceedings brought by the Company, or an associated company, in which judgment is given against him.

(4) Where the costs and expenses incurred by an Applicable Person under Clause 125(1) and (2) are recovered by the Company under an insurance policy taken out or paid for by the Company pursuant to Clause 126, the extent of the indemnification of an Applicable Person shall be reduced accordingly.

## Insurance

126. (1) The Company may, with the prior approval of the Board, purchase and maintain insurance, at the expense of the Company, for an Applicable Person, against: *Insurance*

(a) civil liability, for any act or omission in his capacity as a Director or Officer or Auditors; and

(b) costs incurred by that Officer or Auditors in defending or settling any claim or proceeding relating to any such liability; or

(c) costs incurred by that Officer or Auditors in defending any proceedings that have been brought against that person in relation to any act or omission in that person's capacity as an Officer or Auditors:

(i) in which that person is acquitted;

(ii) in which that person is granted relief under the Act; or

(iii) where proceedings are discontinued or not pursued.



- (2) In the case of a Director, Clauses 125(2) and (3) and 126(1)(a) and (b) shall not apply to any civil and criminal liability in respect of a breach of the duties of the Directors as specified in Section 213 of the Act.

## ADMINISTRATION

### Notices, Documents and Other Publication

127. Any Company's Documents may be given by the Company to the persons mentioned below in the following manner: *Notice*
- (1) In respect of a Member and person entitled to a Security in consequence of an Event of Transmission ("Persons"): *Members*
- (a) The Company's Documents shall be in writing and shall be given to the aforesaid Persons either:
- (i) in hard copy, which shall be sent to the Persons either personally or by post to his last known address; *Hard copy*
- (ii) in electronic form, which shall be either: *Electronic form*
- (aa) transmitted to the last known electronic address provided by the Persons to the Company;
- (bb) transmitted to the last known contact details as recorded in the Register of Members or Record of Depositors provided by the Persons to the Company or Depository respectively;
- (cc) by publishing on a website;
- (dd) transmitted by the Company to the Persons using any appropriate electronic communication platform established by the Company or third parties, or
- (iii) partly in hard copy and partly in electronic form. *Both of the above*
- (b) If a notice of General Meeting is published on the website, the Company must notify the Persons in writing in hard copy or electronic form stating the following: *Website*
- (i) it concerns a General Meeting;

- (ii) the place, date and time of the General Meeting; and
  - (iii) the designated website link or address where a copy of the notice may be downloaded,

and the notice must be published on the Company's website throughout the period starting from the date of notification until the conclusion of the General Meeting. *Period of publication on website*
- (c) If the Company publishes its documents (other than a notice of General Meeting) ("Company's Publication") on its Company's website or any other appropriate electronic communication platform, the Company must notify the Persons in writing in hard copy or electronic form stating the following: *Publication on Website*
  - (i) brief description of the Company's Publication; and
  - (ii) the designated website link or address where a copy of the Company's Publication may be downloaded.
- (d) In the event of a delivery failure, the Company must immediately send the Company's Documents to the affected Members by other appropriate means as permitted under Clause 127(1)(a). *Delivery failure*
- (e) The Persons may request for a hard copy of the Company's Documents from the Company if they are sent by electronic means. *Request for hard copy*
- (2) In respect of a Director, the Company's Documents shall be in writing and shall be given to the Director either: *Directors*
  - (a) in the manner(s) set out in Clause 127(1) (except for publishing on a website); or
  - (b) to the Director's last known service address.
- (3) In respect of the Auditors, the Company's Documents shall be in writing and shall be given to the Auditors either: *Auditors*
  - (a) in the manner(s) set out in Clause 127(1) (except for publishing on a website); or
  - (b) to the Auditors' last known address.
- (4) In respect of a holder of Debt Securities, the Company's

Documents shall be in writing and shall be given to the holder of Debt Securities:

- (a) in the manner(s) set out in Clause 127(1); or.
  - (b) to the holder of Debt Securities' last known address provided by the said holder to the Company or Depository.
- (5) For the purpose of Clause 127(1), the Board of Directors may, at its discretion, determine the appropriate mode of communication with the persons mentioned above. *Directors' discretion*
128. Where the Company's Documents are: *Service of notice*
- (1) served by post, service of the notice shall be deemed to be effective by properly addressing, prepaying and posting a letter containing the notice, and to have been effected, in the case of a notice of the Persons, on the day after the date of its posting; *Post*
  - (2) sent by facsimile transmission, service of the notice shall be deemed to be effected at the time when the notice is transmitted, unless the Company receives notification that the transmission was not successful; *Facsimile transmission*
  - (3) sent by electronic transmission, service of the notice shall be deemed to be effected at the time when the notice is transmitted electronically, unless the Company receives notification that the transmission was not successful; *Electronic transmission*
  - (4) published on the Company's website or any appropriate electronic communication platform, service of the notice shall be deemed to be effected on the day on which the notice first appears on the Company's website to which the relevant person may have access or the day on which the notice of publication is deemed to have been served or delivered to such person under Clause 127, whichever is later; or *Website*
  - (5) served or delivered in person, service of the notice shall be deemed effected at the time the relevant Company's Documents are delivered, received or left at the address of such person. *Personal delivery*
129. The Company's Documents may be given by the Company to Joint Holders by giving the notice to the Joint Holder first named in the Register of Members. *Joint Holder*
130. Any Company's Documents delivered or sent to any Member in such manner as provided in Clause 127(1) shall, if such Member be then deceased, and whether or not the Company has notice of his death, be deemed to have been duly served on his legal personal representative or survivor.

### Written Resolutions and Minutes

131. The Directors must cause: *Written resolutions and minutes*
- (1) all Directors' and committees' written resolutions;
  - (2) all proceedings and resolutions of Board Meetings and committee meetings; and
  - (3) all proceedings and resolutions of General Meetings,
- to be duly entered into the books kept for that purposes in accordance with the Act.
132. The records of resolutions passed by way of Directors' and committees' written resolutions or at the Board Meetings, committee meetings and General Meetings and signed in accordance with the Act and this Constitution are evidence of the proceedings, resolutions or declaration to which they relate, unless the contrary is proved.

### Execution of Documents

133. (1) The Company shall adopt a Seal, known as the common seal, on which its name and registration number and the words "Common Seal" are engraved in legible romanised characters. *Seal*
- (2) The Directors shall provide for the safe custody of the Seal. *Custody*
- (3) The Seal shall only be used by the authority of the Board of Directors or of a committee of the Board of Directors authorised by the Directors on their behalf. *Authority of the Directors*
- (4) The Company may execute a document by affixing the Seal to the document where the affixing of the Seal is witnessed by: *Affixing the Seal*
- (a) two (2) Directors;
  - (b) one (1) Director and one (1) Secretary; or
  - (c) one (1) Director and another person appointed by the Directors for that purpose.
- (5) (a) Any Director or the Secretary or any person so appointed by the Directors shall have power to authenticate any documents affecting this Constitution and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies *Authentication of documents*

or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

- (b) A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting of the Company or the written resolutions or minutes of a meeting of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute or written resolution so extracted is a true and accurate record of the resolutions or proceedings at a duly constituted meeting to which it relates.

134. (1) The Company may have an official Seal, on which its name and registration number and the words "Common Seal" and the place where it is to be used are engraved in legible romanised characters. *Official seal for use abroad*
- (2) The Directors shall provide for the safe custody of the official Seal. *Custody*
- (3) The Directors may exercise all the powers of the Company in relation to any official Seal for use outside Malaysia and in relation to branch registers of debenture holders kept in any place outside Malaysia. *Authority of the Directors*
- (4) The Company may execute a document by affixing the official Seal to the document where the affixing of the official Seal is witnessed by:
- (a) two (2) Directors;
- (b) one (1) Director and one (1) Secretary;
- (c) one (1) Director and another person appointed by the Directors for that purpose; or
- (d) two (2) persons appointed by the Directors for that purpose, and
- the person affixing official Seal shall certify in writing on the deed or document to which the official Seal is affixed the date and place it is affixed.
- (5) The Company may have an official Seal to seal: *Official seal for Securities*
- (a) Securities issued by the Company; or

(b) documents creating or evidencing Securities so issued,

on which its name and registration number and the words “Securities” are engraved in legible romanised characters.

(6) The official Seal for Securities shall be executed in the manner provided in Clause 133(4).

## FINANCIAL MATTERS

### Financial Statements

135. (1) The Directors must cause proper accounting and other records to be kept in accordance with Section 245 of the Act and such records must be true and complete accounts of the affairs and transactions of the Company and give a true and fair view of the state of the Company’s affairs and explain its transactions. *Accounting and other records*
- (2) The Directors shall from time to time, in accordance with the provisions of the Act and the Listing Requirements, cause to be prepared and approved, and to be circulated to the Members, Directors and Auditors and laid before the Company in Annual General Meeting such financial statements and consolidated financial statements (if any) and reports of Directors and Auditors. *Circulation and laying of financial statements*
- (3) No Member (who is not a Director) shall have any right of inspecting any accounting or other records of the Company except where such right is conferred by law. *Right of inspection*

### Audit

136. (1) (a) The Board shall appoint the first Auditors of the Company at any time before the first Annual General Meeting, at such remuneration as the Board thinks fit. *First Auditors*
- (b) The Auditors appointed under Clause 136(1)(a) shall hold office until the conclusion of the first Annual General Meeting.
- (2) (a) For subsequent years, the Board may, subject to the Act, appoint the Auditors to fill casual vacancy in the office of the Auditors, at such remuneration as the Board thinks fit. *Appointment of Auditors by Board*
- (b) The Auditors appointed under Clause 136(2)(a) shall hold office until the conclusion of the next Annual General Meeting.
- (3) For subsequent years, the Members may by an ordinary resolution: *Change of Auditors by Members*
- (a) re-appoint the existing Auditors;



- (b) appoint another person as the Company's Auditors;
- (c) remove the Auditors; and/or
- (d) if there is a vacancy in the office of the Auditors, appoint Auditors to fill the vacancy.

The remuneration of the Auditors appointed under Clause 136(3) shall be fixed by the Members by ordinary resolution or in such manner as the Members may determine.

- (4) The Auditors shall hold office in accordance with the terms of their appointment, provided that:
  - (a) they do not take office until the previous auditors have ceased to hold office unless they are the first Auditors; and
  - (b) they ceased to hold office at the conclusion of the Annual General Meeting next following their appointment, unless they are re-appointed.

*Term of office of Auditors*
- (5) The powers and duties of the Auditors are as regulated under Sections 266 and 287 of the Act.

*Powers and duties*
- (6) The Auditors shall attend every Annual General Meeting where the financial statements and consolidated financial statements (where applicable) of the Company for a financial year ("Financial Statements") are to be laid, so as to respond according to their knowledge and ability to any question relevant to the audit of the Financial Statements.

*Attendance of Auditors*
- (7) The Auditors may cease to act as Auditors of the Company by:
  - (a) giving a notice of resignation in writing to the Company at the Office and their term of office shall end after twenty-one (21) days from the date of the notice to the Company or from the effective date as specified in their notice; or
  - (b) giving a notice in writing to the Company at the Office indicating that they do not wish to seek re-appointment at the forthcoming Annual General Meeting.

*Resignation of Auditors*  
*Retirement of Auditors*

## Dividends

- 137. (1) A dividend may be declared by:
  - (a) the Directors; or

*Declaration of dividend*

- (b) the Members on the recommendation of the Board of Directors as it thinks appropriate.
- (2) The payment of a dividend is to those holders of such class of shares as the Directors have determined in accordance with and subject to any conditions upon which the shares have been issued. *Payment of dividend*
- (3) A dividend shall not exceed the amount recommended by the Directors. *Directors to recommend amount*
138. The Directors may authorise a distribution of dividends in accordance with Section 132 of the Act, and any dividend so authorised must be out of profits of the Company available for distribution and provided the Company is solvent. The Directors may authorise a distribution at any time and for such amounts as the Directors shall consider appropriate so long as the Directors are satisfied that the Company will be solvent for a period of twelve (12) months after the distribution is made. *Distribution only if Company is solvent*
139. (1) A dividend may be classified as:
- (a) an interim dividend if it is declared and distributed by the Company to its Members prior to the determination of final profit position of the Company for the financial year; *Interim dividend*
- (b) a final dividend if it is the last dividend distributed by the Company to its Members after the financial statements for the financial year have been prepared and approved by the Board; and *Final dividend*
- (c) a special dividend if it is a non-recurring distribution of the Company's assets, where the amount is larger compared to normal dividend paid out by the Company or other circumstances that the Directors think fit. *Special dividend*
- (2) The Directors may, at its discretion, declare dividend pursuant to either Clause 137(1)(a) or (1)(b). *At Directors' discretion*
140. No dividend is to bear interest against the Company. *No interest bearing*
141. (1) The Directors may, before recommending any dividend: *Before recommending dividend*
- (a) set aside out of the profits of the Company such sums as they think proper as reserves; or
- (b) carry forward any profits which they may think prudent not to divide, without placing the profits to reserve.
- (2) The reserves set aside under Clause 141(1)(a): *Reserves that set aside*

- (a) are, at the discretion of the Directors, to be applied for any purpose to which the profits of the Company may be properly applied; and
  - (b) may, pending any application under Clause 141(2)(a) and at the discretion of the Directors, be employed in the business of the Company or be invested in any investments (other than shares in the Company) as the Directors may from time to time think fit.
  
- 142. (1) Subject to the rights of persons (if any) entitled to shares with special rights or conditions as to dividend entitlement or to any provisions in this Constitution, all dividends must be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. *Dividends must be declared and paid according to the amounts paid*
  
- (2) An amount paid or credited as paid on a share in advance of a call shall not be taken for the purposes of this Clause to be paid or credited as paid on the share and shall not, whilst carrying interest, confer a right to participate in profits. *Amount paid on a share in advance of a call*
  
- (3) All dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. *Dividend must be paid proportionately*
  
- (4) If any share is issued on terms providing that it ranks for dividend as from a particular date that share ranks for dividend accordingly. *Share ranks for dividend*
  
- 143. The Directors may deduct from any dividend payable to a Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company. *Deduct dividend from calls*
  
- 144. (1) When declaring a dividend, the Directors or Members on the recommendation of the Directors may by ordinary resolution, direct payment of the dividend wholly or partly by the distribution of specific assets, including: *Distribution of specific assets*
  - (a) paid-up shares of the Company or any other corporation;
  - (b) debentures or debenture stock of the Company or any other corporation;
  - (c) assets of the Company which the Directors think appropriate; or
  - (d) any combination of any specific assets, and

the Directors may do all acts and things considered necessary or expedient to give effect to such a resolution.

- (2) Where a difficulty arises with regard to such a distribution directed under Clause 144(1), the Directors may, subject to the Act and the Listing Requirements, do all or any of the following:
- (a) settle the distribution as they think expedient;
  - (b) fix the value for distribution of the specific assets or any part of the specific assets;
  - (c) determine that cash payments be made to any Member on the basis of the value so fixed by the Directors in order to adjust the rights of all parties; and/or
  - (d) vest any specific assets in trustees as the Directors think expedient.
145. (1) Any dividend, interest or other money payable in cash in respect of shares may be paid in such manner as may be determined by the Directors from time to time including: *Payment*
- (a) in respect of Listed Deposited Security, direct crediting the payment into the bank account of the Member as provided by the Member to the Depository from time to time; or
  - (b) in respect of Security other than Listed Deposited Security:
    - (i) by direct crediting the payment into the bank account of the Member as provided by the Member to the Company or Depository from time to time; or
    - (ii) by cheque sent through the post directed to :
      - (aa) the address of the Member as shown in the Register of Members, or in the case of Joint Holders, to the address shown in the Register of Members as the address of the Joint Holder first named in the Register of Members; or
      - (bb) such other address as the holder or Joint Holders in writing directs or direct.
- (2) Every direct transfer or cheque made under Clause 145(1) must be made payable to the order of the person to whom it is sent.
- (3) Any one (1) of two (2) or more Joint Holders may give effectual receipts for any dividends, interest or other money payable in

respect of the shares held by them as Joint Holders.

### Capitalisation of Profits

146. (1) The Directors may, before declaring or recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves, to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied. *Application of profits*
- (2) Pending any such application, the reserves may, at the discretion of the Directors, be used in the business of the Company or be invested in such investments as the Directors think fit. *Utilisation of reserves*
- (3) The Directors may carry forward such amount of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to reserves. *Dividends*
147. (1) Subject to Clause 147(2), the Company may, upon a recommendation of the Directors and in General Meeting, resolve that it is desirable to capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution to Members, and that such sum be applied, in any of the manners mentioned in Clause 147(3), for the benefit of the Members in the proportions to which those Members would have been entitled in a distribution of that sum by way of dividend. *Members' approval*
- (2) The Directors may, subject to the Act and the Listing Requirements, capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution to the Members. *Exemption*
- (3) The amount capitalised under Clause 147(1) is set free for distribution amongst the Members who would have been entitled to the amount had it been distributed by way of dividend and in the same proportions subject to the following conditions: *Capitalised amount*
- (a) the capitalised amount must not be paid in cash;
  - (b) the capitalised amount must be applied in or towards either or both of the following:
    - (i) paying up any amounts for the time being unpaid on any shares held by the Members;
    - (ii) paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such Members in the same proportions.

148. The Directors shall do all things necessary to give effect to the resolution and, in particular, to the extent necessary to adjust the rights of the Members among themselves, may: *To give effect to the resolution*

- (1) issue fractional certificates or make cash payments in cases where shares or debentures becoming distributable in fractions; and
- (2) authorise any person to enter, on behalf of all the Members entitled to the distribution into an agreement with the Company, providing:
  - (a) for the allotment to the Members respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon the capitalisation; or
  - (b) for the payment up by the Company on the Members' behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the profits resolved to be capitalised, and

any agreement made under such authority referred to in Clause 147(3)(b) is effective and binding on all the Members entitled to the distribution.

## DISSOLUTION

### Winding Up

149. Subject to the Act, the Company may be dissolved by a special resolution in a General Meeting. If such a resolution is passed, the Members shall also be required to appoint a liquidator or liquidators for the purpose of winding up the affairs and distributing the property of the Company. *Passing of special resolution*

150. (1) If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company: *Power of liquidator*

- (a) divide amongst the Members in kind the whole or any part of the property, if any, of the Company, whether they consist of property of the same kind or not;
- (b) set a value as the liquidator considers fair upon the property, if any referred to in Clause 150(1)(a);
- (c) determine how the division of property, if any is to be carried out as between the Members or different classes of Members; and
- (d) vest the whole or any part of the property, if any, of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit.

- (2) No Member is compelled to accept any shares or other Securities on which there is any liability.

### **SECRECY**

151. Save as may be expressly provided by the Act, no Member shall be entitled to enter into or upon or inspect any premises or property of the Company nor to require discovery of any information in respect of any detail of the Company's business or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the business and/or conduct of the business of the Company and which, in the opinion of the Directors, it would be inexpedient in the interests of the Member of the Company to communicate to the public.

### **EFFECTS OF THE LISTING REQUIREMENTS**

#### **Effects of the Listing Requirements**

152. (1) Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, the act shall not be done. *Effects of the Listing Requirements*
- (2) Nothing contained in this Constitution prevents an act being done that the Listing Requirements require to be done.
- (3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (4) If the Listing Requirements require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision.
- (5) If the Listing Requirements require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision.
- (6) If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, this Constitution is deemed not to contain that provision to the extent of the inconsistency.



**Rubberex Corporation (M) Berhad (372642-U)**  
(Incorporated in Malaysia)

**PROXY FORM**

CDS Account No.

No. of shares held

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
 of \_\_\_\_\_  
 [Full name in block, NRIC/Passport/Company No.]

being member(s) of **Rubberex Corporation (M) Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or\* (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at **(Venue)** on **(Date)**, **(Day)** at **(Time)** or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against

*Please indicate with an “X” in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.*

Signed this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
 Signature\*  
**Member**

\* Manner of execution:

- (a) *If you are an individual member, please sign where indicated.*
- (b) *If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.*

- (c) *If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:*
- (i) *at least two (2) authorised officers, of whom one shall be a director; or*
  - (ii) *any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

**Notes:**

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at (date). Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
2. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
3. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”) which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
8. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*
  - (i) *In hard copy form*  
*In the case of an appointment made in hard copy form, this proxy form must be deposited at the registered office of the Company situated at (address).*
  - (ii) *By electronic means via facsimile*  
*In the case of an appointment made by facsimile transmission, this proxy form must be received via facsimile at (facsimile no.).*
  - (iii) *By electronic means via email*  
*In the case of an appointment made via email transmission, this proxy form must be received via email at (email address).*

*For options (ii) and (iii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.*

  - (iv) *Online*  
*In the case of an appointment made via online lodgement facility, please login to the link website using the holding details as shown below:*  
*(Holding details)*
  - (v) *By mobile device*  
*In the case of an appointment made by mobile device, please follow the instruction provided below:*  
*(Details)*
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at (address) not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General*

*Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

10. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
11. *Last date and time for lodging this proxy form is (time), (date) and (day).*
12. *Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
  - a. *Identity card (NRIC) (Malaysian), or*
  - b. *Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or*
  - c. *Passport (Foreigner).*
13. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.*

#### LODGER INFORMATION

Name :  
NRIC No :  
Address :  
Phone No :  
Email :



## Form of Proxy

CDS Account No.	No. of shares held

I/We, \_\_\_\_\_ Tel: \_\_\_\_\_  
[Full name in block, NRIC No./Company No. and telephone number]

of \_\_\_\_\_  
being a member/members of RUBBEREX CORPORATION (M) BERHAD, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at The Rooms, Level 1, Impiana Hotel, 18, Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 30 May 2019 at 10:00 a.m. and at any adjournment thereof, and to vote as indicated below:

No.	Resolutions	For	Against
<b>Ordinary Resolution</b>			
1.	To approve the payment of Directors' benefits from 1 January 2018 until 30 May 2019		
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2018		
3.	To approve the payment of Directors' benefits from 31 May 2019 until the next Annual General Meeting of the Company in 2020		
4.	To re-elect Dato' Mohamed Bin Hamzah as Director		
5.	To re-elect Encik Mustapha Bin Mohamed as Director		
6.	To re-appointment Messrs Deloitte PLT as Auditors		
7.	To retain Dato' Mohamed Bin Hamzah as an Independent Non-Executive Director		
8.	To retain Encik Mustapha Bin Mohamed as an Independent Non-Executive Director		
9.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
<b>Special Resolution</b>			
Proposed Alteration			

Please indicate with a cross (x) in the space provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature of Shareholder/Common Seal

### NOTES

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy may but need not be a member of the Company. A member shall not be entitled to appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.
2. If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his/her proxy shall not be entitled to attend such meeting.
3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A (1) of SICDA.
5. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if such appointer is a corporation under its common seal, or the hand of its attorney or duly authorised officer or in some other manner approved by the Directors. The instrument appointing a proxy, with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposed to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 21 May 2019 and only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy(ies) to attend, vote and speak on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all resolutions set out in the Notice will be put to vote by way of poll.



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AFFIX  
STAMP

The Company Secretary  
**RUBBEREX CORPORATION (M) BERHAD (372642-U)**  
41, Jalan Medan Ipoh 6,  
Bandar Baru Medan Ipoh,  
31400 Ipoh,  
Perak Darul Ridzuan, Malaysia.

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Rubberex Corporation (M) Berhad (372642 - U)  
Lot 138201, Off 3/4 Mile, Jalan Bercham  
Kawasan Perindustrian Bercham  
31400 Ipoh, Perak Darul Ridzuan  
Malaysia.

[www.rubberex.com.my](http://www.rubberex.com.my)