

**RUBBEREX CORPORATION (M) BERHAD**  
199601000297 (372642-U)



## Table of Contents

**2** Notice of Annual General Meeting   **10** Administrative Details   **15** Corporate Information   **16** Corporate Structure   **17** Directors'/Key Senior Management's Profile   **22** Chairman's Statement   **24** Management Discussion and Analysis   **29** Audit Committee Report   **31** Corporate Governance Overview Statement   **39** Sustainability Statement   **47** Statement on Risk Management and Internal Control   **49** Statement of Directors' Responsibility   **50** Statement of Shareholdings   **53** Directors' Report   **58** Independent Auditors' Report   **62** Statements of Profit or Loss and Other Comprehensive Income   **64** Statements of Financial Position   **66** Statements of Changes in Equity   **68** Statements of Cash Flows   **71** Notes to the Financial Statements   **144** Statement by Directors   **145** Declaration by the Director   **146** Properties Held By The Company And Its Subsidiaries

**Enclosed** Form of Proxy

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Twenty-Fourth Annual General Meeting (“24th AGM”) of **Rubberex Corporation (M) Berhad** will be conducted entirely through live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) on 7 July 2020, Tuesday at 10.00 a.m. to transact the following business:-

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 and the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To approve the payment of the under provision of the Directors’ Benefits amounting to RM17,000.00 to the Non-Executive Directors for the period from 31 May 2019 until 7 July 2020. **(Resolution 1)**
3. To approve the payment of Directors’ Fees of RM254,100.00 in respect of the financial year ended 31 December 2019. **(Resolution 2)**
4. To approve the payment of Directors’ Benefits of up to RM30,000.00 to the Non-Executive Directors from 8 July 2020 until the next Annual General Meeting of the Company to be held in 2021. **(Resolution 3)**
5. To re-elect the following Directors retiring in accordance with the Constitution of the Company and being eligible, have offered themselves for re-election:-
  - (i) Mr. Khoo Chin Leng [Clause 76(3)] **(Resolution 4)**
  - (ii) Encik Sharifuddin Bin Shoib [Clause 76(3)] **(Resolution 5)**
  - (iii) Dato’ Ong Choo Meng [Clause 78] **(Resolution 6)**
  - (iv) Dato’ Chan Choun Sien [Clause 78] **(Resolution 7)**
6. To re-appoint Messrs Deloitte PLT as Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Board of Directors to fix their remuneration. **(Resolution 8)**

### AS SPECIAL BUSINESS

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

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

“THAT 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 9)**
8. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR - ENCIK MUSTAPHA BIN MOHAMED**

“THAT 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 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 10)**

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Notice of Annual General Meeting  
(cont'd)

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 11)**

10. **PROPOSED SHARE BUY-BACK AUTHORITY**

“THAT, subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

**(Resolution 12)**

- (i) the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase; and

(“Proposed Share Buy-Back”).

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,



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

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
- (viii) To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

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** (SSM PC NO. 202008001920) (LS 0008373)  
**YENG SHI MEI** (SSM PC NO. 202008001282) (MAICSA 7059759)  
Secretaries

Ipoh  
5 June 2020



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

### Notes:

#### 1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend the 24th AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 24th AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Details for the 24th AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 29 June 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. 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 participate instead of the member at the AGM.
5. 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.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("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.
7. 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 Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. 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.
9. A member who has appointed a proxy or attorney or authorised representative to participate at the 24th AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Details for the 24th AGM.





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

10. *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 AGM 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, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.*

(ii) *By electronic means via facsimile*

*In the case of an appointment made by facsimile transmission, the proxy form must be received via facsimile at 03-27839222.*

(iii) *By electronic means via email*

*In the case of an appointment made via email transmission, the proxy form must be received via email at [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com).*

(iv) *By electronic means via Tricor System, TIIH Online*

*The proxy form can be electronically lodged with the Company's Share Registrar via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Details for the 24th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.*

11. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

12. *Last date and time for lodging this proxy form is 5 July 2020, Sunday at 10.00 a.m.*

13. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM 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.*

14. *For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Company's Share Registrar at Tricor Investor & 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:*

- (i) *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
- (ii) *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
  - (a) *at least two (2) authorised officers, of whom one shall be a director; or*
  - (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

Notice of Annual General Meeting  
(cont'd)

**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 under provision of the Directors' Benefits amounting to RM17,000.00 for the period from 31 May 2019 until 7 July 2020 due to more meetings were held during the said period. The Company had obtained the Shareholders' approval on the Directors' Benefits in the Twenty-Third Annual General Meeting held on 30 May 2019 for an amount of RM20,000.00.

**3. Proposed Resolution 2:**

The Directors' Fees proposed for the financial year ended 31 December 2019 are calculated based on the Board size and in accordance to the 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 8 July 2020 until the next Annual General Meeting of the Company to be held in 2021. 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 2021.

**5. Proposed Resolutions 4, 5, 6 and 7**

Mr. Khoo Chin Leng, Encik Sharifuddin Bin Shoib, Dato' Ong Choo Meng and Dato' Chan Choun Sien are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 24th AGM.

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 of Bursa Malaysia Securities Berhad ("MMLR") on character, experience, integrity, competence and time to effectively discharge their role as Directors.

**6. Proposed Resolution 8**

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 24th AGM are disclosed in the Corporate Governance Overview Statement of the Annual Report 2019.





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

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

#### **1. Proposed Resolution 9**

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-four (24) years on 23 October 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 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 attendance at Board and Board Committee meetings held during the financial year ended 31 December 2019.

#### **2. Proposed Resolution 10**

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 thirteen (13) years on 11 April 2021, 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 2019.

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 Resolutions 9 and 10.

#### **3. Proposed Resolution 11**

This 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 24th AGM, authority to allot shares in the Company up to 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.

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

### B. Explanatory Notes on the Special Business: (Cont'd)

#### 3. Proposed Resolution 11 (Cont'd)

As at the date of this notice, 25,219,500 new shares in the Company have been allotted to the placees by way of private placement pursuant to the general mandate granted to the Directors at the Twenty-Third Annual General Meeting held on 30 May 2019. The general mandate will lapse at the conclusion of the 24th AGM. The total proceeds raised from the said private placement exercise were approximately RM31.0 million. Details of the utilisation of proceeds raised from the aforesaid private placement exercise are as follows:

Utilisation	Timeframe for utilisation	Amount (RM' million)	%	Amount of Proceeds Utilised (RM' million)
Capital expenditure to expand production lines for nitrile disposable gloves	Within 6 months	30.7	98.9	Not yet utilised
Defray estimated expenses for the Immediately Proposed Private Placement	Immediately	0.3	1.1	(0.3)
<b>Total</b>		<b>31.0</b>	<b>100.0</b>	<b>(0.3)</b>

#### 4. Proposed Resolution 12

This proposed Resolution, if passed, will allow the Company to purchase its own shares through Bursa Securities up to 10% of the total number of issued shares of the Company.

Please refer to Statement to Shareholders dated 5 June 2020 in relation to the Proposed Share Buy-Back Authority for further details.

### STATEMENT ACCOMPANYING NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

As at date of this notice, there are no individuals who are standing for election as Directors at this Twenty-Fourth Annual General Meeting.

# Administrative Details

## 24<sup>th</sup> Annual General Meeting of Rubberex Corporation (M) Berhad

<b>Date</b>	: <b>Tuesday, 7 July 2020</b>
<b>Time</b>	: <b>10.00 a.m.</b>
<b>Broadcast Venue</b>	: <b>Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.</b>

### MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the 24th Annual General Meeting (“24th AGM” or “AGM”) of Rubberex Corporation (M) Berhad (“the Company” or “Rubberex”) will be conducted entirely through live streaming from the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) (“Guidance Note”).

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders/proxies **WILL NOT BE ALLOWED** to attend the 24th AGM in person at the Broadcast Venue on the day of the meeting.

### REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 24th AGM using the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>.

Shareholders who appoint proxies to participate via RPV in the 24th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Sunday, 5 July 2020 at 10.00 a.m.**

Authorised representatives of corporate members must deposit their original certificate of appointment of authorised representative to Tricor not later than **Sunday, 5 July 2020 at 10.00 a.m.** to participate via RPV in the 24th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Sunday, 5 July 2020 at 10.00 a.m.** to participate via RPV in the 24th AGM.

**A shareholder who has appointed a proxy or attorney or authorised representative to participate at this 24th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.**

As the 24th AGM of Rubberex is a fully virtual AGM, shareholders who are unable to participate in this 24th AGM may appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

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## Administrative Details

### 24<sup>th</sup> Annual General Meeting of Rubberex Corporation (M) Berhad (cont'd)

#### PROCEDURES FOR RPV FACILITIES

Shareholders/proxies/authorised representatives/attorneys who wish to participate the 24th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

Procedure		Action
<b>BEFORE THE AGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an <b>e-mail to notify</b> you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b)	Submit your request	<ul style="list-style-type: none"> <li><b>Registration is open from 10.00 a.m. Friday, 5 June 2020 up to 10.00 a.m. Sunday, 5 July 2020.</b></li> <li>Login with your user ID and password and select the corporate event: “<b>(REGISTRATION) RUBBEREX 24TH AGM</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at <b>29 June 2020</b>, the system will send you an <b>e-mail to approve or reject</b> your registration for remote participation.</li> </ul>
<b>ON THE AGM DAY</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 24th AGM at any time from <b>9.40 a.m.</b> i.e. 20 minutes before the commencement of the AGM on <b>Tuesday, 7 July 2020 at 10.00 a.m.</b></li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: “<b>(LIVE STREAMING MEETING) RUBBEREX 24TH AGM</b>” to engage in the proceedings of the 24th AGM remotely.</li> <li>If you have any question(s) for the Chairperson/Board, you may use the query box to transmit your question(s). The Chairperson/Board will endeavor to respond to questions submitted by remote participants during the 24th AGM. If there are time constraints, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences <b>from 10.00 a.m. on Tuesday, 7 July 2020</b> until a time when the Chairperson announces the completion of the voting session of the 24th AGM.</li> <li>Select the corporate event: “<b>(REMOTE VOTING) RUBBEREX 24TH AGM</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairperson on the closure of the 24th AGM, the live streaming will end.</li> </ul>



## Administrative Details

### 24<sup>th</sup> Annual General Meeting of Rubberex Corporation (M) Berhad (cont'd)

#### Note to users of the RPV:

1. Should your application to join the 24th AGM be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

#### NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the 24th AGM since the meeting is conducted on a fully virtual basis.

Rubberex Corporation (M) Berhad would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

#### GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)

- Only a depositor whose name appears on the ROD as at **29 June 2020** shall be entitled to attend, speak and vote at the 24th AGM or appoint proxies to attend and/or vote on his/her behalf.

#### PROXY

- The 24th AGM will be conducted via virtual meeting, if you are unable to attend the meeting via RPV on 7 July 2020, you may appoint the Chairperson of the meeting as proxy and indicate the voting instructions in the Proxy Form.
- You may also submit the Proxy Form electronically via **TIIH Online** website at <https://tiih.online> no later than **Sunday, 5 July 2020 at 10.00 a.m.** Please do read and follow the procedures to submit Proxy Form electronically below.
- You may submit your Proxy Form to the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) by fax at 03-2783 9222 or e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com). However, please ensure that the **Original Proxy Form** is deposited at Tricor’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or, alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 24th AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

## Administrative Details

### 24<sup>th</sup> Annual General Meeting of Rubberex Corporation (M) Berhad (cont'd)

#### Poll Voting

- The Voting at the 24th AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting and Asia Securities Sdn. Bhd. as Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions at any time from the commencement of the 24th AGM at 10.00 a.m. but before the end of the voting session which will be announced by the Chairperson of the Meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from **TIIH Online** website at <https://tiih.online>.
- Upon completion of the voting session for the 24th AGM, the Scrutineers will verify and announce the poll results followed by the Chairperson's declaration whether the resolutions are duly passed.

#### Annual Report 2019

- The Company's Annual Report 2019 is available at the Company's website at <http://www.rubberex-corp.com.my>
- You may request for a printed copy of the Annual Report 2019 at <https://tiih.online> by selecting "Request for Annual Report / Circular" under "Investor Services". Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

#### ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

Procedure	Action
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"><li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance.</li><li>• If you are already a user with TIIH Online, you are not required to register again.</li></ul>
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"><li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li><li>• Select the corporate event: "<b>SUBMISSION OF PROXY FORM</b>".</li><li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li><li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li><li>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairperson as your proxy.</li><li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li><li>• Review and confirm your proxy(s) appointment.</li><li>• Print proxy form for your record.</li></ul>



## Administrative Details

### 24<sup>th</sup> Annual General Meeting of Rubberex Corporation (M) Berhad (cont'd)

#### **PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS**

Shareholders may submit questions for the Board in advance of the 24th AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Sunday, 5 July 2020 at 10.00 a.m.** The Board will endeavor to answer the questions received at the 24th AGM.

#### **RECORDING OR PHOTOGRAPHY**

Strictly **NO** unauthorised recording or photography of the proceedings of the 24th AGM is allowed.

#### **ENQUIRY**

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

##### **Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line : +603-2783 9299  
Fax Number : +603-2783 9222  
Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)  
Contact persons : Mr. Alven Lai : +603-2783 9283 / Email : [Siew.Wai.Lai@my.tricorglobal.com](mailto:Siew.Wai.Lai@my.tricorglobal.com)  
: Ms. Vivien Khoh : +603-2783 9091 / Email : [Vivien.Khoh@my.tricorglobal.com](mailto:Vivien.Khoh@my.tricorglobal.com)

14

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# Corporate Information

## DIRECTORS

Y. Bhg. Dato' Abd Rahim bin Abd Halim  
*Non-Independent, Non-Executive, Chairman*

Y. Bhg. Dato' Mohamed bin Hamzah  
*Independent, Non-Executive, Deputy Chairman*

Khoo Chin Leng  
*Managing Director*

Sharifuddin bin Shoib  
*Non-Independent, Non-Executive*

Mustapha bin Mohamed  
*Independent, Non-Executive*

Y. Bhg. Dato' Ong Choo Meng  
*Non-Independent, Non-Executive (Appointed on 23 April 2020)*

Y. Bhg. Dato' Chan Choun Sien  
*Independent, Non-Executive (Appointed on 27 May 2020)*

Poh Chee Kwan  
*Non-Independent, Non-Executive (Resigned on 08 May 2020)*

## COMPANY SECRETARIES

Chong Lay Kim  
(SSM PC No. 202008001920)  
(LS 0008373)

Yeng Shi Mei  
(SSM PC No. 202008001282)  
(MAICSA 7059759)

## AUDITOR

Deloitte PLT  
Chartered Accountants

## PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

RHB Bank Berhad

Hong Leong Bank Berhad

United Overseas Bank (Malaysia) Berhad

Caixabank S.A.

Sabadell Atlantico S.A

## REGISTERED OFFICE

41, Jalan Medan Ipoh 6,  
Bandar Baru Medan Ipoh,  
31400 Ipoh, Perak Darul Ridzuan.

Tel no. : 605 548 0888

Fax no. : 605 545 9222

## SHARE REGISTRAR

Tricor Investor &  
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

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
(Main Market)  
Stock name/code: RUBEREX/7803

## WEBSITES

[www.rubberex.com.my](http://www.rubberex.com.my)

[www.rubberex-corp.com.my](http://www.rubberex-corp.com.my)

15

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20  
19



# Corporate Structure



16  
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19



## Directors'/ Key Senior Management's Profile

**Dato' Abd Rahim bin Abd Halim**, aged 71, 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, upon his retirement, he was appointed its non-executive Chairman until May 2019. 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 79, 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.

17

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

**Mr. Khoo Chin Leng**, aged 61, 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.

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**En. Sharifuddin bin Shoib**, aged 73, 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.

18

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**En. Mustapha bin Mohamed**, aged 74, 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 retired from the Board of MBM Resources Berhad on 29 May 2019 and is currently 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.

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**Dato' Ong Choo Meng**, aged 42, male, a Malaysian, is a non-independent non-executive director of the Company, newly appointed on 23 April 2020. He graduated from the Royal Melbourne Institute of Australia with a Bachelor's degree in Business, majoring in Business Finance and Investment. Dato' Ong Choo Meng is a highly competent and professional business leader with a commendable track record of over fifteen years in directing business growth, investment and expansion strategies. He is presently the Group Chief Executive Officer for Hextar group of companies, a leading player in the agrochemicals and fertilizers industries with ventures in the industrial chemicals, oilfield chemicals, engineering, quarry as well as machinery and equipment industries.

Dato' Ong Choo Meng also sits on the board of Hextar Global Berhad (formerly known as Halex Holdings Berhad), as a non-independent executive director, and SCH Group Berhad, as a non-independent non-executive director.

Dato' Ong Choo Meng 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' Chan Choun Sien**, aged 49, male, a Malaysian, is an independent non-executive director of the Company, newly appointed on 27 May 2020. Dato' Chan Choun Sien was formerly a Managing Director of a leading investment bank in Southeast Asia and has over 24 years of experience in some of the largest mergers and acquisitions in Malaysia, IPOs, equity and debt fund raisings and corporate restructuring exercises, as well as regional private banking in Southeast Asia. He was named as one of the top 10 investment bankers in Asia (ex-Japan) by Brendan Wood International Journal in 2006.

Dato' Chan Choun Sien is currently the President of the Malaysian Mergers and Acquisitions Association, a body representing M&A practitioners in Malaysia. He is also presently the Deputy Chairman of the Finance and Capital Market Consultative Committee of the Associated Chinese Chambers of Commerce and Industry Malaysia. Dato' Chan Choun Sien sits on the Board of SCH Group Berhad as the independent non-executive Chairman. He was also a past speaker/moderator in some of the conferences organised by Bursa Malaysia Securities Berhad.

Dato' Chan Choun Sien holds a Bachelor of Laws (Hons) degree and a Bachelor of Commerce degree from the University of Melbourne. He has attended the INSEAD-CIMB Leadership Programme (2010-2012) and is also a Certified Practising Accountant with CPA Australia.

Dato' Chan Choun Sien 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.

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**Mr. Poh Chee Kwan**, aged 57, male, a Malaysian, is a non-independent non-executive director of the Company that was appointed on 22 November 2016 and has since resigned on 08 May 2020. He was 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.

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

**Khoo Thiam Chye**, aged 58, 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.

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**En. Sabri bin Abd Hamid**, aged 54, 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 am pleased to present the Company's Annual Report for the financial year ended 31 December 2019.

## Introduction

First of all, as I write this in the midst of the COVID-19 pandemic, I wish that you and your families are safe and well.

Financial year 2019 was a stabilizing year for the Group in which we closed the deal on the disposal of our China operations and focused our resources on home soil, particularly in the nitrile disposable glove division. While rising material and labour costs remain core concerns of any manufacturer, the weakened Ringgit during the year helped cushioned some of the impact to Rubberex Group as a net exporter.

## Overview of Performance

In the financial year just ended, the Group recorded a pretax profit of RM15.7 million on the back of RM218.6 million in revenue through the sales of general-purpose, industrial and disposable gloves to markets and customers mainly in Europe, the Americas and Asia. Profits after tax rose to RM11.4 million, a 31.0% increase from RM8.7 million of the previous year. We were encouraged by the consistently strong demand of gloves, more so at this critical period where health, safety and precautionary measures are paramount.

The successful sale and de-consolidation of our China plants had benefited the Group in terms of a stronger cashflow position and gains recognized in profit or loss upon completion of the disposal exercise in the third quarter of 2019. From provisional losses of RM60.8 million in 2018, the Group records positive net gains of RM15.2 million from this division. On the whole, overall profits attributable to shareholders amounted to RM26.5 million at the close of financial year 2019, a vast improvement from the loss of RM52.1 million previously.

## Corporate Developments

The disposal of our China operations during the year netted the Group approximately RM65.5 million in positive cashflow. Proceeds from the disposal were utilized for the retirement of term loans amounting to RM27.0 million and part financed our nitrile disposable glove plant expansion. Excess funds had also been placed in fixed deposit accounts as at the close of the year.

No other new corporate development is envisioned for the Group other than the keen focus on the commissioning of our latest phase of nitrile disposable glove expansion which is expected to come on-stream by the third quarter of 2020, of which time we would have on hand an installed production capacity of 2.5 billion pieces per annum.

## Dividends

Two single-tier interim dividends of 1.0 sen each, amounting to total 2.0 sen per ordinary share held, or RM5.0 million in total were paid to our esteemed shareholders on 18 September 2019 and 20 January 2020 respectively, in respect of the financial year just ended. The Board will continue with its policy of paying dividends as long as Group performance and cashflows are satisfactory.

22

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19



### Future prospects

According to the Malaysian Rubber Export Promotion Council (MREPC), Malaysia's export of rubber products was valued at RM23.3 billion in 2019, and latex goods accounted for 81%; Malaysia remains the world's leading supplier of gloves, supplying more than 50% of global demand (Source: [www.mrepc.com/industry.malaysia\\_export.php](http://www.mrepc.com/industry.malaysia_export.php)).

Even prior to the coronavirus outbreak that saw a rapid surge in demand for gloves and other safety devices, global consumption of gloves is generally on the rise with heightened self-protection awareness, improved hygiene and rising living standards among the population. Other than household and industrial glove applications, demand for our nitrile disposable gloves has been encouragingly strong and the Group sees sustainable growth potential in this division.

Plans are already in the pipeline for further investments within the next three years that would double our annual production capacity up to 5.0 billion pieces of disposable gloves by year 2023, with a conservative 25% annual growth rate projection. Capitalizing on our solid customer base and strong track record in the glove business, Rubberex envisions to become a more significant glove player, on par with several of its peers in the industry.

Notwithstanding this optimism, we are also mindful of the inherent challenges for the Group in the year ahead such as the volatility of foreign exchange rates, uncertainty in crude oil prices as well as the rate of recovery of our local and global economies when this pandemic ends.

### Appreciation and acknowledgment

On behalf of the Board, I 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 government, the relevant authorities, our customers, shareholders, bankers, advisors and business associates for their valued support and assistance.

As we weather this global COVID-19 storm together, the Board and Management also extend our heartfelt appreciation to the medical professionals, healthcare providers, governmental authorities, volunteers and experts in the field for their dedicated services to our nation at this challenging unprecedented time.

Thank you.

**Dato' Abd Rahim bin Abd Halim**  
Chairman

30 March 2020

# Management Discussion and Analysis

for the financial year ended 31 December 2019

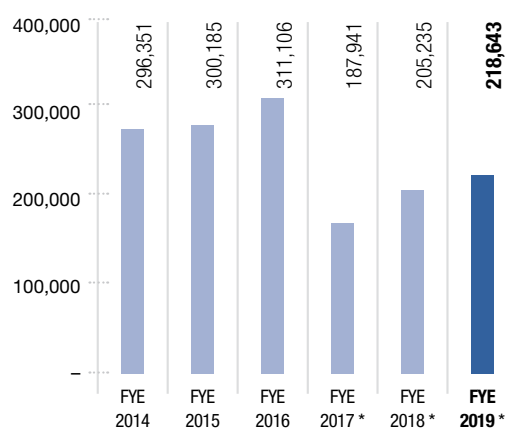
## Introduction

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 previously involved in the manufacture and sale of vinyl disposable gloves from its plants in China but this operation has since been disposed since 31 December 2018.

## Overview of Financial Performance

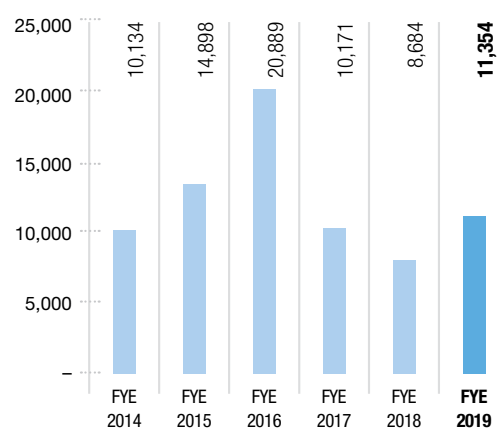
### REVENUE

RM'000



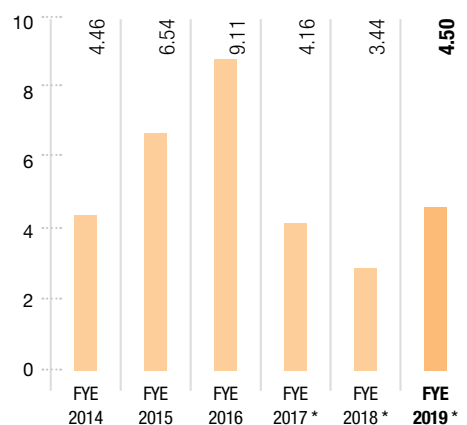
### PROFIT FOR THE YEAR

RM'000



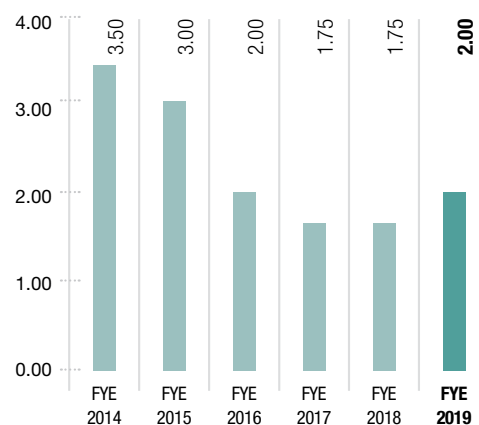
### EARNINGS PER SHARE (Basic)

SEN



### DIVIDEND PER SHARE (Gross and Net)

SEN



\* Continuing Operations only

The financial statements of the Group have been presented to mainly reflect the Group's Continuing Operations in Malaysia and Spain. The financial results of the Group's Discontinued Operations are discussed separately and also presented in Note 14 on page 24 of this Annual Report.

24  
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20  
19



# Management Discussion and Analysis for the financial year ended 31 December 2019 (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 turnover of RM218.6 million from these regions, an increase of 6.5% from RM205.2 million in the previous year. The performance of our key operating divisions are presented below:

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

This division, which was traditionally regarded as the Group's mainstay, recorded an improvement in terms of growth by 4.5% in 2019, contributing 53.9% to overall revenue in the financial year just ended. The main distribution channels for these gloves are the retail sectors, supermarkets and personal protective equipment (PPE) supply chains.

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

Although relatively new to the Group's range of products, this division has shown consistent growth and increasing sales since our commencement in 2015. For the financial year just ended, this division contributed RM91.5 million to Group revenue, an increase from RM86.5 million or 5.7% year-on-year, aided by strong consumer demand in Europe and Asia, two of our biggest markets.

#### (c) Trading of gloves – Spain

The Group's marketing and trading arm in Spain sources its gloves from the Malaysia factories for distribution and deliveries to customers in Spain and around Europe. This division recorded a slight decline in sales by approximately 3.6%, marked by sluggish European markets and geopolitical uncertainties concerning Brexit in the region. The strengthening of the Ringgit against the Euro during the year was also not in our favour. Despite such factors, the Group's single largest external customer originated from Spain and in the financial year just ended, contributed 21.1% to Group revenue.

### (ii) Profit Before and After Tax

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

Group cost of sales had increased in the current year, but was manageable and in line with the corresponding increase in sales of the same period. Natural rubber prices trended upwards year-on-year from an average of RM4.30/kg wet in 2018 to RM4.54/kg wet in 2019, an increase of 5.5% but this was set-off against a lower cost of synthetic latex for the production of nitrile disposable gloves, which yielded savings of 13.9%. 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.

For the financial year just ended, the Group's Continuing Operations achieved a pretax profit of RM15.7 million, a commendable increase of 55.3% from RM10.1 million in the previous year.

#### (b) Other Gains or Losses

Other gains and losses had deteriorated from a gain of RM1.7 million in year 2018 to a loss of RM0.2 million in the financial year just ended, largely contributed by the realisation of foreign exchange losses from the translation of export proceeds received during the year, particularly from the strengthening of the Ringgit against the Euro by approximately 2.6% during the year.



Management Discussion and Analysis  
for the financial year ended 31 December 2019  
(cont'd)

**Continuing Operations (Cont'd)**

(ii) Profit Before and After Tax (Cont'd)

(c) *Depreciation of property, plant and equipment*

In the current year, the Management reviewed the estimated useful lives and residual values of its property, plant and equipment and the changes in accounting estimates are accounted for prospectively in the financial statements. As a result, the total amount charged out during the year amounted to RM7.0 million, a reduction by RM4.9 million or 41.1%.

(d) *Finance costs*

Finance costs decreased by RM0.7 million or 23.2% in 2019, noticeably from the reduction in term loan interests as the Group fully repaid a sum of RM27.0 million in outstanding loans to local financial institutions via proceeds received from the disposal of its China operations.

(iii) Assets and Liabilities

(a) *Inventories*

The Group's average finished goods turnover improved by 25 days, from 77 days in 2018 to 52 days in financial year, as evidenced from the reduction of 28% in finished goods stockholding by RM12.2 million, from RM43.5 million held previously to RM31.3 as at 31 December 2019.

(b) *Trade and other Receivables*

Trade and other Receivables had also decreased year-on-year, by RM5.9 million, with improved average trade collection periods of 58 days in the current year compared to the average of 69 days previously.

(c) *Cash and Bank Balances*

The cash and bank balances as at 31 December 2019 were RM56.1 million, inclusive of RM50.9 million held in fixed deposits at local licensed financial institutions. In the current year, the Group fully utilised the net proceeds of RM15.5 million (after defragment of expenses) raised through an earlier private share placement exercise to part finance its expansion on the nitrile disposable glove plant.

In 2019, major cash outflows of the Group include capital expenditure of RM31.2 million, net repayment of term loans by RM25.7 million, tax payments of RM4.0 million and dividends of RM5.0 million.

(d) *Borrowings*

Group borrowings, both short and long terms, had reduced from RM44.4 million held at the end of year 2018 to RM12.0 million in 2019, mainly due to net repayment of RM25.7 million in term loans during the year. Subsequently, with the higher cash and bank balances in the current year, the Group settled into a net cash position with no gearing at the close of the financial year.

(e) *Capital Resources and Liquidity*

An analysis of the Group's Equity ratio or total equity as a proportion of total assets reveals that 76.0% of the Group's assets were funded by shareholders (rather than debt) in financial year 2019, an improvement from 72.7% in the previous year, indicating that the Group is fundamentally and financially stable.

The Group also has adequate liquidity in the short term, being in a net current asset position of RM74.5 million as at the close of financial year 2019 with current assets over current liabilities of 2.2 times.

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  
for the financial year ended 31 December 2019  
(cont'd)

### Discontinued Operations

The Group completed the disposal of its HK/China operations in August 2019 and with that, recognised a final gain of RM24.3 million in the current year, inclusive of the full reversal of RM27.6 million in cumulative translation reserves of the HK/China companies to profit and loss. The total profit for the year from Discontinued Operations amounted to RM15.2 million, a significant turnaround from the loss of RM60.8 million in the previous year, resulting in total profits attributable to shareholders of RM26.5 million in the financial year ended 31 December 2019.

### 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, cost of foreign labour as well as rising standards 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 installation of new nitrile disposable production lines set to commence by third quarter 2020, the Group expects to capitalise on newer technologies that would yield greater outputs, higher economies of scale and production efficiencies.

(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 2020.

(iv) *Impact of COVID-19 pandemic*

As a serious health threat, the COVID-19 pandemic unsettled numerous businesses, suspended services and disrupted global supply chains, both in Malaysia and overseas.

While the Group is largely buoyed by the increased demand for disposable gloves deemed "essential" and had been granted approval by the Ministry of International Trade and Industry (MITI) to operate during the national Movement Control Order (MCO) period, it contended with delays and interruptions due to limited services from several suppliers and providers. The various safety procedures and certain precautionary measures adopted to ensure workers' safety and well-being also resulted in higher costs of monitoring and control. Curbs and suspensions on factory construction works had also meant delays in the commissioning of the new plant.

Nevertheless, at the time of writing this report, the outbreak situation in Malaysia remains critical and while the Management is cognisant of additional costs and expenditure, is also fully committed in prioritising employees' health and safety above all else.



Management Discussion and Analysis  
for the financial year ended 31 December 2019  
(cont'd)

### Trends and Outlook

The global demand for rubber gloves is poised for greater growth as higher awareness for heightened safety standards and progressive healthcare reforms in emerging markets are set to push demand for rubber gloves up to 300 billion pieces or at a rate of 12% per year. (Source: <http://thestar.com.my>, "Rubber gloves industry to see continued growth in 2020", 14 November 2019).

The Group views this development very positively and on the premise of sustainable demand, is directing its resources and focus on the nitrile disposable glove division, which is expected to contribute more significantly to future earnings and profitability moving forward. Plans are already in the pipeline for new investments within the next three years that would double the Group's annual production capacity up to 5.0 billion pieces of disposable gloves by year 2023, with a conservative 25% annual growth rate projection. Capitalizing on a solid customer base and strong track record in the glove business, the Group envisions to become a more significant glove player in the market, on par with several of its peers in the industry.

### Dividend policy

Two interim single-tier dividends were declared and paid in respect of the financial year 2019; the first interim of 1.0 sen in September 2019 and the second of another 1.0 sen in January 2020. Total dividend paid out for the current year amounted to approximately RM5.0 million.

The Company has consistently declared dividends to its shareholders since it assumed public-listed status in 1997 and a total of RM136.6 million had been paid in the past twenty-two years. The Group will continue with its policy of paying dividends as long as financial performance and cashflow positions are satisfactory.

# 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>

## MEETINGS OF THE AUDIT COMMITTEE

1. The Chairman of the Audit Committee shall report on each meeting to the Board of Directors and the Secretary of the Audit Committee shall be the Company Secretary;
2. The Secretary 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. Three Audit Committee meetings were held during the financial year ended 31 December 2019, one less than the required four due to insufficient quorum to convene an Audit Committee meeting at a meeting. The attendance record of each member is as follows:-

Name	Attendance	Percentage
Dato' Mohamed bin Hamzah	3/3	100%
Mustapha bin Mohamed	3/3	100%
Sharifuddin bin Shoib	3/3	100%

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities of the Audit Committee in the financial year ended 31 December 2019 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;
4. Reviewed the latest changes of pronouncement issued by accountancy, statutory and regulatory bodies on matters generally relevant to the Audit Committee;

29

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19



## Audit Committee Report (cont'd)

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

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 2019 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 2019 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 RM214,869.

30

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# 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 2019, 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 in year 2017 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.

#### Board Meetings

Four Board Meetings were held during the financial year ended 31 December 2019. The attendance record of each director during the year was as follows:

Name	Attendance	Percentage
Dato' Abd Rahim bin Abd Halim (Non-Independent Non-Executive Chairman)	4/4	100%
Dato' Mohamed bin Hamzah (Independent Non-Executive Deputy Chairman)	3/4	75%
Khoo Chin Leng (Managing Director)	4/4	100%
Sharifuddin bin Shoib (Non-Independent Non-Executive Member)	4/4	100%
Mustapha bin Mohamed (Independent Non-Executive Member)	4/4	100%
Poh Chee Kwan (resigned on 08 May 2020) (Non-Independent Non-Executive Member)	4/4	100%

The Board composition in respect of the ratio of independent directors is two or at least one-third of the Board, in compliance with Bursa Malaysia Securities Berhad's Listing Requirements.

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) (resigned on 08 May 2020)  
Dato' Mohamed bin Hamzah  
Mustapha bin Mohamed



## 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

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 2019 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)	2,225,821*	–	–	–
Non-executive Directors	–	254,100	–	254,100
<b>Total</b>	<b>2,225,821</b>	<b>254,100</b>	<b>–</b>	<b>254,100</b>

\* included benefit-in-kind

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	–	58,000
Dato' Mohamed bin Hamzah	–	61,600
Khoo Chin Leng	942,800	–
Sharifuddin bin Shoib	–	45,600
Mustapha bin Mohamed	–	48,900
Poh Chee Kwan	–	40,000
<b>Total</b>	<b>942,800</b>	<b>254,100</b>



## Corporate Governance Overview Statement (cont'd)

### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Directors' Remuneration (Cont'd)

2. The director's emoluments and fees payable to the Directors of the Company falls into the following bands:

Range of remuneration	Executive	Non-executive
Below RM50,000	–	3
RM50,001 to RM100,000	–	2
RM900,001 to RM950,000	1	–

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

Range of remuneration	Executive	Non-executive
RM150,001 to RM200,000	1	–
RM250,001 to RM300,000	1	–
RM450,001 to RM500,000	1	–
RM500,001 to RM550,000	1	–
RM900,001 to RM950,000	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 requirements 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 47 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 twenty 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.

35

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## 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 RM214,869.

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' 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-fourth Annual General Meeting will be conducted entirely through live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia in view of the COVID-19 outbreak prohibiting the holding of public gatherings at this time. 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 30 May 2019, 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

36

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20  
19



## 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 2019 on page 39 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 expansion of the Group's nitrile disposable glove production lines and to defray expenses.

As of 31 December 2019, the Company has fully utilized the net placement proceeds of RM15.5 million (after defrayment of expenses) for the above purpose.

#### 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.

#### 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. An amount of RM173,248 was paid to its affiliated company overseas relating to tax advisory services.

#### Variation in results

There was no material variance between the audited results of the Group for the financial year ended 31 December 2019 and unaudited results previously released on 26 February 2020.

#### 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.

37

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19



Corporate Governance Overview Statement  
(cont'd)

**OTHER INFORMATION (CONT'D)**

**Material Contracts**

There were no material contracts entered into by the Company and its subsidiaries involving the directors and/or substantial shareholders or contracts relating to loans entered into by the Company and its subsidiaries either still subsisting at the end of the financial year or entered into since the end of the financial year.

**Revaluation Policy on landed properties**

There was no revaluation of landed properties during the financial year ended 31 December 2019.

**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 2019.

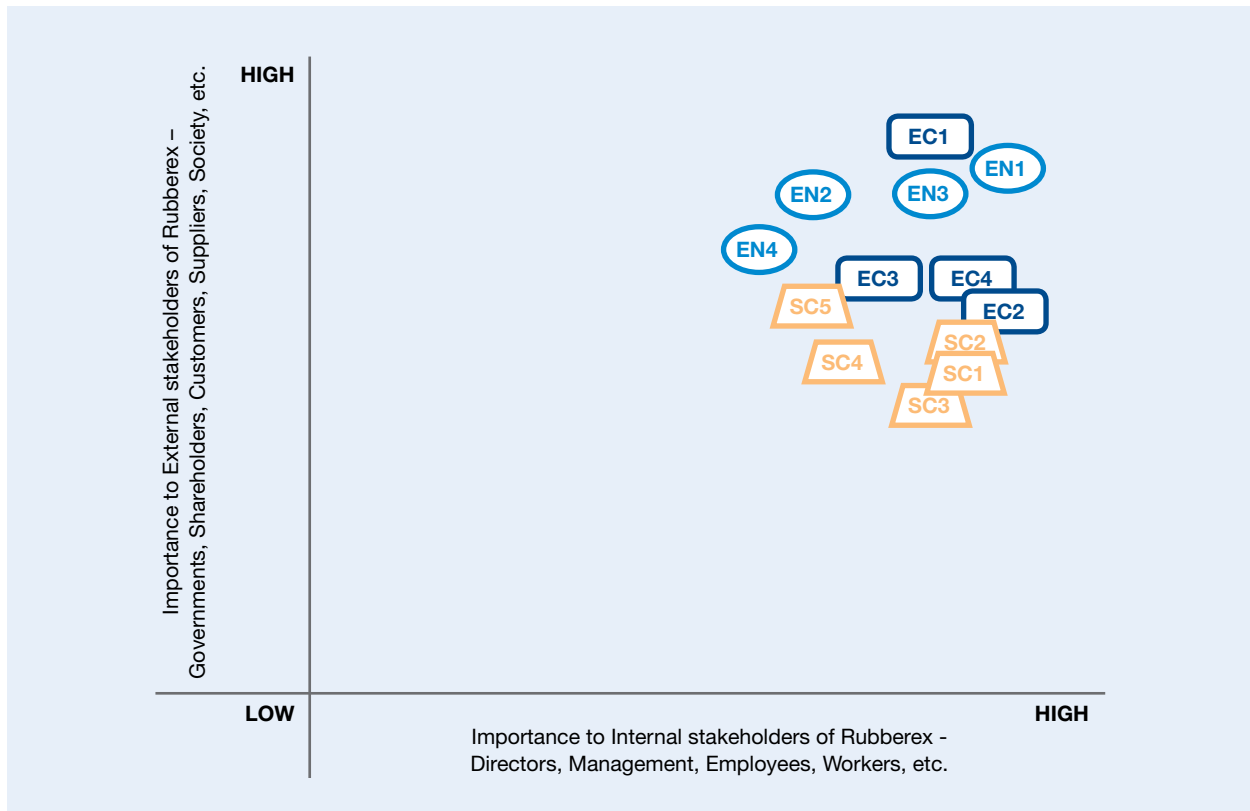
# Sustainability Statement

for the year ended 31 December 2019

## 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 2019. 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 previous 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:



Economical	Environmental	Social
<b>EC1</b> protect shareholders’ interests	<b>EN1</b> accreditation and compliance	<b>SC1</b> remuneration and rewards
<b>EC2</b> product quality	<b>EN2</b> efficient use of resources	<b>SC2</b> health, safety and wellbeing
<b>EC3</b> customers’ satisfaction	<b>EN3</b> pollution and emission control	<b>SC3</b> workplace diversity and equal opportunities
<b>EC4</b> compliance to BSCI guidelines	<b>EN4</b> seek alternative sources	<b>SC4</b> training and development
		<b>SC5</b> giving back to society





## Sustainability Statement (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. Financial year 2019 was a stabilizing year for the Group as it completed the disposal of its HK/China plants in the third quarter of the year and subsequently recognised a net gain of RM15.2 million in its books.

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

Cash proceeds from the disposal of the Group's China operations that amounted to RM70.8 million were promptly utilised for the net repayment of term loans totalling RM25.7 million as well as settlement of other short-term borrowings; the balance has been placed in fixed deposit accounts and earmarked for capital expenditure on the Group's nitrile disposable glove plant. As a result of the debt settlement, group borrowings had reduced from RM44.4 million in the previous year to RM12.0 million as at 31 December 2019, a decrease by 73.0%. Following this development, the Group is in a positive net cash position and does not have any gearing, an indicator of strong financial health since a lower proportion of debt directly relates to lower financial risks to shareholders.

#### (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 as well as synthetic latex examination (nitrile disposable) gloves:

- 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:

- Registered with Medical Device Authority of Malaysia under section 5(1) of Medical Device Act 2012 (Act 737) for nitrile examination gloves intended for medical and dental use;
- EC Type Examination Inspection Certificate issued by Asociacion de Investigacion de la Industria Textil (Spain), Notified Body no. 0161 for the application of Regulation (EU) 2016/425 of the European Parliament and of the Council of 9th March 2016, in which the essential health and safety requirements that Personal Protective Equipment (PPE) must comply with;
- Registered with the U.S. Food and Drug Administration pursuant to Title 21, 807 et seq. of the United States Code of Federal Regulation; and
- Compliance to SEDEX Members Ethical Trade Audit (SMETA) methodology conducted by the Supplier Ethical Data Exchange (SEDEX) organisation for the monitoring of ethical business practices in global supply chains, against key audit pillars of Labour Standards, Health and Safety.

#### (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.

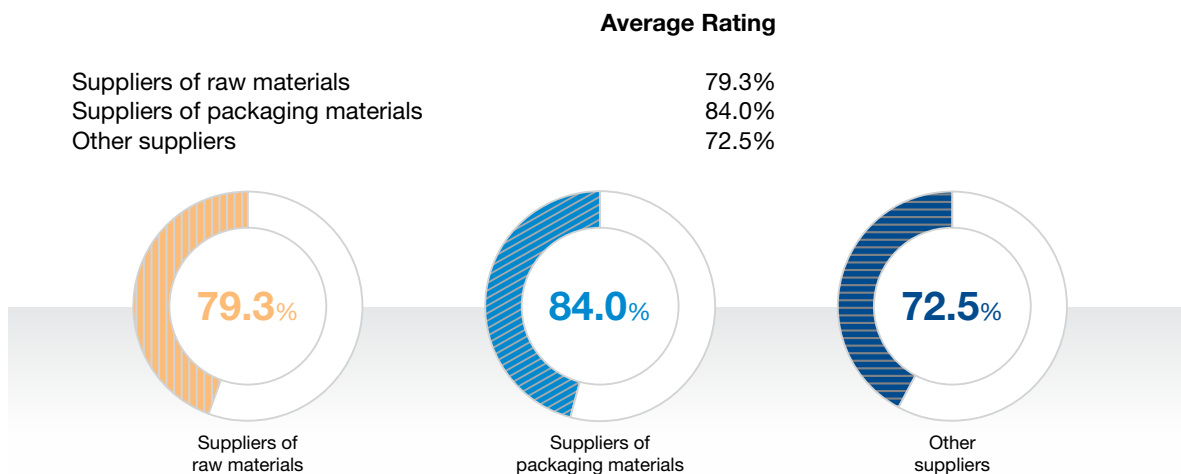
The Group also adopts a fair and impartial approach in its purchasing activities by ensuring competitive prices for its materials and parts; for certain major capital expenditure, the Group occasionally practices open tenders and purchases from the lowest bidder.

**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 2019, 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%:

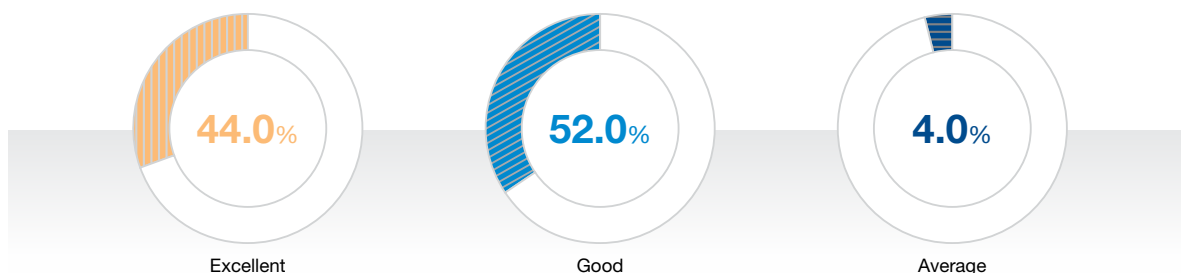


(b) Customers' surveillance and social audits

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 2019 indicate that 44.0% of our customers have rated the Group "excellent" in terms of our product quality, services and business support:

No. of customers surveyed	75
No. of replies received	48 (64.0%)
Results :	
Rating : Excellent	44.0%
Rating : Good	52.0%
Rating : Average	4.0%



### 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 14 audits and checks were also carried out by Jabatan Keselamatan dan Kesihatan Pekerjaan (JKKP) to ensure safe work practices, chemical handling and emergency procedures.

Social audits carried out by 8 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

On a yearly basis, Rubberex is assessed by a qualified registered electrical energy manager appointed by Suruhanjaya Tenaga Malaysia (Energy Commission of Malaysia) on compliance to relevant legislative and regulatory requirements as well as on efficient management of electrical energy. Where practical and economically viable, several cost saving initiatives were also reviewed and implemented throughout the year, among which was the adoption and conversion of 200 normal fluorescent lamps to LED lightings at our warehouses that resulted in a preliminary savings of approximately RM12,000 a year.

Our internal Energy Savings Committee, comprising 14 staff and competent personnel from various departments, also meet at least once monthly to review and promote responsible energy use, strengthening our long-term commitment towards a greener sustainable plant.

#### (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 200m<sup>3</sup> of water per hour, which translated to RM2.8 million in annual 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.

**Environmental Sustainability (Cont'd)**

**(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 2019 but had since been deferred to mid-2020 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.

**Social Sustainability**

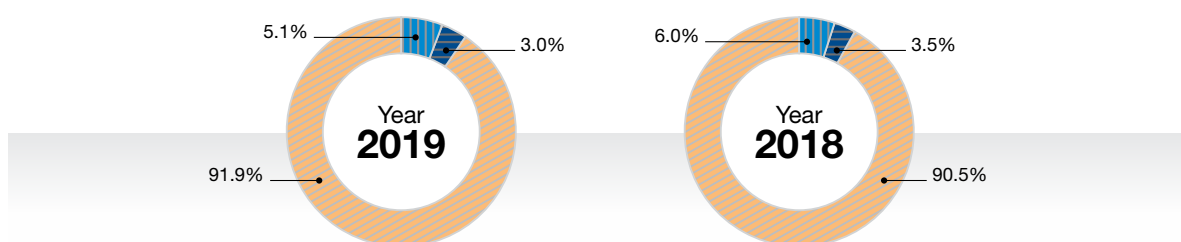
To ensure long term business continuity, we acknowledge that our employees are vital strategic assets of the Group; we support, protect and nurture our employees in terms of their career and personal development. The Group's social commitments and responsibilities also extend to the community at large 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 2019, the remuneration of the Group's key management personnel, including the Managing Director in the top 5, have accounted for approximately 8.1% of total employee benefits expenses, a decrease from 9.5% of the previous year 2018.

	As % of total employee benefits expenses	
	Year 2019	Year 2018
Remuneration paid to top 5 senior management	5.1%	6.0%
Remuneration paid to other key management personnel	3.0%	3.5%
Remuneration paid to other employees	91.9%	90.5%



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.



**Social Sustainability (Cont'd)**

**(i) SC1: Remuneration and rewards (Cont'd)**

As at 31 December 2019, the average length of service by the Group's key management personnel was 26.0 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 14 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	3
No. of employees presented with 20-year service awards	10
No. of employees presented with 30-year service awards	1

**(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.

As a responsible employer operating in the midst of the COVID-19 outbreak in recent weeks, additional precautions were taken to ensure the safety and well-being of its workers, among which were the implementation of social distancing rules, provision of face masks, sanitisation of work spaces and disinfection of living quarters.

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 2019	Year 2018
Audiometry tests	Test of hearing ability	At least once yearly or as required	245	306
Chemical Exposure Monitoring	Test for exposure to hazardous materials	At least once yearly	18	54

There were a total of 17 industrial accidents at our Malaysia plants in 2019 of which all of these cases were classified as "minor" and crucially, no fatalities were involved:

		No. of industrial accidents	
		Year 2019	Year 2018
Major		Nil	Nil
Minor		17	8
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 101 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 2019 was 3.8 minutes, which was below that recommended by the local fire department of 7.0 minutes.

**Social Sustainability (Cont'd)**

**(ii) SC2: Health, Safety and Wellbeing (Cont'd)**

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**

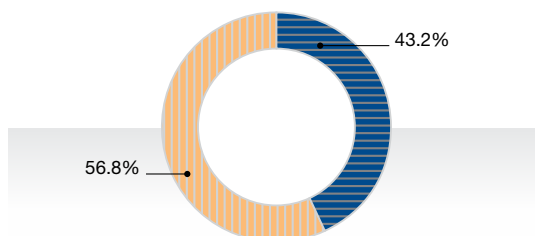
The people pool at Rubberex has always been culturally diverse with a harmonious blend of nationalities, talents and age groups. As at 31 December 2019, total employees at our Malaysia plants stood at 854, a slight increase from 843 at the beginning of the year. Employee movements during the year were as follows:

As at 01/01/2019	Recruitment	Resignation/ Left Malaysia	As at 31/12/2019
843	206	195	854

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.

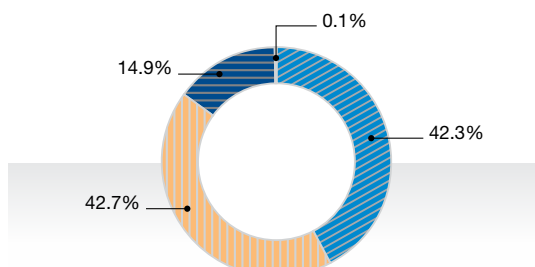
Of the total workforce as at the end of year 2019, 56.8% or 485 workers were foreigners mainly from Myanmar (72.0%), Nepal (26.4%) and Indonesia (1.6%) brought in to fulfil critical manual tasks at the plants' Production and Packing departments that require greater continuity as well as stability in terms of workers' attendance and turnover.

	No. of employees	
Local	369	43.2%
Foreigners	485	56.8%
<b>Total</b>	<b>854</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	42.3%
Ages 31 – 45	365	42.7%
Ages 46 – 60	127	14.9%
Above 60 years	1	0.1%
<b>Total</b>	<b>854</b>	<b>100.0%</b>

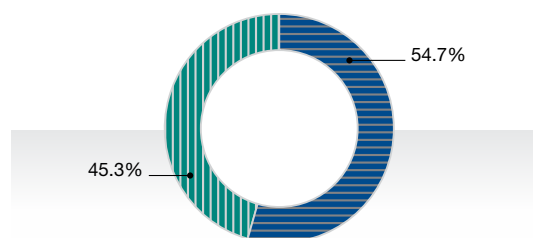


**Social Sustainability (Cont'd)**

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

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	467	54.7%
Female	387	45.3%
<b>Total</b>	<b>854</b>	<b>100.0%</b>



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 5 practical and constructive proposals were accepted by Management and as a gesture of appreciation, these employees were remunerated accordingly:

No. of suggestions received	5	100.0%
No. of suggestions replied	5	100.0%
No. of suggestions accepted and implemented	4	80.0%
No. of suggestions under review	1	20.0%

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

In order to nurture talent and support career development, a total of 264 employees have attended various training courses, seminars and programs held during the year, an average of 2.0 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 in 2019, such as:-

- Berita Kesatuan Pekerja Bomba & Penyelamat Semenanjung Malaysia;
- Pertubuhan Kebajikan Mental Selangor (PKMS);
- Pertubuhan Orang Cacat Penglihatan Malaysia;
- Pertubuhan Membantu Pesakit Parah Miskin Malaysia;
- Environmental Management and Research Association of Malaysia (ENSEARCH)
- Yayasan Jantung Malaysia; and
- Persatuan Daybreak Untuk Kebajikan Orang Cacat.



# 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 2019.

## 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.

47

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20  
19



## 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 Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in Annual Report 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 May 2020.

## 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 2019 set out on pages 62 to 145 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 20 May 2020.

# Statement of Shareholdings

as at 30 April 2020

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

## DISTRIBUTION OF SHAREHOLDERS FOR ORDINARY SHARES AS AT 30 APRIL 2020 (Excluding 10,000 Treasury Shares)

Size of Shareholdings as at 30 April 2020	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	235	4.41	11,037	0.00
100 – 1,000	696	13.06	422,894	0.17
1,001 – 10,000	3,106	58.26	16,104,514	6.39
10,001 – 100,000	1,166	21.87	35,194,533	13.96
100,001 to less than 5% of issued shares	126	2.36	93,294,867	36.99
5% and above of issued shares	2	0.04	107,167,772	42.49
<b>Total</b>	<b>5,331</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	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Erpstar Inc. Sdn Bhd (PJCAC)	81,967,000	32.50
2	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Aun Huat & Brothers Sdn Berhad (E-IMO/BCM)	25,200,772	9.99
3	Seng Sheng Enterprise Sdn Bhd	12,000,000	4.76
4	Duvest Holdings Sdn Bhd	10,000,000	3.97
5	DB (Malaysia) Nominee (Asing) Sdn Bhd – The Bank of New York Mellon for The Miri Strategic Emerging Markets Fund LP	7,296,447	2.89
6	Teng Cheng Bon @ Teng Kim Tee	6,889,184	2.73
7	Citigroup Nominees (Asing) Sdn Bhd - Pershing LLC for Kenneth Rainin Foundation	4,493,463	1.78
8	Diamond Silk International Sdn Bhd	3,873,519	1.53
9	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ping Kok Koh (041005)	3,429,704	1.36
10	Kon Choi Ying	2,934,638	1.16
11	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sharifuddin Bin Shoib (041004)	2,164,542	0.86
12	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yap Lim Sen (M)	2,071,600	0.82
13	Kenanga Nominees (Tempatan) Sdn Bhd – Ping Kok Koh (PCS)	1,813,334	0.72
14	DB (Malaysia) Nominee (Asing) Sdn Bhd – The Bank of New York Mellon for The Emerging Frontiers Master Fund, Ltd	1,330,200	0.53
15	Ong Suan Kim	1,306,964	0.52
16	HSBC Nominees (Asing) Sdn Bhd – TNTC for Double River Investments Limited	1,000,000	0.40
17	Wong Kit Peng	909,000	0.36
18	Lim Teong Leong	900,000	0.36

50

20  
19



Statement of Shareholdings  
as at 30 April 2020  
(cont'd)

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

No.	Names	Shares	%
19	Sabri Bin Abd Hamid	846,000	0.33
20	DB (Malaysia) Nominee (Asing) Sdn Bhd – The Bank of New York Mellon for Pension Reserves Investment Trust Fund	812,100	0.32
21	Maybank Nominees (Temptana) Sdn Bhd - Pledged Securities Account for Yoong Kah Yin	800,000	0.32
22	Rampai Dedikasi Sdn Bhd	800,000	0.32
23	Goh Cheah Hong	770,000	0.31
24	Tok Peck Hong	711,000	0.28
25	Mohamed Bin Hamzah	688,640	0.27
26	RHB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Robert Wing-Yee Snashall	682,000	0.27
27	Mega First Housing Development Sdn Bhd	667,700	0.26
28	Goh Mooi Huan	644,966	0.26
29	Maybank Nominees (Tempatan) Sdn Bhd – Lim Su Yin	568,000	0.23
30	Teng Cheng Bon @ Teng Kim Tee	564,790	0.22
		178,135,563	70.63

**SUBSTANTIAL SHAREHOLDERS FOR ORDINARY SHARES AS AT 30 APRIL 2020**  
**(Excluding 10,000 Treasury Shares)**

	Direct	No. of shares held		%
		%	Indirect	
Erpstar Inc. Sdn. Bhd.	81,967,000	32.50	–	–
Dato' Ong Choo Meng	–	–	81,967,000	32.50 #
Teng Cheng Bon @ Teng Kim Tee	7,453,974	2.96	10,000,000	3.97 *
Ping Kok Koh	–	–	19,061,104	7.56 \\\
Aun Huat & Brothers Sdn. Berhad	25,200,772	9.99	–	–
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 Holding Sdn. Bhd.	383,121	0.15	25,200,772	9.99 +
Caravan Capital Management LLC	–	–	13,120,110	5.20 ==

# Deemed interested by virtue of his shareholding in Erpstar Inc. Sdn. Bhd.

\* Deemed interested by virtue of his shareholding in Duvest Holdings Sdn. Bhd.

\\ Deemed interested by virtue of his shareholding in Duvest Holdings Sdn. Bhd., the shareholding of his spouse, Madam Kon Choi Ying and shares held through Maybank Nominees (Tempatan) Sdn. Bhd., Kenanga Nominees (Tempatan) Sdn. Bhd and RHB Capital Nominees (Tempatan) Sdn. Bhd.

+ Deemed interested by virtue of its shareholding in Aun Huat & Brothers Sdn. Berhad

== Deemed interested in shares held by DB (Malaysia) Nominee (Asing) Sdn. Bhd. - Favour: The Bank of New York Mellon for the Miri Strategic Emerging Markets Fund LP, Citigroup Nominees (Asing) Sdn. Bhd. - Favour: Pershing LLC for Kenneth Rainin Foundation and DB (Malaysia) Nominee (Asing) Sdn. Bhd. - Favour: The Bank of New York Mellon for the Emerging Frontiers Master Fund, Ltd.



Statement of Shareholdings  
as at 30 April 2020  
(cont'd)

**DIRECTORS' INTERESTS FOR ORDINARY SHARES AS AT 30 APRIL 2020**  
**(Excluding 10,000 Treasury Shares)**

	Direct	No. of shares held		%
		%	Indirect	
Dato' Abd Rahim bin Abd Halim	125,000	0.05	–	–
Dato' Mohamed bin Hamzah	688,640	0.27	–	–
Khoo Chin Leng	10,690	0.00	7,604	0.00 #
Sharifuddin bin Shoib	54,114	0.02	12,164,542	4.82 *
Mustapha bin Mohamed	–	–	–	–
Poh Chee Kwan	42,000	0.02	531,616	0.21 \\
Dato' Ong Choo Meng	–	–	81,967,000	32.50 +

# Deemed interested by virtue of his shareholding held through TA Nominees (Tempatan) Sdn. Bhd. and the shareholding of his spouse, Madam Yeoh Pei Hoon

\* Deemed interested by virtue of his shareholding in Duvest Holdings Sdn. Bhd. and RHB Capital Nominees (Tempatan) Sdn. Bhd.

\\ Deemed interested by virtue of his shareholding in Poh & Tan Holdings Sdn. Bhd. and Poh Chee Meng & Sons Holding Sdn. Bhd.

+ Deemed interested by virtue of his shareholding in Erpstar Inc. Sdn. Bhd.

# Directors' Report

The directors of **RUBBEREX CORPORATION (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2019.

## 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 19 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 for the year from continuing operations</b>	11,353,825	57,844,088
<b>Profit for the year from discontinued operations</b>	15,156,385	7,094,888
<b>Profit for the year, net of tax</b>	26,510,210	64,938,976
<b>Profit for the year attributable to owners of the Company</b>	26,510,210	64,938,976

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 to the financial statements.

## 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 1.00 sen per ordinary share, single-tier, amounting to RM2,521,956, computed based on the total number of issued shares of 252,205,617 ordinary shares, less treasury shares of 10,000 held by the Company, was declared on July 25, 2019 and paid on September 18, 2019.

A second interim dividend of 1.00 sen per ordinary share, single-tier, amounting to RM2,521,956, computed based on the total number of issued shares of 252,205,617 ordinary shares, less treasury shares of 10,000 held by the Company, was declared on December 6, 2019 and paid on January 20, 2020.

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.



## 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. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended.

## 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 no known bad debts needed to be written off and that no allowance for doubtful debt was necessary; 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 require the writing off any bad debts or the making of allowance for doubtful debts in the financial statements of the Group and of the company; 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.

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.

## Directors' Report (cont'd)

### OTHER STATUTORY INFORMATION (CONT'D)

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 other than those disclosed in Note 41 to the financial statements.

### 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  
Dato' Ong Choo Meng (appointed on April 23, 2020)  
Mr. Poh Chee Kwan (resigned on May 8, 2020)

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

En. Sharifuddin bin Shoib  
Mr. Khoo Chin Leng  
En. Sabri bin Abd Hamid  
Mr. Khoo Thiam Chye  
Mr. Soo Soon Yew  
Ms. Goh Mooi Huan  
Ms. Stephanie Hew Chooi Foon  
Mr. Poh Ah Yee @ Poh Chee Hee (resigned on May 18, 2020)

#### Subsidiaries

RM, DG  
RM, DG, RMM, RA, RSSL  
RM, DG, RMM, RA, RHK, RSSL  
RM, DG, RMM, RA  
DG  
RHK  
RHK  
RM, DG

Denotes:

RM Rubberex (M) Sdn. Berhad  
DG Diamond Grip (M) Sdn. Bhd.  
RHK Rubberex (Hong Kong) Limited  
RMM Rubberex Marketing (M) Sdn. Bhd.  
RSSL Rubberex Spain, S.L.  
RA Rubberex Alliance Sdn. Bhd.

55



20  
19



## Directors' Report (cont'd)

### 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:

	Balance as of 1.1.2019	Number of ordinary shares		Balance as of 31.12.2019
		Bought	Sold	
<b>Shares in the Company</b>				
<b>Registered in the name of directors</b>				
Dato' Abd Rahim bin Abd Halim	200,000	824,200	–	1,024,200
Dato' Mohamed bin Hamzah	1,458,640	30,000	–	1,488,640
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 interests</b>				
Dato' Abd Rahim bin Abd Halim	100,000	–	–	100,000
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 beginning and at the end of the financial year.

### 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 below) 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.

### DIRECTORS' REMUNERATION

	The Group RM	The Company RM
<b>Directors of the Company</b>		
Directors' fees	254,100	254,100
Salaries, allowances and bonuses	2,010,580	–
Contributions to the Employees' Provident Fund ("EPF")	212,841	–
	<b>2,477,521</b>	<b>254,100</b>
Benefits-in-kind*	2,400	–

\* Represents estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from the Group.

Directors' Report  
(cont'd)

**DIRECTORS' REMUNERATION (CONT'D)**

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' and the other officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and other officers of the Company. The amount of insurance premium paid/payable during the year amounted to RM13,450.

There was no indemnity given to or insurance effected for the 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, 2019 are as follows:

	<b>The Group RM</b>	<b>The Company RM</b>
Fees paid/payable - statutory audit	275,680	89,500

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, 20 May 2020

57

20  
19



# 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, 2019, 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 10 to 79.

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, 2019, 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 Matter

Key audit matter is a matter that, in our professional judgement, is of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter is 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 this matter.

Key Audit Matter	How the matter was addressed in the audit
<p><b><u>De-recognition of non-current assets classified as held for sale of the Group and of the Company and de-consolidation of discontinued operations of the Group</u></b></p> <p>The Group completed the disposal of the entire China operations during the year.</p> <p>Due to the complexity of this non-routine transaction, material misstatements could arise in the determination of gain or loss on deconsolidation of the disposed China operations from a Group perspective, whereby the de-consolidation entries, including the recycling of foreign currency translation reserve, were not properly accounted for. There is also a risk of disclosure deficiencies in the annual financial statements of the Group arising from the disposal.</p>	<p>Our audit procedures, amongst others, included the following</p> <ul style="list-style-type: none"> <li>We tested the design and implementation of controls over management's review of computation and approval granted on posting such de-consolidation entries.</li> </ul>

58

20  
19



Independent Auditors' Report  
to the Members of Rubberex Corporation (M) Berhad (Incorporated in Malaysia)  
(cont'd)

Key Audit Matter (Cont'd)	How the matters was addressed in the audit (Cont'd)
Refer to Note 14 to the financial statements for details.	<ul style="list-style-type: none"> <li>• We matched proceeds received from the disposal against third party's evidence and traced clearance to bank statements.</li> <li>• We obtained final management accounts of the relevant companies as of the completion date of disposal and matched the account balances and transactions to consolidation workings prepared by management.</li> <li>• We have checked the correctness and completeness of the consolidated entries related to the disposal.</li> <li>• We developed expectation of the net impact on the disposal and compared it against the results computed and posted by management.</li> <li>• We read disclosures made by management in the financial statements and provided our comments based on the requirement of the standards.</li> </ul>

*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 the Other Information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Statements*

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

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



## 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*

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.
- 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.

60

20  
19



Independent Auditors' Report  
to the Members of Rubberex Corporation (M) Berhad (Incorporated in Malaysia)  
(cont'd)

**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 19 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)

**LIM KENG PEO**  
Partner - 02939/01/2022 J  
Chartered Accountant

Ipoh, 20 May 2020

61

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20  
19





# Statements of Profit or Loss and Other Comprehensive Income

for the year ended December 31, 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Continuing Operations</b>					
Revenue	5	218,643,272	205,235,228	58,500,000	–
Investment revenue	7	849,820	188,384	849,820	188,384
Other gains and losses	8	(165,792)	1,714,174	10,182	3,139,820
Other operating income	10	81,949	52,228	–	–
Changes in inventories of finished and trading goods		(6,225,682)	(7,913,749)	–	–
Purchase of finished and trading goods		(10,013,103)	(4,540,948)	–	–
Raw materials and consumables used		(104,360,071)	(107,396,284)	–	–
Depreciation of property, plant and equipment	16	(7,049,227)	(11,958,216)	–	–
Depreciation of right-of-use assets	18	(784,474)	–	–	–
Amortisation of prepaid lease payments	17	(75,626)	(52,962)	–	–
Impairment losses on investment in subsidiaries	19	–	–	–	(3,393,235)
Impairment loss on goodwill	20	(2,793,422)	–	–	–
Directors' remuneration	9	(2,477,521)	(2,174,098)	(254,100)	(212,608)
Employee benefit expenses	9	(33,124,907)	(27,800,623)	–	–
Finance costs	11	(2,413,988)	(3,144,337)	(100,510)	(287,507)
Other operating expenses	10	(34,346,238)	(32,068,529)	(1,042,304)	(1,311,270)
Profit/(Loss) before tax		15,744,990	10,140,268	57,963,088	(1,876,416)
Tax expenses	12	(4,391,165)	(1,455,714)	(119,000)	–
Profit/(Loss) for the year from continuing operations		11,353,825	8,684,554	57,844,088	(1,876,416)
<b>Discontinued Operations</b>					
Profit/(Loss) for the year from discontinued operations	14	15,156,385	(60,769,688)	7,094,888	(81,487,887)

Statements of Profit or Loss and Other Comprehensive Income  
for the year ended December 31, 2019  
(cont'd)

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		26,510,210	(52,085,134)	64,938,976	(83,364,303)
<b>Other comprehensive loss</b>					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising during the year		(3,296,746)	(5,636,414)	–	–
Reclassification adjustments relating to foreign operations disposed of in the year (Note 39)		(27,606,224)	–	–	–
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		(4,392,760)	(57,721,548)	64,938,976	(83,364,303)
<b>Earnings/(Loss) per share</b>					
From continuing and discontinued operations:					
Basic and diluted (sen per share)	13	10.51	(20.65)		
From continuing operations:					
Basic and diluted (sen per share)	13	4.50	3.44		

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



# Statements of Financial Position

as of December 31, 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	16	125,707,675	86,844,488	–	–
Prepaid lease payments	17	4,893,370	5,038,046	–	–
Right-of-use assets	18	905,957	–	–	–
Investment in subsidiaries	19	–	–	24,051,005	30,009,891
Deferred tax assets	12	600,509	1,747,586	–	–
Goodwill on consolidation	20	–	2,793,422	–	–
<b>Total non-current assets</b>		<b>132,107,511</b>	<b>96,423,542</b>	<b>24,051,005</b>	<b>30,009,891</b>
<b>Current assets</b>					
Inventories	21	42,957,730	56,266,162	–	–
Trade and other receivables	22	36,577,297	42,514,149	282,364	–
Amount owing by subsidiaries	23	–	–	91,748,662	34,885,392
Current tax assets	12	644,900	4,213,935	96,117	219,622
Other assets	24	1,217,346	1,211,096	1,000	1,000
Other financial assets	25	21,240	39,503	–	–
Cash and bank balances	26	56,130,246	23,865,777	51,090,213	3,590,450
		137,548,759	128,110,622	143,218,356	38,696,464
Non-current assets classified as held for sale	15	–	70,351,551	–	70,364,880
<b>Total current assets</b>		<b>137,548,759</b>	<b>198,462,173</b>	<b>143,218,356</b>	<b>109,061,344</b>
<b>Total assets</b>		<b>269,656,270</b>	<b>294,885,715</b>	<b>167,269,361</b>	<b>139,071,235</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Issued capital	27(a)	160,191,549	160,191,549	160,191,549	160,191,549
Treasury shares	27(b)	(7,961)	(7,961)	(7,961)	(7,961)
Reserves	28	6,524,128	35,085,312	–	–
Retained earnings/ (Accumulated losses)	28	38,309,400	19,184,888	4,195,217	(55,699,847)
<b>Total equity</b>		<b>205,017,116</b>	<b>214,453,788</b>	<b>164,378,805</b>	<b>104,483,741</b>

64

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20  
19



Statements of Financial Position  
as of December 31, 2019  
(cont'd)

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Deferred and non-current liabilities</b>					
Borrowings	30	1,300,000	13,413,125	–	1,075,000
Lease liabilities	31	129,600	–	–	–
Deferred tax liabilities	12	180,825	–	–	–
<b>Total deferred and non-current liabilities</b>		<b>1,610,425</b>	<b>13,413,125</b>	<b>–</b>	<b>1,075,000</b>
<b>Current liabilities</b>					
Trade and other payables	32	41,904,727	28,585,570	–	–
Amount owing to subsidiaries	23	–	–	–	26,193,430
Borrowings	30	10,715,703	30,992,069	–	4,300,000
Lease liabilities	31	777,311	–	–	–
Current tax liabilities	12	546,506	565,252	–	–
Other liabilities - accrued expenses	33	6,562,526	4,353,955	368,600	497,108
Dividend payable		2,521,956	2,521,956	2,521,956	2,521,956
<b>Total current liabilities</b>		<b>63,028,729</b>	<b>67,018,802</b>	<b>2,890,556</b>	<b>33,512,494</b>
<b>Total liabilities</b>		<b>64,639,154</b>	<b>80,431,927</b>	<b>2,890,556</b>	<b>34,587,494</b>
<b>Total equity and liabilities</b>		<b>269,656,270</b>	<b>294,885,715</b>	<b>167,269,361</b>	<b>139,071,235</b>

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



# Statement of Changes in Equity

for the year ended December 31, 2019

The Group	Attributable to Owners of the Company						Net Equity RM
	Issued Capital RM	Treasury Shares RM	Non-distributable Reserves Translation Reserve RM (Note 40)	Reserves Capital Reserve RM	Distributable Reserve Retained Earnings RM		
<b>Balance as of January 1, 2018</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	-	-	-	-	(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	
Profit for the year	-	-	-	-	26,510,210	26,510,210	
Other comprehensive income for the year	-	-	(30,902,970)	-	-	(30,902,970)	
Total comprehensive income for the year	-	-	(30,902,970)	-	26,510,200	(4,392,760)	
Transfer to retained earnings	-	-	-	2,341,786	(2,341,786)	-	
Dividends	-	-	-	-	(5,043,912)	(5,043,912)	
<b>Balance as of December 31, 2019</b>	160,191,549	(7,961)	6,524,128	-	38,309,400	205,017,116	

Statement of Changes in Equity  
for the year ended December 31, 2019  
(cont'd)

The Company	← Attributable to Owners of the Company →					Net Equity RM
	Issued Capital RM	Treasury Shares RM	(Accumulated Losses) RM	Reserve Retained Earnings/ Losses) RM	Distributable	
<b>Balance as of January 1, 2018</b>	160,191,549	(7,961)	32,077,873	192,261,461		
Loss and total comprehensive loss for the year	—	—	(83,364,303)	(83,364,303)		
Dividends	—	—	(4,413,417)	(4,413,417)		
	Note 29					
<b>Balance as of December 31, 2018</b>	160,191,549	(7,961)	(55,699,847)	104,483,741		
Profit and total comprehensive income for the year	—	—	64,938,976	64,938,976		
Dividends	—	—	(5,043,912)	(5,043,912)		
	Note 29					
<b>Balance as of December 31, 2019</b>	160,191,549	(7,961)	4,195,217	164,378,805		

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

# Statement of Cash Flows

for the year ended December 31, 2019

The Group	Note	2019 RM	2018 RM
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES</b>			
Profit/(Loss) for the year		26,510,210	(52,085,134)
Adjustments for:			
Depreciation of property, plant and equipment		7,049,227	23,740,817
Tax expenses recognised in profit or loss		5,331,592	1,958,322
Impairment loss on goodwill		2,793,422	–
Finance costs		2,451,647	3,675,642
Inventories written down to net realisable value		1,798,600	7,139,303
Depreciation of right-of-use assets		784,474	–
Unrealised losses/(gains) on foreign exchange		335,081	(1,270,254)
Property, plant and equipment written off		119,079	432,284
Amortisation of prepaid lease payments		75,626	299,738
Prepaid lease payment written off		69,050	–
Gain on disposal of subsidiaries	39	(24,281,585)	–
Investment revenue recognised in profit or loss		(849,820)	(202,931)
Fair value gains on financial derivatives		(21,240)	(80,307)
Impairment loss on property, plant and equipment		–	41,174,719
Bad debts written off		–	3,638,176
Inventories written off		–	225,187
Loss on disposal of property, plant and equipment		–	21,724
Amortisation of deferred revenue		–	(498,697)
		22,165,363	28,168,589
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		10,952,944	24,036,821
Trade and other receivables		5,631,086	30,029,383
Other assets		(12,719)	20,592
Other financial assets		39,503	1,484,306
(Decrease)/Increase in:			
Trade and other payables		(1,326,245)	(32,722,218)
Other liabilities - accrued expenses		2,215,785	(2,570,934)
Cash Generated From Operations		39,665,717	48,446,539
Income tax refunded		3,605,361	–
Income tax paid		(4,055,890)	(4,438,876)
Interest income received		–	14,547
Net Cash From Operating Activities		39,215,188	44,022,210

Statement of Cash Flows  
for the year ended December 31, 2019  
(cont'd)

The Group	Note	2019 RM	2018 RM
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of subsidiaries	39	65,454,621	–
Interest received		849,820	188,384
Purchase of property, plant and equipment	36(a)	(31,190,046)	(18,895,071)
Bank balance charged to bank as security for banking facility		–	1,660,461
Proceeds from disposal of property, plant and equipment		–	945
Additions to prepaid lease payments		–	(1,724,976)
Net Cash From/(Used In) Investing Activities		35,114,395	(18,770,257)
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>FINANCING ACTIVITIES</b>			
Proceeds from term loans	36(b)	1,300,000	1,725,000
Proceeds from/(Repayment of) bankers' acceptances - net	36(b)	79,000	(40,000)
Repayment of term loans	36(b)	(27,003,125)	(13,503,750)
Dividend paid		(5,043,912)	(4,413,417)
(Repayment of)/Proceeds from bank overdraft	36(b)	(2,998,078)	4,018,788
Repayment of revolving credits - net	36(b)	(2,500,000)	(8,851,816)
Finance costs paid		(2,447,851)	(3,675,642)
Repayment of trust receipts	36(b)	(725,633)	(743,913)
Repayment of bills payable	36(b)	(849,000)	(2,076,147)
Repayment of lease liabilities		(787,302)	–
Net Cash Used In Financing Activities		(40,975,901)	(27,560,897)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		33,353,682	(2,308,944)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		23,707,129	26,119,712
Effect of exchange rate changes on the balance of cash held in foreign currencies		(1,396,558)	(103,639)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	36(c)	55,664,253	23,707,129



Statement of Cash Flows  
for the year ended December 31, 2019  
(cont'd)

The Company	Note	2019 RM	2018 RM
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES</b>			
Profit/(Loss) for the year		64,938,976	(83,364,303)
Adjustments for:			
Loss from disposal of subsidiaries	39	29,026,958	–
Impairment losses on investment in subsidiaries		5,958,886	84,881,122
Tax expenses recognised in profit or loss		119,000	–
Finance costs		100,510	287,507
Dividend income		(100,618,367)	–
Capital distribution from subsidiaries		(10,182)	(3,550,000)
Investment revenue recognised in profit or loss		(849,820)	(188,384)
Unrealised loss on foreign exchange		–	410,180
		(1,334,039)	(1,523,878)
Movements in working capital:			
Increase in other receivables		(282,364)	–
(Decrease)/Increase in other liabilities - accrued expenses		(128,508)	120,098
Cash Used In Operations		(1,744,911)	(1,403,780)
Income tax refunded		5,705	–
Income tax paid		(1,200)	(2,080)
Net Cash Used In Operating Activities		(1,740,406)	(1,405,860)
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of subsidiaries	39	70,868,655	–
Interest received		849,820	188,384
Advances granted to subsidiaries - net		(5,562,729)	(4,130,572)
Net Cash From/(Used In) Investing Activities		66,155,746	(3,942,188)
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>FINANCING ACTIVITIES</b>			
Advances (repayment to)/received from subsidiaries - net	36(b)	(6,396,155)	9,649,213
Repayment of term loans	36(b)	(5,375,000)	(4,300,000)
Dividends paid		(5,043,912)	(4,413,417)
Finance costs paid		(100,510)	(450,805)
Net Cash (Used in)/From Financing Activities		(16,915,577)	484,991
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		47,499,763	(4,863,057)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		3,590,450	8,453,507
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	36(c)	51,090,213	3,590,450

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 19.

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

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, Malaysia.

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 20 May 2020.

## 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 requirements of the Companies Act, 2016 in Malaysia.

### (a) Adoption of new and amendments to MFRSs and Interpretation

In the current year, the Group and the Company adopted all of the new and amendments to MFRSs and Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as discussed below:

#### Impact of initial application of MFRS 16 Leases

In the current year, the Group and the Company applied MFRS 16 Leases that is effective for annual periods that begin on or after January 1, 2019.

MFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3.

The date of initial application of MFRS 16 for the Group and the Company is January 1, 2019.

71

20  
19



## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (a) Adoption of new and amendments to MFRSs and Interpretation (Cont'd)

#### Impact of initial application of MFRS 16 Leases (Cont'd)

The Group and the Company have applied MFRS 16 using the cumulative catch-up approach which:

- Requires the Group and the Company to recognise the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application, if there is a difference between the assets and liabilities recognised.
- Does not permit restatement of comparatives, which continue to be presented under MFRS 117 and IC Interpretation 4 *Determining whether an Arrangement contains a Lease*.

#### (i) Impact of the new definition of a lease

The Group and the Company have made use of the practical expedient available on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 will continue to be applied to those leases entered or changed before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. MFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in MFRS 117.

The Group and the Company apply the definition of a lease and related guidance set out in MFRS 16 to all lease contracts entered into or changed on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract).

#### (ii) Impact on Lessee Accounting

##### (1) Former operating leases

MFRS 16 changes how the Group and the Company account for leases previously classified as operating leases under MFRS 117, which were off statements of financial position.

Applying MFRS 16, for all leases (except as noted below), the Group and the Company:

- a) Recognise right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with MFRS 16:C8(b)(ii);
- b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the statements of profit or loss;
- c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statements of cash flows.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (a) Adoption of new and amendments to MFRSs and Interpretation (Cont'd)

#### (ii) Impact on Lessee Accounting (Cont'd)

##### (1) Former operating leases (Cont'd)

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under MFRS 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under MFRS 16, right-of-use assets are tested for impairment in accordance with MFRS 136.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group and the Company have opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is presented within 'other operating expenses' in the statements of profit or loss.

The Group and the Company have used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying MFRS 117.

- The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for which the lease term ends within 12 months, as of the date of initial application.
- The Group and the Company have used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

##### (2) Former finance leases

For leases that were classified as finance leases applying MFRS 117, the carrying amount of the leased assets and obligations under finance leases measured applying MFRS 117 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group and the Company have elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying MFRS 16 from January 1, 2019.

#### (iii) Impact on Lessor Accounting

MFRS 16 does not change substantially how a lessor accounts for leases. Under MFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

**(a) Adoption of new and amendments to MFRSs and Interpretation (Cont'd)**

**(iv) Financial impact of initial application of MFRS 16**

The directors of the Group and of the Company have assessed the application of MFRS 16 and noted that there was no impact on the financial statements of the Group and of the Company on initial application except as discussed below:

**The Group**

**Statements of financial position - January 1, 2019**

	<b>Impact of change in accounting policies</b>		
	<b>As previously reported RM</b>	<b>MFRS 16 adjustments RM</b>	<b>After adjustments RM</b>
<b>Impact to non-current assets:</b>			
Right-of-use assets	–	1,732,765	1,732,765
<b>Impact to current liabilities:</b>			
Finance lease payables	–	825,854	825,854
<b>Impact to non-current liabilities:</b>			
Finance lease payables	–	906,911	906,911

The operating lease commitments as at December 31, 2018 is reconciled to arrive at the lease liabilities as of January 1, 2019 as follows:

	<b>The Group RM</b>
Operating lease commitments disclosed as of December 31, 2018	509,176
Discounted using the lessee's incremental borrowing rate at the date of initial application	504,284
Add: extension options reasonably certain to be exercised	1,228,481
Lease liabilities recognised as of January 1, 2019	1,732,765

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### (b) 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, 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 new and amendments to MFRSs 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:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards <sup>1</sup>
Amendments to MFRS 3	Definition of a Business <sup>1</sup>
Amendments to MFRS 101 and 108	Definition of Material <sup>1</sup>
Amendments to MFRS 9, 139 and 7	Interest Rate Benchmark Reform <sup>1</sup>
MFRS 17	Insurance Contracts <sup>2</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current <sup>3</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>

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

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

On March 17, 2020, the International Accounting Standards Board (“IASB”) had deferred the effective date of IFRS 17 to annual reporting periods beginning on or after January 1, 2023. The Board also decided to extend the exemption currently in place for some insurers regarding the application of IFRS 9 *Financial Instruments* to enable them to implement both IFRS 9 and IFRS 17 at the same time. The IASB expects to issue the amendments to IFRS 17 in the second quarter of 2020.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2022, 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 and the Company 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 16, 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Basis of Accounting (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 and its subsidiaries:

- 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.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Subsidiaries and Basis of Consolidation (Cont'd)

##### *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 a 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 9 *Financial Instruments* 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.

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.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Business Combinations (Cont'd)

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 a 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.

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

##### Contract with customers

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Revenue Recognition (Cont'd)

##### *Contract with customers (Cont'd)*

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.

##### *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.

##### *Dividend income*

Dividend income is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

#### 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.

### 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.

### 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.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Taxation (Cont'd)

##### *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.

The annual depreciation rates are as follows:

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

The estimated useful lives, residual values 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.

##### **Leases**

The Group has applied MFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under MFRS 117. The details of accounting policies under both MFRS 117 and MFRS 16 are presented separately below.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Leases (Cont'd)

##### *Policies applicable from January 1, 2019*

##### *The Group as a lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense 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 assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or a rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Leases (Cont'd)

##### *Policies applicable from January 1, 2019 (Cont'd)*

##### *The Group as a lessee (Cont'd)*

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets, including prepaid leased payments, are presented as a separate line in the statements of financial position. Leasehold land that normally has an indefinite economic life and where the title is not expected to pass to the lessee by the end of the lease period is treated as an operating lease. The payments made on entering into or acquiring a leasehold interest represents right-of-use of the said asset and 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 values.

Prepaid lease payments on leasehold land is stated at surrogated cost less accumulated amortisation and accumulated impairment losses, if any. Long-term and short-term leasehold land are amortised evenly over the lease terms ranging from 53 to 99 years.

The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy'.

Variable rents that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'other operating expenses' in the statements of profit or loss.

##### *The Group as a lessor*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Leases (Cont'd)

##### *Policies applicable prior to January 1, 2019*

#### (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.

#### (iii) 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.



### 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 assets, 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.

### 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 Classified as 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 amounts and fair values 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.

#### 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 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 fair value through profit or loss ("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.

#### Financial assets

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 fair value through other comprehensive income ("FVTOCI").

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 expected credit losses ("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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Financial assets (Cont'd)

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

(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 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 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.

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 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Financial assets (Cont'd)

##### (iii) *Impairment of financial assets (Cont'd)*

###### (b) *Measurement and recognition of ECL (Cont'd)*

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 profit or loss for all financial assets with a corresponding adjustment to their carrying amounts through a loss allowance account.

##### (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 interests 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 profit or loss.

#### Financial liabilities and equity instruments

##### (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 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Financial liabilities and equity instruments (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 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 derecognise 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 profit or loss.

When the Group and the Company exchange 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 account 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 profit or loss as the modification gain 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Derivative financial instruments (Cont'd)

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.

#### 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 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 there is no indication of impairment.

##### (ii) 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.



**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**

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

(iii) 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.

(iv) Impairment of investment in subsidiaries

Impairment exist when the carrying value of the investment in subsidiaries exceed its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Company holds unquoted shares in subsidiaries that are not traded in an active market. The Company performs an impairment indicator assessment annually for signs of impairment of its investment in subsidiaries. If there are signs of impairment, the recoverable amount (equity value of the investment) will be estimated.

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

### 5. REVENUE

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Sale of manufactured products	211,510,465	198,407,537	–	–
Sale of trading products	7,132,807	6,827,691	–	–
Dividend income	–	–	58,500,000	–
	218,643,272	205,235,228	58,500,000	–

### 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 disposal of both the Group's manufacturing plant in China, disclosed as discontinued operations since the previous financial year, was completed on August 26, 2019. Revenue generated by marketing arm of 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.

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

### 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 2019	Malaysia RM	Hong Kong RM	Europe RM	Eliminations RM	Total RM
<b>Revenue</b>	278,608,976	–	85,985,109	(145,950,813)	218,643,272
<b>Results</b>					
Segment results from continuing operations	75,871,963	–	1,688,777	(60,251,582)	17,309,158
Investment revenue					849,820
Finance costs					(2,413,988)
Profit before tax (continuing operations)					15,744,990
Tax expense					(4,391,165)
Profit for the year from continuing operations					11,353,825
Profit for the year from discontinued operations					15,156,385
Profit for the year					26,510,210
<b>Assets</b>					
Segment assets	225,883,831	128,865	42,398,165	–	268,410,861
Unallocated corporate assets					1,245,409
Consolidated total assets					269,656,270
<b>Liabilities</b>					
Segment liabilities	47,776,827	22,937	4,096,356	–	51,896,120
Unallocated corporate liabilities					12,743,034
Consolidated total liabilities					64,639,154
<b>Other Information (continuing operations)</b>					
Capital expenditure	46,003,029	–	50,465	–	46,053,494
Depreciation and amortisation charges	6,886,619	–	1,022,708	–	7,909,327
Inventories written down to net realisable value	1,798,600	–	–	–	1,798,600

Notes to the Financial Statements  
(cont'd)

6. SEGMENT REPORTING (CONT'D)

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 for the year					(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)

### 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 20; 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>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Europe	118,214,265	99,074,416
Asia	44,347,110	57,815,850
North and South America	34,926,762	27,251,968
Rest of the world	21,155,135	21,092,994
	218,643,272	205,235,228

Revenues of approximately RM46,231,396 (2018: RM43,258,144) 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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Continuing operations</b>				
Interest income from:				
Fixed deposits	849,820	188,384	849,820	188,384
Advances to subsidiaries (Note 23)	–	–	59,523	163,299
	849,820	188,384	909,343	351,683
Less: Set off against finance costs (Note 11)	–	–	(59,523)	(163,299)
	849,820	188,384	849,820	188,384

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Financial assets measured at amortised cost	849,820	188,384	909,343	351,683

Notes to the Financial Statements  
(cont'd)

8. OTHER GAINS AND LOSSES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Continuing operations</b>				
Realised gains on foreign exchange	137,867	2,293,079	–	–
Fair value gains on financial derivatives designated as at FVTPL	21,240	39,503	–	–
Capital distribution from a subsidiary	10,182	–	10,182	3,550,000
Unrealised losses on foreign exchange	(335,081)	(585,924)	–	(410,180)
Loss on deconsolidation of a subsidiary	–	(32,484)	–	–
	(165,792)	1,714,174	10,182	3,139,820

9. DIRECTORS' REMUNERATION AND EMPLOYEE BENEFIT EXPENSES

Included in other employee benefit expenses are the following:

Continuing operations	The Group	
	2019 RM	2018 RM
Statutory contributions	1,814,126	1,583,649
Rental of hostel	216,000	82,800

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

Continuing operations	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive directors of the Company:				
Salaries, allowances and bonuses	848,395	551,170	–	–
Statutory contributions	93,805	61,338	–	–
	942,200	612,508	–	–
Executive directors of the subsidiaries:				
Salaries and bonuses	1,162,185	1,209,149	–	–
Statutory contributions	119,036	139,833	–	–
	1,281,221	1,348,982	–	–
Non-executive directors:				
Fees	254,100	212,608	254,100	212,608
	2,477,521	2,174,098	254,100	212,608

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM2,400 (2018: RM3,600).



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

### 9. DIRECTORS' REMUNERATION AND EMPLOYEE BENEFIT EXPENSES (CONT'D)

#### *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.

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>2019 RM</b>	<b>2018 RM</b>
Short-term employee benefits	1,144,841	795,497
Statutory contributions	124,849	91,656
	1,269,690	887,153

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 RM4,800 (2018: RM3,000).

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

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

<b>Continuing operations</b>	<b>The Group</b>		<b>The Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
Scrap sales	40,322	-	-	-
Amortisation of deferred revenue	-	10,711	-	-
Auditors' remuneration	(275,680)	(255,869)	(89,500)	(84,500)
Rental of:				
Premises	(138,200)	(884,401)	-	-
Pallet	(67,129)	(63,002)	-	-
Motor vehicle	-	(43,549)	-	-
Office equipment	-	(2,778)	-	-
Prepaid lease payments written off	(69,050)	-	-	-
Bad debts written off	-	(1,205)	-	-
Property, plant and equipment written off	-	(920)	-	-

Notes to the Financial Statements  
(cont'd)

11. FINANCE COSTS

Continuing operations	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interests on:				
Term loans	1,155,288	2,014,272	159,207	450,178
Bills payable	276,577	291,997	–	–
Revolving credits	223,572	254,042	–	–
Bank overdrafts	144,895	192,383	–	–
Trust receipts	67,670	34,712	–	–
Lease liabilities	3,796	–	–	–
Bank charges and commitment fees	542,190	356,931	826	628
Total interest expense for financial liabilities that are not designated as at FVTPL	2,413,988	3,144,337	160,033	450,806
Less: Set off against investment revenue (Note 7)	–	–	(59,523)	(163,299)
	2,413,988	3,144,337	100,510	287,507

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.



Notes to the Financial Statements  
(cont'd)

12. TAX EXPENSES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Tax expenses comprise:				
Current income tax expense:				
Malaysian	2,687,456	1,575,105	119,000	–
Foreign	367,212	219,559	–	–
Adjustment recognised in the current year in relation to the income tax of prior years	8,600	(63,924)	–	–
	3,063,268	1,730,740	119,000	–
Deferred tax relating to origination and reversal of temporary differences:				
Current year:				
Malaysian	1,390,411	94,974	–	–
Adjustment recognised in the current year in relation to the deferred tax of prior years	(62,514)	(370,000)	–	–
	1,327,897	(275,026)	–	–
Total tax expense relating to continuing operations	4,391,165	1,455,714	119,000	–
Total tax expense relating to discontinued operations (Note 14)	940,427	502,608	–	–
<b>Total tax expense</b>	<b>5,331,592</b>	<b>1,958,322</b>	<b>119,000</b>	<b>–</b>

Notes to the Financial Statements  
(cont'd)

**12. TAX EXPENSES (CONT'D)**

Malaysian income tax rate remained at 24% (2018: 24%) for the year of assessment 2019 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before tax:				
Continuing operations	15,744,990	10,140,268	57,963,088	(1,876,416)
Discontinued operations (Note 14)	16,096,812	(60,267,080)	7,094,888	(81,487,887)
	<b>31,841,802</b>	<b>(50,126,812)</b>	<b>65,057,976</b>	<b>(83,364,303)</b>
Tax/(Loss) calculated at 24% (2018: 24%)	7,642,000	(12,030,400)	15,614,000	(20,000,000)
Tax effects of:				
Expenses that are not deductible in determining taxable profit	1,880,371	3,833,092	8,653,000	20,000,000
Income that is not taxable in determining taxable profit	(3,602,300)	(407,000)	(24,148,000)	-
Incentive for increase in export utilised	(500,000)	(1,301,000)	-	-
Unutilised tax losses and unabsorbed tax capital allowances not recognised as deferred tax assets	-	12,148,000	-	-
Effect of different tax rates in other jurisdictions	(24,000)	(74,000)	-	-
	<b>5,396,071</b>	<b>2,168,692</b>	<b>119,000</b>	<b>-</b>
Adjustment recognised in the current year in relation to the income tax of prior years	(1,965)	159,630	-	-
Adjustment recognised in the current year in relation to the deferred tax of prior years	(62,514)	(370,000)	-	-
Tax expenses recognised in profit or loss	<b>5,331,592</b>	<b>1,958,322</b>	<b>119,000</b>	<b>-</b>

Notes to the Financial Statements  
(cont'd)

12. TAX EXPENSES (CONT'D)

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Current tax assets</b>				
Tax refund receivables	644,900	4,213,935	96,117	219,622
<b>Current tax liabilities</b>				
Income tax payables	546,506	565,252	-	-

**Deferred tax balances**

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

	The Group	
	2019 RM	2018 RM
Deferred tax assets	600,509	1,747,586
Deferred tax liabilities	(180,825)	-
	419,684	1,747,586

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

	As of January 1 RM	Recognised in profit or loss RM	Net foreign currency exchange differences RM	As of December 31 RM
<b>The Group</b>				
<b>2019</b>				
<b>Deferred tax (liabilities)/assets</b>				
Property, plant and equipment	(2,624,795)	(2,105,486)	(5)	(4,730,286)
Unrealised gain on inventories	282,381	22,589	-	304,970
Changes in fair value of derivative	(10,000)	8,000	-	(2,000)
Unrealised exchange differences on receivables	23,000	79,000	-	102,000
Unutilised tax losses and unabsorbed tax capital allowances	(264,000)	209,000	-	(55,000)
Incentive for increase in export	4,341,000	459,000	-	4,800,000
	1,747,586	(1,327,897)	(5)	419,684

Notes to the Financial Statements  
(cont'd)

12. TAX EXPENSES (CONT'D)

	As of January 1 RM	Recognised in profit or loss RM	Net foreign currency exchange differences RM	As of December 31 RM
<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 Unrealised exchange differences	(363,718)	345,264	8,454	(10,000)
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
	1,181,638	557,700	8,248	1,747,586

As of December 31, 2019, 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>2019 RM</b>	<b>2018 RM</b>
Temporary differences arising from property, plant and equipment	-	288,000

Notes to the Financial Statements  
(cont'd)

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

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

<b>Basic and Diluted</b>	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
From continuing operations (sen)	4.50	3.44
From discontinued operations (sen)	6.01	(24.09)
<b>Total basic and diluted earnings/(loss) per share (sen)</b>	<b>10.51</b>	<b>(20.65)</b>

	<b>The Group</b>	
	<b>2019 RM</b>	<b>2018 RM</b>
Profit/(Loss) for the year attributable to owners of the Company	26,510,210	(52,085,134)
(Profit)/Loss for the year from discontinued operations used in the calculation of basic earnings/(loss) per share from discontinued operations	(15,156,385)	60,769,688
<b>Earnings used in the calculation of basic earnings per share from continuing operations</b>	<b>11,353,825</b>	<b>8,684,554</b>

	<b>2019 Shares</b>	<b>2018 Shares</b>
Number of ordinary shares in issue as of January 1 and December 31	252,205,617	252,205,617
Number of Treasury Shares repurchased as of January 1 and December 31	(10,000)	(10,000)
<b>Number of ordinary shares in issue/Weighted average number of ordinary shares in issue</b>	<b>252,195,617</b>	<b>252,195,617</b>

Notes to the Financial Statements  
(cont'd)

14. DISCONTINUED OPERATIONS

**Disposal of China manufacturing plant**

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 plant 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 was completed on August 26, 2019.

**Analysis of profit/(loss) for the year from discontinued operations**

The results of the discontinued operations which have been included in the profit/(loss) for the year as set out below:

	The Group	
	2019 RM	2018 RM
<b>Profit/(Loss) for the year from discontinued operations</b>		
Revenue	10,330,645	158,022,943
Other gains and losses	(861,178)	(352,470)
Other operating income	261,085	568,509
Changes in inventories of finished goods	–	(6,779,933)
Purchase of finished goods	(6,179,340)	(3,505,684)
Raw materials and consumables used	–	(95,482,566)
Depreciation of property, plant and equipment	–	(11,782,601)
Impairment loss on property, plant and equipment (Note 16)	–	(41,174,719)
Amortisation of prepaid lease payment	–	(246,776)
Directors' remuneration	–	(188,774)
Employee benefit expenses	–	(30,047,079)
Finance costs	(37,659)	(531,305)
Other operating expenses	(11,698,326)	(28,766,625)
	(8,184,773)	(60,267,080)
Gain on disposal of operation including a cumulative exchange gain of RM27,606,224 reclassified from translation reserve to profit or loss (Note 39)	24,281,585	–
Profit/(Loss) before tax	16,096,812	(60,267,080)
Tax expense (Note 12)	(940,427)	(502,608)
Profit/(Loss) for the year from discontinued operations (attributable to owners of the Company)	15,156,385	(60,769,688)

Notes to the Financial Statements  
(cont'd)

**14. DISCONTINUED OPERATIONS (CONT'D)**

	<b>The Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Dividend income	42,118,367	–
Loss on disposal of subsidiaries (Note 39)	(29,026,958)	–
Impairment losses on investment in subsidiaries	(5,958,886)	(81,487,887)
Realised gains on foreign exchange	432,047	–
Other operating expenses	(469,682)	–
<b>Profit for the year from discontinued operations (attributable to owners of the Company)</b>	<b>7,094,888</b>	<b>(81,487,887)</b>

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from/(used in) discontinued operations</b>		
Net cash inflows from operating activities	3,300,793	28,589,323
Net cash outflows used in investing activities	–	(8,567,350)
Net cash outflows used in financing activities	(29,944)	(8,969,220)
<b>Net cash inflows</b>	<b>3,270,849</b>	<b>11,052,753</b>

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

<b>Discontinued operations</b>	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Property, plant and equipment written off	(119,079)	–
Auditors' remuneration	(20,073)	(366,431)
Unrealised gains on foreign exchange	–	1,856,178
Fair value gains on financial derivatives	–	40,804
Inventories written down to net realisable value	–	(4,279,143)
Bad debts written off	–	(3,638,176)
Inventories written off	–	(255,187)

Notes to the Financial Statements  
(cont'd)

15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	<b>The Group</b>	
	<b>2019 RM</b>	<b>2018 RM</b>
Property, plant and equipment (Note 16)	58,025,619	58,025,619
Prepaid lease payment (Note 17)	12,325,932	12,325,932
	70,351,551	70,351,551
Net foreign currency exchange differences	(1,572,291)	–
Disposed of during the financial year (Note 39)	(68,779,260)	–
	–	70,351,551
	<b>The Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>
Investment in subsidiaries:		
Unquoted shares outside Malaysia, at cost (Note 19)	70,364,880	70,364,880
Additional capital contributions arising from waiver of debts	29,530,733	–
Disposed of during the financial year (Note 39)	(99,895,613)	–
	–	70,364,880



Notes to the Financial Statements  
(cont'd)

16. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM	Factory buildings RM	Plant and machinery RM	Factory, auxiliary equipment, and office furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
<b>Cost</b>								
As of January 1, 2018	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 offs	-	-	(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
Additions	-	141,079	2,474,644	493,133	1,180	177,500	42,765,958	46,053,494
Disposals	-	-	-	-	-	-	-	-
Write offs	-	-	-	(2,391,115)	-	(837,931)	(11,822,691)	(15,051,737)
Reclassification	-	1,174,720	3,955,484	-	-	-	(5,130,204)	-
Net foreign currency exchange differences	-	-	-	(41,581)	-	-	-	(41,581)
As of December 31, 2019	3,545,041	34,502,727	194,160,045	17,158,220	1,896,028	2,104,475	41,146,500	294,513,036

Notes to the Financial Statements  
(cont'd)

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, 2018	-	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 offs	-	-	(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
Charge for the year	-	558,210	5,409,672	858,414	94,757	128,174	-	7,049,227
Disposals	-	-	-	-	-	-	-	-
Write offs	-	-	-	(2,391,114)	-	(732,182)	(11,809,362)	(14,932,658)
Net foreign currency exchange differences	-	-	-	(19,580)	-	-	-	(19,580)
As of December 31, 2019	-	17,292,073	136,975,288	12,308,962	618,453	1,610,585	-	168,805,361
<b>Carrying amount</b>								
As of December 31, 2019	3,545,041	17,210,654	57,184,757	4,849,258	1,277,575	493,890	41,146,500	125,707,675
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

Factory buildings of the Group with carrying amount of RM12,786,305 (2018: RM1,794,249) are charged to a licensed bank for facilities granted to a subsidiary as disclosed in Note 30.

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, 2018	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
Write offs	(88,275)	–	(88,275)
As of December 31, 2019	4,070,926	1,474,383	5,545,309
<b>Accumulated amortisation</b>			
As of January 1, 2018	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
Amortisation for the year	47,807	27,819	75,626
Write offs	(19,225)	–	(19,225)
As of December 31, 2019	131,151	520,788	651,939
<b>Carrying amount</b>			
As of December 31, 2019	3,939,775	953,595	4,893,370
As of December 31, 2018	4,056,632	981,414	5,038,046

Long-term and short-term leasehold land of the Group with carrying amount of RM3,742,969 and RM953,595 (2018: RM3,857,232 and RM981,414) respectively are charged to licensed banks for facilities granted to the Group as disclosed in Note 30.

Notes to the Financial Statements  
(cont'd)

**18. RIGHT-OF-USE ASSETS**

<b>The Group</b>	<b>Warehouse RM</b>
<b>Cost</b>	
As of January 1, 2019	–
Arising from application of MFRS 16, Leases	1,732,765
Net foreign currency exchange differences	(50,276)
<hr/>	
As of December 31, 2019	1,682,489
<b>Accumulated depreciation</b>	
As of January 1, 2019	–
Charge during the year	784,474
Net foreign currency exchange differences	(7,942)
<hr/>	
As of December 31, 2019	776,532
<b>Carrying amount</b>	
As of December 31, 2019	905,957

The average lease term of the right-of use assets is 3 years. The maturity analysis of lease liabilities is disclose in Note 31.

	<b>2019 RM</b>	<b>2018 RM</b>
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	784,474	–
Interest expense on lease liabilities (Note 11)	3,796	–

The total cash outflow from lease amounted to RM787,302 (2018: Nil).

Notes to the Financial Statements  
(cont'd)

**19. INVESTMENT IN SUBSIDIARIES**

<b>The Company</b>	<b>2019 RM</b>	<b>2018 RM</b>
Unquoted shares, at cost:		
In Malaysia	23,959,867	27,353,102
Outside Malaysia	6,050,024	157,902,791
	30,009,891	185,255,893
Reclassified as held for sale:		
Unquoted shares outside Malaysia, at cost (Note 15)	–	(151,852,767)
Net	30,009,891	33,403,126
<b>Accumulated impairment losses</b>		
At beginning of year	3,393,235	–
Additions	5,958,886	84,881,122
Reversal	(3,393,235)	–
Reclassified as held for sale (Note 15)	–	(81,487,887)
At end of year	5,958,886	3,393,235
<b>Carrying amount</b>	<b>24,051,005</b>	<b>30,009,891</b>

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>2019 %</b>	<b>2018 %</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	Under Members' Voluntary Winding-up. Completed on September 12, 2019.
Diamond Grip (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of industrial rubber gloves.
Pioneer Vantage Limited**	Hong Kong	–	100	Investment holding.
Rubberex (Hong Kong) Limited * +	Hong Kong	100	100	Trading of gloves and other latex products. Ceased operations on November 30, 2019.

Notes to the Financial Statements  
(cont'd)

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2019 %	2018 %	
<b>Direct subsidiaries (Cont'd)</b>				
Lifestyle Investment (Hong Kong) Limited* <sup>@</sup>	Hong Kong	–	100	Investment holding.
<b>Held through Rubberex (M) Sdn. Berhad</b>				
Rubberex Marketing (M) Sdn. Bhd. <sup>&amp;</sup>	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>Held through Diamond Grip (M) Sdn. Bhd.</b>				
Rubberex Alliance Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of disposable gloves.
<b>Held through Pioneer Vantage Limited</b>				
LPL (Hui Zhou) Glove Co. Limited <sup>^</sup>	People's Republic of China	–	100	Manufacturing and sale of industrial and disposable gloves.
<b>Held through Lifestyle Investment (Hong Kong) Limited</b>				
Lifestyle Safety Products (Hui Zhou) Co. Limited <sup>^</sup>	People's Republic of China	–	100	Manufacturing and sale of disposable gloves.

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

<sup>^</sup> 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 has completed the winding-up process on September 12, 2019. The cost of investment and provision for impairment loss of RM3,393,235 were written off during the financial year.

<sup>@</sup> 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 interests in Pioneer Vantage Limited and Lifestyle Investment (Hong Kong) Limited for a total consideration of HKD135.0 million (equivalent to RM71.3 million). The transaction has completed on August 26, 2019.

<sup>&</sup> On January 9, 2020, the Company commenced Members' Voluntary Winding-up.

<sup>+</sup> The Company ceased operations on November 30, 2019 and had applied for de-registration. As of the end of the financial year, the de-registration process is still on-going. An impairment loss of RM5,958,886 has been recognised during the financial year.



Notes to the Financial Statements  
(cont'd)

**19. 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	
		2019	2018
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
Investment holding	Hong Kong	–	2
Trading of gloves and other latex products	Hong Kong	1	1
Trading of gloves, household items, kitchen items and personal protective products	Spain	1	1
Dormant	Malaysia	1	2
		6	11

**20. GOODWILL ON CONSOLIDATION**

	The Group	
	2019 RM	2018 RM
Cost:		
At beginning of year	2,793,422	2,793,422
Impairment loss	(2,793,422)	–
At end of year	–	2,793,422

Notes to the Financial Statements  
(cont'd)

**20. GOODWILL ON CONSOLIDATION (CONT'D)**

**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. ("DGSB").

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 2020 to 2024. The following key assumptions are used to generate the financial forecast:

	2019	2018
Sales volume	Decline 30% - 40%	Consistent with prior year
Inflation rate	2.08% per annum	2.10% per annum
Discount rate	12.00%	11.00%

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. Moving forward, the directors believe that the change in the Group's direction to focus on nitrile disposable gloves would likely cause decline in the sales of industrial gloves produced by DGSB.

Based on impairment assessment, the carrying amount of CGU, including goodwill on consolidation allocated, has exceeded its recoverable amount. As a result, goodwill on consolidation was fully impaired during the current financial year.

**21. INVENTORIES**

	The Group	
	2019 RM	2018 RM
Finished and trading goods	31,297,006	43,470,738
Raw materials	9,633,702	9,734,434
Packing materials	1,999,507	2,659,327
Parts and consumables	27,515	401,663
	<hr/>	<hr/>
	42,957,730	56,266,162

The cost of inventories for continuing operations recognised as an expense during the year was RM182,151,925 (2018: RM178,938,047).

Included in cost of inventories recognised are the following expense:

	The Group	
	2019 RM	2018 RM
Finished and trading goods written down to net realisable value	(1,798,600)	(2,860,160)





Notes to the Financial Statements  
(cont'd)

**22. TRADE AND OTHER RECEIVABLES**

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables	34,844,446	38,567,110	-	-
Other receivables	1,422,139	1,596,568	282,364	-
Taxes receivable	310,712	2,350,471	-	-
	36,577,297	42,514,149	282,364	-

The currency profile of trade and other receivables is as follows:

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Euro	17,526,176	1,664,952	-	-
United States Dollar	16,159,818	34,893,420	-	-
Ringgit Malaysia	2,891,303	2,801,948	282,364	-
Chinese Renminbi	-	2,801,166	-	-
Swiss Franc	-	352,663	-	-
	36,577,297	42,514,149	282,364	-

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted on sale of goods ranged from 10 to 180 days (2018: 10 to 180 days). No interest is charged on overdue outstanding trade receivables.

The Group applies 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. Subsequent to the financial year-end, management had taken appropriate procedures to tighten the credit controls in order to mitigate any risk of non-collection due from the Covid-19 outbreak as disclosed in Note 41.

In 2018, other receivables of the Group comprised mainly advance payments of RM98,515 to suppliers for purchase of raw materials and property, plant and equipment.

Movement in the loss allowance is as follows:

	The Group	
	2019 RM	2018 RM
Balance at January 1	-	2,046
Amount written off	-	(2,046)
Balance at December 31	-	-

Notes to the Financial Statements  
(cont'd)

**22. TRADE AND OTHER RECEIVABLES (CONT'D)**

Included in trade receivables of the Group are receivables with total carrying amount of RM12,146,133 (2018: RM7,100,363) 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>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Number of days past due:		
1 - 30 days	10,378,180	6,001,444
31 - 60 days	1,348,774	432,410
61 - 90 days	143,994	58,498
91 - 120 days	51,258	211,671
More than 120 days	223,927	396,340
	12,146,133	7,100,363

**23. 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 5.63% to 5.88% (2018: 5.26% to 5.86%) 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>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	91,748,662	32,810,000
Hong Kong Dollar	-	2,075,392
	91,748,662	34,885,392



Notes to the Financial Statements  
(cont'd)

**23. RELATED PARTY TRANSACTIONS (CONT'D)**

The currency profile of amount owing to subsidiaries is as follows:

	<b>The Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>
Ringgit Malaysia	–	19,797,275
Hong Kong Dollar	–	6,396,155
	–	26,193,430

During the financial year, transactions undertaken by the Company with its subsidiaries are as follows:

	<b>2019 RM</b>	<b>2018 RM</b>
Dividend receivable		
- continuing operations	58,500,000	–
- discontinued operations	42,118,367	–
Advances granted - net	(58,921,477)	(5,518,641)
Waiver of debts	(56,817,473)	–
Capital distribution from a subsidiary	10,182	3,550,000
Interest on advances received/receivable (Note 7)	59,523	163,299

The transactions with subsidiaries are aggregated as these transactions are similar in nature.

**24. OTHER ASSETS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
Refundable deposits	1,069,323	1,050,928	1,000	1,000
Prepaid expenses	148,023	160,168	–	–
	1,217,346	1,211,096	1,000	1,000

**25. OTHER FINANCIAL ASSETS**

	<b>The Group</b>	
	<b>2019 RM</b>	<b>2018 RM</b>
Derivatives carried at FVTPL		
- foreign currency forward contracts	21,240	39,503

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.

Notes to the Financial Statements  
(cont'd)

**26. CASH AND BANK BALANCES**

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fixed deposits with licensed banks	50,900,000	3,100,000	50,900,000	3,100,000
Cash and bank balances	5,230,246	20,765,777	190,213	490,450
	56,130,246	23,865,777	51,090,213	3,590,450

The fixed deposits of the Group and of the Company have an average maturity of 3 months (2018: 1.5 months) with average effective interest rate of 3.34% (2018: 3.60%) per annum.

The currency profile of cash and bank balances is as follows:

	The Group	
	2019 RM	2018 RM
Ringgit Malaysia	51,818,676	5,578,455
Euro	4,028,531	5,783,588
United States Dollar	197,366	7,942,141
Hong Kong Dollar	85,673	1,939,578
Chinese Renminbi	–	2,622,015
	56,130,246	23,865,777

Cash and bank balances of the Company are denominated in Ringgit Malaysia.

**27. SHARE CAPITAL AND TREASURY SHARES**

**(a) Share Capital**

	The Group and The Company			
	2019 Number of ordinary shares	2018 Number of ordinary shares	2019 RM	2018 RM
<b>Issued and fully paid:</b>				
Ordinary shares	252,205,617	252,205,617	160,191,549	160,191,549

**(b) Treasury Shares**

	The Group and The Company			
	2019 Number of ordinary shares	2018 Number of ordinary shares	2019 RM	2018 RM
Ordinary shares	10,000	10,000	7,961	7,961



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

### 27. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

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

As of December 31, 2019, the number of ordinary shares in issue and fully paid after excluding the Treasury Shares was 252,195,617 (2018: 252,195,617).

### 28. RESERVES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Non-distributable reserves:</b>				
Translation reserve	6,524,128	37,427,098	–	–
Capital reserve	–	(2,341,786)	–	–
	6,524,128	35,085,312	–	–
<b>Distributable reserve:</b>				
Retained earnings/ (Accumulated losses)	38,309,400	19,184,888	4,195,217	(55,699,847)

#### Retained earnings

The entire retained earnings of the Company as of December 31, 2019 is available for distribution as tax-exempt dividends to the shareholders of the Company.

#### 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 profit or loss, in the period in which the foreign subsidiaries are disposed of.

#### Capital reserve

In 2018, capital reserve included 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 constituted a capital transaction with owners, and the excess of purchase consideration over share of net assets was therefore recorded as a capital reserve.

Subsequent changes in the ownership interests in the subsidiaries that do not result in a loss of control were also adjusted in capital reserve. Any differences between the amount by which the non-controlling interest was adjusted and the fair value of the consideration paid or received was recognised directly in capital reserve and attributed to the owners of the Company (controlling entity).

Included also in capital reserve was 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.

Notes to the Financial Statements  
(cont'd)

29. DIVIDENDS

	← The Group and The Company →			
	2019 RM	2018 RM	Net dividend per share 2019 sen	2018 sen
First interim dividend - 1.00 sen per share, single-tier (2018: 0.75 sen per share, single-tier)	2,521,956	1,891,461	1.00	0.75
Second interim dividend - 1.00 sen per share, single-tier (2018: 1.00 sen per share, single-tier)	2,521,956	2,521,956	1.00	1.00
	5,043,912	4,413,417	2.00	1.75

A first interim dividend of 1.00 sen per ordinary share, single-tier, amounting to RM2,521,956, computed based on the total number of issued shares of 252,205,617 ordinary shares, less treasury shares of 10,000 held by the Company, was declared on July 25, 2019 and paid on September 18, 2019.

A second interim dividend of 1.00 sen per ordinary share, single-tier, amounting to RM2,521,956, computed based on the total number of issued shares of 252,205,617 ordinary shares, less treasury shares of 10,000 held by the Company, was declared on December 6, 2019 and paid on January 20, 2020.

30. BORROWINGS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Secured:				
Term loan	1,300,000	9,028,125	-	-
Bank overdrafts	465,993	158,648	-	-
Bankers' acceptances	394,000	315,000	-	-
Trust receipts	184,000	909,633	-	-
Unsecured:				
Bills payable	6,151,000	7,000,000	-	-
Revolving credits	2,500,000	5,000,000	-	-
Bank overdrafts	1,020,710	4,018,788	-	-
Term loans	-	17,975,000	-	5,375,000
	12,015,703	44,405,194	-	5,375,000
Less: Amount due within 12 months (shown under current liabilities)	(10,715,703)	(30,992,069)	-	(4,300,000)
Non-current portion	1,300,000	13,413,125	-	1,075,000



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

### 30. BORROWINGS (CONT'D)

The non-current portion is repayable as follows:

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
More than 1 year but not later than 2 years	117,434	8,385,000	–	1,075,000
More than 2 years but not later than 5 years	1,182,566	3,350,000	–	–
More than 5 years	–	1,678,125	–	–
	1,300,000	13,413,125	–	1,075,000

Borrowings of the Group and of the Company are denominated in Ringgit Malaysia.

The effective interest rates per annum are as follows:

	The Group		The Company	
	2019 %	2018 %	2019 %	2018 %
Term loans	4.99	5.26 - 6.65	–	5.26 - 5.86
Bills payable	3.79 - 4.66	4.12 - 4.64	–	–
Revolving credits	4.10 - 5.13	4.88 - 5.15	–	–
Bank overdrafts	7.14 - 7.24	7.49 - 7.74	–	–
Trust receipts	3.81	4.16 - 4.19	–	–
Bankers' acceptances	3.81	4.16	–	–

In 2018, the Company has a five (5) year unsecured term loan of RM21,500,000 which was repayable by twenty (20) equal quarterly instalments commencing June 30, 2015. The loan was fully repaid during the current financial year.

One of the subsidiaries has two (2) (2018: seven (7)) term loans:

- (a) a five (5) year secured term loan of Nil (2018: RM13,200,000) which is repayable by twenty (20) equal quarterly instalments of RM660,000 commencing June 26, 2015. The loan was fully repaid during the year;
- (b) a five (5) year unsecured term loan of Nil (2018: RM28,000,000) which is repayable by twenty (20) equal quarterly instalments of RM1,400,000 commencing June 27, 2016. The loan was fully repaid during the year;
- (c) a five (5) year secured term loan of Nil (2018: RM3,000,000) which is repayable by twenty (20) equal quarterly instalments of RM150,000 commencing January 26, 2017. The loan was fully repaid during the year;
- (d) a ten (10) year secured term loan of Nil (2018: RM2,775,000) which is repayable by 120 equal monthly instalments of RM23,125 commencing April 1, 2017. The loan was fully repaid during the year;
- (e) a ten (10) year secured term loan of Nil (2018: RM1,725,000) will be repayable by 120 equal monthly instalments of RM14,375 commencing July 1, 2018. The loan was fully repaid during the year;

Notes to the Financial Statements  
(cont'd)

**30. BORROWINGS (CONT'D)**

One of the subsidiaries has two (2) (2018: seven (7)) term loans: (Cont'd)

- (f) a seventy eight (78) months secured term loan of RM14,220,000 (2018: 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 (2018: 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. Partial drawdown of RM1,300,000 was made during the year.

As of December 31, 2019, total banking facilities of the Group and of the Company are as follows:

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Secured:				
Term loans	34,000,000	54,700,000	–	–
Bank overdrafts, bills payable and other banking facilities	65,000,000	71,000,000	–	–
Unsecured				
Term loans	–	49,500,000	–	21,500,000
Bank overdrafts, bills payable and other banking facilities	38,500,000	127,500,000	500,000	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 RM61,300,000 (2018: RM91,700,000) 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)

**31. LEASE LIABILITIES**

The carrying amounts of lease liabilities and the movements during the financial year:

<b>The Group</b>	<b>2019 RM</b>	<b>2018 RM</b>
At beginning of year, adjusted impact from MFRS 16	1,732,765	–
Accretion of interest	3,796	–
Settlements	(787,302)	–
Foreign currency exchange differences	(42,348)	–
<b>At end of year</b>	<b>906,911</b>	<b>–</b>
<b>Maturity analysis:</b>		
Year 1	779,337	–
Year 2	129,889	–
<b>Less: Unearned interest</b>	<b>(2,315)</b>	<b>–</b>
	<b>906,911</b>	<b>–</b>

<b>The Group</b>	<b>2019 RM</b>	<b>2018 RM</b>
<b>Analysed as:</b>		
Non-current	129,600	–
Current	777,311	–
	<b>906,911</b>	<b>–</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's management.

Notes to the Financial Statements  
(cont'd)

**32. TRADE AND OTHER PAYABLES**

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Trade payables	31,040,596	16,736,365
Other payables for consumables, utilities, services, maintenance of property, plant and equipment and advanced payment received	10,818,810	11,770,416
Taxes payable	45,321	78,789
	<b>41,904,727</b>	<b>28,585,570</b>

The currency profile of trade and other payables is as follows:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	37,030,782	22,587,606
United States Dollar	2,803,179	171,529
Euro	2,070,766	2,427,777
Chinese Renminbi	-	3,374,440
Hong Kong Dollar	-	24,218
	<b>41,904,727</b>	<b>28,585,570</b>

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 (2018: 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.

**33. OTHER LIABILITIES - ACCRUED EXPENSES**

The currency profile of accrued expenses is as follows:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	6,310,225	3,318,618
Euro	229,364	459,544
Hong Kong Dollar	22,937	47,775
Chinese Renminbi	-	506,375
United States Dollar	-	21,643
	<b>6,562,526</b>	<b>4,353,955</b>

Other liabilities of the Company are denominated in Ringgit Malaysia.



Notes to the Financial Statements  
(cont'd)

**34. DEFERRED REVENUE**

	The Group	
	2019 RM	2018 RM
At beginning of year	–	508,081
Amortisation	–	(498,697)
Foreign currency exchange differences	–	(9,384)
<b>At end of year</b>	<b>–</b>	<b>–</b>

Deferred revenue mainly consists of government grants awarded to certain foreign subsidiaries for projects with environmental initiatives.

**35. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT**

*Categories of financial instruments*

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Financial assets</b>				
At amortised cost:				
Trade and other receivables	36,266,585	40,163,678	282,364	–
Amount owing by subsidiaries	–	–	91,748,662	34,885,392
Refundable deposits	1,069,323	1,050,928	1,000	1,000
Cash and cash equivalents	56,130,246	23,865,777	51,090,213	3,590,450
FVTPL:				
Derivatives - foreign currency forward contracts	21,240	39,503	–	–
<b>Financial liabilities</b>				
At amortised cost:				
Trade and other payables	41,859,406	28,506,781	–	–
Other liabilities - accrued expenses	6,562,526	4,353,955	368,600	497,108
Amount owing to subsidiaries	–	–	–	26,193,430
Dividend payable	2,521,956	2,521,956	2,521,956	2,521,956
Borrowings	12,015,703	44,405,194	–	5,375,000
Lease liabilities	906,911	–	–	–

## 35. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

### 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 mainly including United States Dollar ("USD"), Euro ("EURO"), Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD") 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 22, 23, 26, 32 and 33.

#### 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, 2019. 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 26 and 30 respectively.

## 35. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (a) Market risk (Cont'd)

##### (ii) Interest rate risk management (Cont'd)

###### 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, 2019 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.

##### *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.

The ageing of trade receivables that are past due and/or impaired is disclosed in Note 22.

##### *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.

### 35. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

#### Financial Risk Management Objectives and Policies (Cont'd)

##### (b) Credit risk management (Cont'd)

###### *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 RM12,235,375 (2018: RM46,411,406) 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.

###### *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 RM80,193,000 (2018: RM81,077,000) which remains unused at the end of the reporting period.

Notes to the Financial Statements  
(cont'd)

**35. 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 non-derivative financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows:

<b>The Group 2019</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	36,266,585	–	–	36,266,585
Refundable deposits	1,069,323	–	–	1,069,323
Cash and cash equivalents	56,271,918	–	–	56,271,918
<b>Total undiscounted non-derivative financial assets</b>	<b>93,607,826</b>	<b>–</b>	<b>–</b>	<b>93,607,826</b>
Non-derivative financial liabilities:				
Trade and other payables	41,859,406	–	–	41,859,406
Dividend payable	2,521,956	–	–	2,521,956
Other liabilities	6,562,526	–	–	6,562,526
Borrowings	10,715,703	1,508,733	–	12,224,436
Lease liabilities	787,303	131,217	–	918,520
<b>Total undiscounted non-derivative financial liabilities</b>	<b>62,446,894</b>	<b>1,639,950</b>	<b>–</b>	<b>64,086,844</b>
<b>Net undiscounted non-derivative financial assets/ (liabilities)</b>	<b>31,160,932</b>	<b>(1,639,950)</b>	<b>–</b>	<b>29,520,982</b>

Notes to the Financial Statements  
(cont'd)

**35. 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 non-derivative 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 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
<b>Total undiscounted non-derivative financial assets</b>	<b>65,089,683</b>	<b>–</b>	<b>–</b>	<b>65,089,683</b>
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
<b>Total undiscounted non-derivative financial liabilities</b>	<b>67,086,080</b>	<b>12,829,890</b>	<b>1,895,188</b>	<b>81,811,158</b>
<b>Net undiscounted non-derivative financial liabilities</b>	<b>(1,996,397)</b>	<b>(12,829,890)</b>	<b>(1,895,188)</b>	<b>(16,721,475)</b>



Notes to the Financial Statements  
(cont'd)

**35. 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 non-derivative 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 2019</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	282,364	–	–	282,364
Amount owing by subsidiaries	91,748,662	–	–	91,748,662
Refundable deposits	1,000	–	–	1,000
Cash and cash equivalents	51,231,883	–	–	51,231,883
<b>Total undiscounted non-derivative financial assets</b>	<b>143,263,909</b>	<b>–</b>	<b>–</b>	<b>143,263,909</b>
Non-derivative financial liabilities:				
Accrued expenses	368,600	–	–	368,600
Dividend payable	2,521,956	–	–	2,521,956
Financial guarantee contracts	12,701,368	–	–	12,701,368
<b>Total non-derivative financial liabilities</b>	<b>15,591,924</b>	<b>–</b>	<b>–</b>	<b>15,591,924</b>
<b>Net undiscounted non-derivative financial liabilities</b>	<b>127,671,985</b>	<b>–</b>	<b>–</b>	<b>127,671,985</b>

Notes to the Financial Statements  
(cont'd)

**35. 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 non-derivative 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
Dividend payable	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>

### 35. 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 amounts included above for financial guarantee contracts are the maximum amounts of the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterpart to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

The Group	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Gross settled:				
Foreign currency forward contracts - gross outflows				
- 2019	21,240	-	-	21,240
- 2018	39,503	-	-	39,503

##### (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 2018.

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.

Notes to the Financial Statements  
(cont'd)

**35. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)**

**Financial Risk Management Objectives and Policies (Cont'd)**

**(d) Capital risk management (Cont'd)**

**Gearing ratio**

The gearing ratio at the end of the reporting period is as follows:

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Debt (i)	12,015,703	44,405,194	–	5,375,000
Fixed deposits, cash and bank balances	(56,130,246)	(23,865,777)	(51,090,213)	(3,590,450)
Net debt / (cash)	(44,114,543)	20,539,417	(51,090,213)	1,784,550
Equity (ii)	205,017,116	214,453,788	164,378,805	104,483,741
Net debt to equity ratio	Not applicable	0.10	Not applicable	0.02

(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.

**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:

	Outstanding contracts			Net
	Sell USD	Sell EURO	Buy USD	
<b>2019</b>				
Foreign currency	150,000	365,867	–	–
Notional value (RM)	621,311	1,692,159	–	–
Fair value (RM)	7,287	13,953	–	21,240
<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

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.



### 35. 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 (Cont'd)

##### *Financial instruments carried at amortised cost*

The fair values of short-term financial assets and financial liabilities approximate their respective carrying amounts due to the relatively short-term maturity of these financial instruments.

The fair values of term loans and lease liabilities, 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 and lease arrangements. There is no material difference between the carrying amounts and the estimated fair values of term loans and lease liabilities

There were no transfers between Levels 1 and 2 in 2019 and in 2018.

### 36. STATEMENTS OF CASH FLOWS

#### (a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	The Group	
	2019 RM	2018 RM
Cash purchase	31,190,046	18,895,071
Balance outstanding - other payables	14,863,448	1,589,457
	<hr/>	<hr/>
	46,053,494	20,484,528

Notes to the Financial Statements  
(cont'd)

36. STATEMENTS OF CASH FLOWS (CONT'D)

(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.

The Group		Balance as of	Financing	Non-cash	Balance as of
	Note	1.1.2019	cash flows	changes	31.12.2019
		RM	RM	Net foreign	RM
				exchange	
				differences	
				RM	
Trust receipts	30	909,633	(725,633)	–	184,000
Bills payable	30	7,000,000	(849,000)	–	6,151,000
Revolving credits	30	5,000,000	(2,500,000)	–	2,500,000
Bank overdrafts	30	4,018,788	(2,998,078)	–	1,020,710
Term loans	30	27,003,125	(25,703,125)	–	1,300,000
Bankers' acceptances	30	315,000	79,000	–	394,000
		44,246,546	(32,696,836)	–	11,549,710

The Group		Balance as of	Financing	Non-cash	Balance as of
	Note	1.1.2018	cash flows	changes	31.12.2018
		RM	RM	Net foreign	RM
				exchange	
				differences	
				RM	
Trust receipts	30	1,653,546	(743,913)	–	909,633
Bills payable	30	9,148,056	(2,076,147)	(71,909)	7,000,000
Revolving credits	30	13,964,516	(8,851,816)	(112,700)	5,000,000
Bank overdrafts	30	–	4,018,788	–	4,018,788
Term loans	30	38,781,875	(11,778,750)	–	27,003,125
Bankers' acceptances	30	355,000	(40,000)	–	315,000
		63,902,993	(19,471,838)	(184,609)	44,246,546



36. STATEMENTS OF CASH FLOWS (CONT'D)

(b) Reconciliation of liabilities arising from financing activities

The Company	Note	Balance as of 1.1.2019 RM	Financing cash flows RM	Net foreign currency exchange differences		Non-cash changes		Interest income RM	Balance as of 31.12.2019 RM
				RM	RM	RM	RM		
Amount due to subsidiaries	23	26,193,430	(6,396,155)	-	(19,797,275)	-	-	-	-
Term loans	30	5,375,000	(5,375,000)	-	-	-	-	-	-
		31,568,430	(11,771,155)	-	(19,797,275)	-	-	-	-
<hr/>									
The Company	Note	Balance as of 1.1.2018 RM	Financing cash flows RM	Net foreign currency exchange differences		Non-cash changes		Interest income RM	Balance as of 31.12.2018 RM
				RM	RM	RM	RM		
Amount due to subsidiaries	23	19,848,660	9,649,213	388,443	(3,550,000)	(142,886)	-	26,193,430	
Term loans	30	9,675,000	(4,300,000)	-	-	-	-	5,375,000	
		29,523,660	5,349,213	388,443	(3,550,000)	(142,886)	-	31,568,430	

36. STATEMENTS OF CASH FLOWS (CONT'D)

Notes to the Financial Statements  
(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:

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fixed deposits with a licensed bank	50,900,000	3,100,000	50,900,000	3,100,000
Cash and other bank balances	5,230,246	20,765,777	190,213	490,450
Bank overdrafts	(465,993)	(158,648)	–	–
	55,664,253	23,707,129	51,090,213	3,590,450

**37. CAPITAL COMMITMENTS**

As of the end of the reporting period, the Group has the following commitment in respect of property, plant and equipment:

	2019 RM	2018 RM
Capital expenditure:		
Approved and contracted for	46,728,573	–

**38. 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:

	2019 RM	2018 RM
Within one year	–	509,176

In 2018, operating lease payments represent rentals payable by the Group for warehouse and office. Leases were negotiated for terms of five years with an option to renew the lease after that date.

Upon adoption of MFRS 16, the present value of future minimum lease payments for operating leases have been accounted for as part of lease liabilities on the Group's statement of financial position as disclosed in Note 31.

**39. DISPOSAL OF SUBSIDIARIES**





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

On August 26, 2019, the Group and the Company completed the disposal of its 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.]. The assets of these companies at the date of completion of the disposal were as follows:

	<b>The Group 2019 RM</b>	<b>The Company 2019 RM</b>
Investment in subsidiaries	–	99,895,613
Property, plant and equipment	59,755,415	–
Prepaid lease payments	9,023,845	–
Disposal of assets classified as held for sale (Note 15)	68,779,260	99,895,613
Cash and bank balances	5,414,034	–
<b>Total assets disposed of</b>	<b>74,193,294</b>	<b>99,895,613</b>
Total considerations	70,868,655	70,868,655
Less: Total assets disposed of	(74,193,294)	(99,895,613)
Cumulative exchange gain in respect of the net assets of the disposed subsidiaries reclassified from equity to profit or loss (Notes 14 and 40)	27,606,224	–
<b>Gain/(Loss) on disposal of subsidiaries (Note 14)</b>	<b>24,281,585</b>	<b>(29,026,958)</b>
Net cash inflows arising on disposal:		
Consideration received in cash and cash equivalents	70,868,655	70,868,655
Less: Cash and cash equivalents disposed of	(5,414,034)	–
	<b>65,454,621</b>	<b>70,868,655</b>

#### 40. FOREIGN EXCHANGE TRANSLATION RESERVE

	<b>The Group</b>	
	<b>2019 RM</b>	<b>2018 RM</b>
Balance at January 1	37,427,098	43,063,512
Exchange differences on translating the net assets of foreign operations	(3,296,746)	(5,636,414)
Gain reclassified to profit or loss on disposal of foreign operations (Note 39)	(27,606,224)	–
<b>Balance at December 31</b>	<b>6,524,128</b>	<b>37,427,098</b>

#### 41. SUBSEQUENT EVENTS

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

Subsequent to the financial year end, the following events took place:

- (i) By virtue of Section 297(1) of the Companies Act, 2016, on January 9, 2020, a subsidiary, Rubberex Marketing (M) Sdn. Bhd., commenced Member's Voluntary Winding-up proceedings pursuant to Section 439(1) of the Companies Act, 2016. The shareholder of Rubberex Marketing (M) Sdn. Bhd., Rubberex (M) Sdn. Berhad, resolved to wind-up the Company voluntarily and a liquidator was appointed on the same date;
- (ii) In March 2020, World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. The Group anticipates that the COVID-19 outbreak will eventually result in the healthcare and other sectors requiring more medical supplies such as gloves and other essential items.

The Group continues to expand its operations in line with the growing glove demand globally to ensure it is well-positioned to help protect and save lives, particularly in view of the ongoing outbreak of COVID-19.

During the Movement Control Orders ("MCO") implemented by the government since March 18, 2020, all manufacturing subsidiaries of the Group were granted approval by the Ministry of International Trade and Industry ("MITI") on March 31, 2020 to fully operate and produce gloves which were deemed critical essential products in the fight against the COVID-19 pandemic. As a result of exceptional market demand, sale of gloves increased, most notably nitrile disposable gloves produced by the Company's wholly-owned subsidiary, Rubberex Alliance Sdn. Bhd., in the first quarter of 2020. The Group has taken the appropriate steps to re-assess its customers' credit risks to mitigate the risk of losses from non-collectibility of debts; and

- (iii) On May 4, 2020, the Company proposed to undertake a private placement of shares. The Proposed Private Placement was undertaken under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016, which was obtained from the shareholders of Rubberex at its twenty-third annual general meeting convened on May 30, 2019. The Proposed Private Placement entailed the issuance of 25,219,500 new shares, representing approximately 10% of the total number of issued shares of the Company (excluding treasury shares), at the issue price of RM1.23 each. Proceeds from the Proposed Private Placement shall be utilised for the expansion of the Group's nitrile disposable glove production lines. The Proposed Private Placement was completed on May 18, 2020.



## 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, 2019 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, 20 May 2020

144

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20  
19



## 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 20th day of **May**,  
**2020**.

Before me,

**LAM YING WOH (A209)**  
COMMISSIONER FOR OATHS

145

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20  
19



## Properties Held By The Company And Its Subsidiaries

as at 31 December 2019

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]	25.5/3,545
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	21.0/954
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	12.0/197
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	4.0/1,849
Lot 351408, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Leasehold (86 years)/ 07 July 2103	Warehouse and office	8,092	2018	2.0/1,894
Factory buildings located at Lot 228174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	-	Manufacturing, warehouse and office	12,620	[1996]	25.5/2,771
Factory buildings located at Lot 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	-	Manufacturing, warehouse and office	10,860	1999	21.0/14,440

146

20  
19



**RUBBEREX CORPORATION (M) BERHAD**(199601000297) (372642-U)  
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

**Form of Proxy**\*I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
(Full name in block, NRIC/Passport/Company No)of \_\_\_\_\_  
(Address)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

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/proxies to vote for \*me/us and on \*my/our behalf at the Twenty-Fourth Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on **7 July 2020, Tuesday at 10.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Resolution	Agenda	For	Against
	<b>Ordinary Business</b>		
1	Payment of the under provision of the Directors' benefits from 31 May 2019 until 7 July 2020		
2	Payment of Directors' fees for the financial year ended 31 December 2019		
3	Payment of Directors' benefits from 8 July 2020 until the next Annual General Meeting of the Company		
4	Re-election of Mr. Khoo Chin Leng who retires pursuant to Clause 76(3) of the Company's Constitution as Director		
5	Re-election of Encik Sharifuddin Bin Shoib who retires pursuant to Clause 76(3) of the Company's Constitution as Director		
6	Re-election of Dato' Ong Choo Meng who retires pursuant to Clause 78 of the Company's Constitution as Director		
7	Re-election of Dato' Chan Choun Sien who retires pursuant to Clause 78 of the Company's Constitution as Director		
8	Re-appointment of Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
	<b>Special Business</b>		
9	Approval for Dato' Mohamed Bin Hamzah to continue to act as Independent Non-Executive Director		
10	Approval for Encik Mustapha Bin Mohamed to continue to act as Independent Non-Executive Director		
11	Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
12	Proposed Share Buy-Back Authority		

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

\* Delete whichever is inapplicable

^ 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. IMPORTANT NOTICE**

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend the 24th AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 24th AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Details for the 24th AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 29 June 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. 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 participate instead of the member at the AGM.
5. 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.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("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.
7. 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 Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. 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.
9. A member who has appointed a proxy or attorney or authorised representative to participate at the 24th AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Details for the 24th AGM.
10. 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 AGM 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, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By electronic means via facsimile  
In the case of an appointment made by facsimile transmission, the proxy form must be received via facsimile at 03-27839222.
  - (iii) By electronic means via email  
In the case of an appointment made via email transmission, the proxy form must be received via email at [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com).
  - (iv) By electronic means via Tricor System, TIIH Online  
The proxy form can be electronically lodged with the Company's Share Registrar via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Details for the 24th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging this proxy form is 5 July 2020, Sunday at 10.00 a.m.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM 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.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Company's Share Registrar at Tricor Investor & 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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AFFIX  
STAMP

**The Share Registrar  
Tricor Investor & 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  
Malaysia

Please fold along this line (2)

**Rubberex Corporation (M) Berhad 199601000297 (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)