Rubberex Corporation (M) Berhad
199601000297 (372642-U)

ANNUAL REPORT 2020

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting ("25th AGM") of **Rubberex Corporation (M) Berhad** will be held at Ballrooms 2, 3 & 4, Level 6 WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on 28 May 2021, Friday at 10.00 a.m. to transact the following business:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the payment of Directors' Fees of RM257,750.00 for the financial year ended 31 December 2020. **(Resolution 1)**

3. To approve the payment of Directors' Fees of up to RM282,160.00 and Special Directors' Fees of up to RM200,000.00 for the financial year ending 31 December 2021. **(Resolution 2)**

4. To approve the payment of Directors' Benefits of up to RM30,000.00 to the Non-Executive Directors for the period from 29 May 2021 until the Twenty-Sixth Annual General Meeting of the Company to be held in 2022. **(Resolution 3)**

5. To re-elect the following Directors retiring in accordance with the Constitution of the Company and being eligible, offered themselves for re-election:

   (i) Dato' Mohamed Bin Hamzah [Clause 76(3)] **(Resolution 4)**
   (ii) Encik Mustapha Bin Mohamed [Clause 76(3)] **(Resolution 5)**
   (iii) Dato' Dr. Teo Tong Kooi [Clause 78] **(Resolution 6)**
   (iv) Mr. Lim Chee Lip [Clause 78] **(Resolution 7)**

6. To re-appoint Messrs Deloitte PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. **(Resolution 8)**

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** **(Resolution 9)**

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

8. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR - ENCIK MUSTAPHA BIN MOHAMED** **(Resolution 10)**

   "THAT subject to passing of Ordinary Resolution 5, authority be and is hereby given to Encik Mustapha Bin Mohamed who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 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."

9. **AUTHORITY TO ISSUE AND ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 ("ACT")** **(Resolution 11)**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;

b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.

10. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** **(Resolution 12)**

"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:

(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 ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and

(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;

("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:-

(i) 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;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

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 of the Company 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 of 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
22 April 2021

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

Notes:

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 May 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

2. A member entitled to attend, participate, speak and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

5. Where a member of the Company is an authorised nominee as defined in the 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.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form
   In the case of an appointment made in hard copy form, this proxy form must be deposited 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, this 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, this proxy form must be received via email at is.enquiry@my.tricorglobal.com.

   For options (ii) and (iii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.

   (iv) 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 Guide for the 25th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

9. 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.

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

11. Last date and time for lodging this proxy form is **26 May 2021, Wednesday** at **10.00 a.m**.

12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:

    a. Identity card (NRIC) (Malaysian), or
    b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
    c. Passport (Foreigner).

13. For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL/DULY CERTIFIED** 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. Alternatively, please bring the **ORIGINAL/DULY CERTIFIED** certificate of appointment executed in the manner as stated below if this has not been lodged at the Company's registered office earlier.

    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.

14. Members are advised to check the Company's website at www.rubberex-corp.com.my and announcements from time to time for any changes to the administration of the 25th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

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 Directors' Fees proposed for the financial year ended 31 December 2020 are calculated based on the Board size and in accordance to the Company's policy guidelines and with reference to external industrial benchmark reports.

3. Proposed Resolution 2:

The Proposed Resolution 2 is to facilitate the payment of Directors' Fees and Special Directors' Fees on a current financial year basis, calculated based on the current board size and contribution by the Board of Directors to the exceptional financial result of the Group for financial year ended 31 December 2020. In the event the Directors' fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

4. Proposed Resolution 3:

The benefits are calculated based on the current board size and the number of scheduled Board and Committee meetings for the period from 29 May 2021 until the next Annual General Meeting of the Company to be held in 2022. In the event the proposed amount is insufficient, (e.g. due to enlarged Board size or more meetings), approval will be sought at the next AGM for the shortfall.

5. Proposed Resolutions 4, 5, 6 and 7

Dato' Mohamed Bin Hamzah, Encik Mustapha Bin Mohamed, Dato' Dr. Teo Tong Kooi and Mr. Lim Chee Lip are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 25th 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 skill, expertise, experience, professionalism, commitment, integrity, character, 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 25th AGM are disclosed in the Corporate Governance Overview Statement of the Annual Report 2020.

B. Explanatory Notes on the Special Business:

1. Proposed Resolution 9

Pursuant to the Malaysian Code on Corporate Governance, the Board of Directors has via the Nomination Committee assessed the independence of Dato' Mohamed Bin Hamzah, who would have served as an Independent Non-Executive Director of the Company for twenty-five (25) years on 23 October 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 has been with the Company for more than twelve (12) years and has 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 has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

Resolution 9 will be put forward to the shareholders for approval upon passing of Ordinary Resolution 4. The Resolution 9, if passed, will enable Dato' Mohamed Bin Hamzah to continue to act as an Independent Non-Executive Director of the Company.

2. Proposed Resolution 10

Pursuant to the Malaysian Code on Corporate Governance, the Board of Directors has via the Nomination Committee assessed the independence of Encik Mustapha Bin Mohamed, who would have served as an Independent Non-Executive Director of the Company for fourteen (14) years on 10 April 2022, 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. His experience in the audit and accounting industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence; and

c. He has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

Resolution 10 will be put forward to the shareholders for approval upon passing of Ordinary Resolution 5. Resolution 10, if passed, will enable Encik Mustapha Bin Mohamed to continue to act as an Independent Non-Executive Director of the Company.

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 the proposed Resolutions 9 and 10.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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

3. Proposed Resolution 11

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option of offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20 % General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the MMLR.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The 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 costs and time.

In light of the economic challenges brought about by the global Coronavirus Disease (Covid-19) pandemic, the Board of Directors is of the opinion that the Proposed 20% General Mandate is useful for the Company to meet its financial needs during period covered and therefore, it is in the best interest of the Company and its shareholders.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investments projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the Twenty-Fourth AGM held on 7 July 2020 and will lapse at the conclusion of the Twenty-Fifty AGM to be held on 28 May 2021. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

4. Proposed Resolution 12

The proposed Resolution 12, if passed, will empower the Company to purchase up to ten per centum (10%) of the issued share capital of the Company through Bursa Malaysia Securities Berhad.

For further information, please refer to the Statement to Shareholders dated 22 April 2021.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

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

ADMINISTRATIVE GUIDE

for the Conduct of Twenty-Fifth Annual General Meeting ("25th AGM")

Day and Date	:	**Friday, 28 May 2021**
Time	:	**10.00 a.m.**
Venue	:	**Ballrooms 2, 3 & 4, Level 6 WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak**

SAFETY MEASURES IN LIGHT OF THE COVID-19 PANDEMIC

For the conduct of the 25th AGM, the Company wishes to advise the members that the Company will be taking precautionary measures in line with the Standard Operating Procedures ("SOP") issued by Majlis Keselamatan Negara ("MKN") dated 10 March 2021 and any revisions that may be made from time to time by MKN and/or the relevant authorities.

All attendees will be required to wear face mask, undergo temperature check and make a health declaration prior to entering the meeting venue. The Company and/or WEIL Hotel reserves the right to deny entry to anyone with a temperature of 37.5 degrees Celsius or higher and/or showing symptoms of respiratory illness such as coughing and sneezing.

In accordance with the SOP dated 10 March 2021, the capacity of the meeting venue must be sufficient to allow seating arrangement with physical distancing of one metre.

Therefore, if you are unwell, you are strongly advised to appoint a proxy or the Chairman of the meeting to attend and vote on your behalf at the 25th AGM.

PRE-REGISTRATION TO ATTEND THE AGM

Pursuant to the latest Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 5 March 2021, members are required to register ahead of the 25th AGM to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructure, logistics and meeting venue(s) to accommodate the meeting participants.

Please read and follow the **procedures to pre-register your physical attendance at the 25th AGM** via the TIIH Online website at https://tiih.online.

- Login to TIIH Online website with your user name (i.e. e-mail address) and password under the **"e-Services"**. If you have not registered as a user of TIIH Online, please refer to the tutorial guide posted on the homepage for assistance to sign up.
- Select the corporate event: **"(REGISTRATION) RUBBEREX 25TH AGM"**.
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Select **"Register for Physical Attendance at Meeting Venue"**.
- Review your registration and proceed to register.
- System will send an e-mail to notify that your registration for Physical Attendance at Meeting Venue is received and will be verified.
- After verification of your registration against the General Meeting Record of Depositors, the system will send you an e-mail **after 26 May 2021** to approve or reject your registration to attend physically at the Meeting Venue.

ELIGIBILITY TO ATTEND BASED ON THE RECORD OF DEPOSITORS

Only a member whose name appears on the Record of Depositor as at **17 May 2021** shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

ADMINISTRATIVE GUIDE
FOR THE CONDUCT OF TWENTY-FIFTH ANNUAL GENERAL MEETING ("25TH AGM")

(CONT'D)

REGISTRATION ON THE DAY OF THE 25TH AGM

Registration will start at 8.30 a.m. on 28 May 2021 at Ballrooms 2, 3 & 4, Level 6 WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak.

Original MyKad or passport is required to be presented during registration for verification.

Upon verification of your MyKad or passport and signing of attendance list, you will be given an identification wristband to enter the meeting room. There will be no replacement of wristband in the event that it is lost or misplaced.

Please note that you will only be allowed to enter the meeting hall if you are wearing the identification wristband.

You will not be allowed to register on behalf of another person even with the original MyKad or passport of that person.

Please vacate the registration area immediately after registration to prevent congestion. If you have any enquiry, please proceed to the Help Desk counter located near the registration area.

APPOINTMENT OF PROXY

A member who is unable to attend the 25th AGM on 28 May 2021 may appoint proxy and indicate the voting instructions in the proxy form. Please deposit the proxy form with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. 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.

For members, you have the option of submitting the proxy form electronically via TIIH Online at https://tiih.online. Please follow the procedures to submit your proxy form electronically which are summarised below:

Procedure		Action
i. Steps for Individual Members		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **"RUBBEREX 25TH AGM - Submission of Proxy Form"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the proxy form for your record.

ADMINISTRATIVE GUIDE
FOR THE CONDUCT OF TWENTY-FIFTH ANNUAL GENERAL MEETING ("25TH AGM")

(CONT'D)

APPOINTMENT OF PROXY (Cont'd)

	Procedure	Action
ii. Steps for Corporation or Institutional Members		
(a)	Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional member selects **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by e-mail within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the e-mail and re-set your own password. Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
(b)	Proceed with submission of proxy form	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: **"RUBBEREX 25TH AGM - Submission of Proxy Form"** • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: **"RUBBEREX 25TH AGM - Submission of Proxy Form"**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record

The last date and time for lodging the proxy form is **26 May 2021, Wednesday** at **10.00 a.m.**

COMMUNICATION GUIDANCE

Members are advised to check the Company's website at www.rubberex-corp.com.my and announcements from time to time for any changes to the administration of the 25th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

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	
Contact Persons	:	Mr. Jake Too	: +603-2783 9285 / Email: Chee.Onn.Too@my.tricorglobal.com
	:	Ms. Vivien Khoh	: +603-2783 9091 / Email: Vivien.Khoh@my.tricorglobal.com
	:	Mr. Alven Lai	: +603-2783 9283 / Email: Siew.Wai.Lai@my.tricorglobal.com

CORPORATE INFORMATION

DIRECTORS

Y. BHG. DATO' DR. TEO TONG KOOI
Independent, Non-Executive, Chairman
(Appointed on 07 September 2020)

Y. BHG. DATO' MOHAMED BIN HAMZAH
Independent, Non-Executive, Deputy Chairman

KHOO CHIN LENG
Group Managing Director

LIM CHEE LIP
Executive Director
(Appointed on 28 August 2020)

MUSTAPHA BIN MOHAMED
Independent, Non-Executive

Y. BHG. DATO' ONG CHOO MENG
Non-independent, Non-Executive

Y. BHG. DATO' CHAN CHOUN SIEN
Independent, Non-Executive

Y. BHG. DATO' ABD RAHIM BIN ABD HALIM
Non-independent, Non-Executive, Chairman
(Resigned on 28 August 2020)

SHARIFUDDIN BIN SHOIB
Non-independent, Non-Executive
(Resigned on 28 August 2020)

COMPANY SECRETARIES

Chong Lay Kim
(SSM PC 202008001920)
(LS 0008373)

Yeng Shi Mei
(SSM PC 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.

STOCK EXCHANGE LISTING

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

WEBSITES

www.rubberex.com.my

www.rubberex-corp.com.my

CORPORATE STRUCTURE

Diamond Grip (M) Sdn Bhd
(Malaysia)
Manufacturing and Sales of Industrial Gloves

Rubberex Alliance Sdn Bhd
(Malaysia)
Manufacturing and Sales of Disposable Gloves

Rubberex (Hong Kong) Limited
(Hong Kong)
Dissolved in Hong Kong on 11 February 2021

Rubberex Corporation (M) Berhad
(Malaysia)
Incorporated in 1996
Public Listed Company on Malaysia Stock Exchange

Rubberex (M) Sdn Berhad
(Malaysia)
Manufacturing and Sales of Household and Industrial Gloves

Rubberex Marketing (M) Sdn Bhd
(Malaysia)
Under Members' Voluntary Liquidation

Rubberex Spain SL
(Spain)
Trading of Gloves

(Malaysia)
Lot 138201 Off ¾ Mile Jalan Bercham
Kawasan Perindustrian Bercham, 31400 Ipoh, Perak, Malaysia

(Spain)
Poligono Industrial Masia del Balo, Calle Mas Vallesa de Mandor
no. 8-Nave 12 Ribarroja del Turia, 46190 Valencia, Spain

DIRECTORS'/ KEY SENIOR MANAGEMENT'S PROFILE

Dato' Dr. Teo Tong Kooi, aged 63, male, a Malaysian, was appointed as an independent non-executive Chairman of the Company on 07 September 2020. He is also the Chairman of the Nomination Committee and Member of Remuneration Committee of the Board.

Dato' Dr. Teo Tong Kooi is an accomplished senior executive with broad range of industry experience in multinational corporations and conglomerates with 16 years in corporate and commercial banking, 8 years in the manufacturing sector and 9 years in property development and real estate investment. Dato' Dr. Teo Tong Kooi has demonstrated exceptional leadership skills and management experiences with proven and consistent track records in the execution of strategic, organic and mergers and acquisitions business plans, driving business performance, transformation and turn-around management. Since 2004, he has spent a considerable amount of time in China managing multiple organisations and businesses.

In March 2008, Dato' Dr. Teo Tong Kooi assumed the position of Chief Executive Officer of DPS Corporate Advisory Company Limited, Beijing, China ("DPS") (a member of Head International Group, China). DPS is a financial and management consulting arm of Head International Group ("HIG") which is China's leading products and services certification provider and offers a wide range of financial and management consulting services in mergers and acquisitions, private equity, post investment management advisory, restructuring and turnaround management.

Dato' Dr. Teo Tong Kooi was previously Group Managing Director of Guocoland China, Chief Executive Officer of WCT Group's Vietnam and China Operations, Chief Executive Officer of Hong Leong Asia Ltd, Group Managing Director of Tasek Corporation Berhad, Chief Operating Officer of Hong Leong Bank Malaysia and Head of Corporate Banking Deutsche Bank Malaysia. On 25 March 2021 Dato' Dr. Teo Tong Kooi was appointed as an independent non-executive director of Tropicana Corporation Berhad.

Dato' Dr. Teo Tong Kooi holds a Doctoral degree in Professional Studies in Management jointly offered by New York Fordham University & Peking University in addition to a Masters in Business Administration from Golden Gate University, USA.

Dato' Dr. Teo Tong Kooi 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 80, 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 Remuneration Committee and a member of the Audit and Nomination 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.

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 and operations of the Group's subsidiary companies in China and had been active in the vinyl disposable glove operations in China from 2005 until the disposal of these subsidiary companies 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.

Mr. Lim Chee Lip, aged 34, male, a Malaysian, is a non-independent Executive Director of the Company, appointed on 28 August 2020. Mr. Lim Chee Lip holds a post graduate diploma (PgDip) in Business Administration from the University of Wales Trinity Saint David and a Master of Construction Law and Arbitration from Robert Gordon University, United Kingdom. Upon graduation, he worked for Stewart Milne Group Limited and Hill International Inc., one of the largest public-listed U.S. consulting firms.

Mr. Lim Chee Lip is a member of the Chartered Institute of Arbitrators in the United Kingdom and Malaysia and has more than ten years of professional work experiences in the United Kingdom, Middle East and Asia, in the areas of Dispute Resolution, Contract Management, Corporate Finance and Advisory. He has also accumulated vast corporate management experiences including directing, strategic planning and expansion of various private and public companies in Malaysia. Mr. Lim Chee Lip holds several directorships in a number of private limited companies in Malaysia.

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

En. Mustapha bin Mohamed, aged 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 Directors 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.

DIRECTORS'/KEY SENIOR MANAGEMENT'S PROFILE

(CONT'D)

Dato' Ong Choo Meng, aged 43, male, a Malaysian, is a non-independent non-executive director of the Company who was appointed 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, as the non-independent executive director and Hextar Industries Berhad (formerly known as 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 (Christopher), aged 50, male, a Malaysian, is an independent non-executive director of the Company and was appointed on 27 May 2020. He is presently the Chairman of the Audit Committee and member of the Remuneration Committee of the Board. 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 is an independent non-executive Chairman of Hextar Industries Berhad (formerly known as SCH Group Berhad) and also sits on the boards of Esthetics International Group Berhad, Selangor Dredging Berhad and Tan Chong Motor Holdings Berhad as an independent non-executive director.

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.

Khoo Thiam Chye, aged 58, male, a Malaysian is currently the Senior Vice President (Malaysia Operations) of the Group. He holds a Bachelor of Arts (Honours) degree from Queen's University in Belfast, United Kingdom. Mr. Khoo Thiam Chye joined Rubberex (M) Sdn Berhad, a wholly-owned subsidiary of the Company in 1991 as the Export Manager. Prior to joining Rubberex, he was the project executive with IGB Corporation Berhad for 2 years.

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

En. Sabri bin Abd Hamid, aged 54, male, a Malaysian is the Senior 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

Dear valued shareholders,

On behalf of the Board of Directors of Rubberex Corporation (M) Berhad ("Rubberex" or "Group"), I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the Financial Year Ended 31 December 2020 ("FY2020").

It is my honour to be elected as the Independent and Non-Executive Chairman of the Company effective September 7, 2020 to fill the position previously held by our former Chairman, Dato' Abd Rahim Bin Abd Halim who retired on 28 August 2020. On behalf of Rubberex Board of Directors ("Board")'s and Management, we express our sincere appreciation to Dato' Abd Rahim Bin Abd Halim for his leadership and contribution during his tenure.

2020 marked the 15th anniversary of Rubberex's elevation to the Main Board of Bursa Malaysia. It has been an exhilarating journey for us, from our base of operations in Ipoh, Perak from producing household and industrial rubber gloves to today, having successfully diversified into the production of nitrile disposable gloves. The Rubberex Group has also expanded beyond Malaysia and has become an established household name for rubber gloves in the Spanish market.

Operating landscape

The year 2020 marked one of the most challenging times in recent years which witnessed an unprecedented disruption to world markets caused by the effects of COVID-19, with the global economy contracting by 3.5% in 2020, a figure which the world had not experienced since the Great Depression in the 1930s (Source: IMF, https://www.reuters.com/article/uk-imf-outlook-britain-idUSKBN29V1V9).

The Malaysian economy was not spared, with Gross Domestic Product (GDP) registering a sharp decline of 5.6% as various stages of Movement Control Orders ("MCO") were implemented to keep the pandemic under control (Source: Department of Statistics Malaysia). This has resulted in severe disruptions to many businesses, even to the extent of halting the growth of certain industries.

To support the Malaysian government's efforts to contain the pandemic, we put in place high levels and strict standard operating procedures ("SOP") to curb potential on-site outbreak as we considered the wellbeing and welfare of our 1,000 strong work-force as top priority. Weekly sanitization of workers' quarters, workers' transportation and regular provision of face masks to all employees were also some of the proactive measures taken by the Group to ensure a hygienic and safe working environment.

This pandemic has caused a spike in the demand for personal protective equipment ("PPE"), where the current demand had outstripped the supply, and it is expected to last beyond 2022. (Source: The Guardian, https://www.theguardian.com/world/2020/aug/10/us-ppe-coronavirus-shortage-america). This trend is expected to remain as hygiene requirements and awareness will be the new norms in many facets of our lives. As a result of the robust demand for gloves in the current year and the resultant elevated average selling prices ("ASP") of gloves, the Group's Profit After Tax ("PAT") grew by more than 11.5 times from the previous financial year to chart a record high of RM131.2 million in FY2020.

Operating landscape (Cont'd)

As mass vaccination against COVID-19 progresses globally, the demand for gloves is expected to remain strong. Post pandemic annual gloves demand growth is expected to increase between 12% and 15% compared to 8% and 10% during pre-pandemic period. (Source: MARGMA, https://www.theedgemarkets.com/article/margma-says-glove-demand-expected-continue-being-robust-until-2q2022). In view of the encouraging outlook of global demand, in January 2021, Rubberex completed the acquisition of the 11.9 acres of land in Lahat, Kinta district, Perak, for our next phase of expansion. This will be the Group's third nitrile disposable glove production plant which is expected to commence production by the middle of 2022, and will increase the Group's gloves production capacity by an additional 7.5 billion pieces annually. We are optimistic that overall business growth of the Group will remain strong, attributing to the positive prospects of the glove industry. We endeavour to be in a stronger position for the Financial Year Ending 31 December 2021 ("FY2021").

Acknowledgement and Appreciation

That said, all these would not have been possible without the contributions from our outstanding management team and our dedicated employees driving the tremendous record results. Not to forget our stakeholders as well, who have been supporting and helping us throughout this tumultuous time to deliver and achieve our goals together.

On behalf of the Board, I wish to express our sincere appreciation to our management team, employees, and our stakeholders for their dedication, hard work and loyalty.

Dato' Dr. Teo Tong Kooi
Chairman

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MANAGING DIRECTOR'S STATEMENT

Dear esteemed shareholders,

It is my pleasure present to you our inaugural Managing Director's Statement. Despite the arduous circumstances of the past year brought about by COVID-19, we are very pleased to state that Rubberex has successfully delivered the strongest ever results in our history, both in terms of revenue and profitability, in the face of this unprecedented pandemic which spurred the growth in demand for gloves worldwide.

In the year under review, our revenue charted a new high of RM415.1 million, almost doubled that of FY2019 of RM218.6 million, as we continued to deliver gloves globally on the back of strong demand for our products; in particular for nitrile disposable gloves, which are deemed essential equipment to the healthcare sector amidst this pandemic.

The Group also saw FY2020 net profit rise to RM131.2 million as compared to RM11.4 million for the Financial Year Ended 31 December 2019 ("FY2019"). This surge in performance was a direct result of higher average glove selling prices, coupled with the optimised production efficiencies of our plants.

Corporate Developments

In the year under review, our focus was on the continual growth of our nitrile disposable gloves segment to capitalize on the rising demand globally. We invested a sum of approximately RM90.0 million to build five double former lines for nitrile disposable gloves, which partially came on-stream in December 2020 with full commissioning of the production lines in January 2021. This effectively more than doubled our production capacity to 2.5 billion pieces per annum from 1.0 billion pieces per annum previously.

This RM90.0 million expansion plan was funded via the following sources:

- RM15.5 million proceeds raised from a previous private placement exercise in 2017;
- RM43.6 million from the disposal of our vinyl disposable gloves operations in the People's Republic of China ("China") in 2019; and
- RM30.9 million proceeds raised from a private placement exercise in May 2020.

On 22 June 2020, the Company received a Notice of Unconditional Mandatory Takeover Offer by Hextar Rubber Sdn Bhd (formerly known as ERPStar Inc. Sdn Bhd) and Dato' Ong Choo Meng, collectively referred to as the "joint offerors", through M&A Securities Sdn Bhd, to acquire all the remaining ordinary shares in the Company not already owned by the joint offerors, for a cash offer price of RM1.80 per share. At the closing date of the offer on 4 August 2020, a total of 2,669,000 shares were offered and accepted by the joint offerors.

In October 2020, the Group, in its endeavour to continue rewarding its shareholders and enhance trading liquidity of Rubberex's shares, had announced a two-for-one bonus issue exercise which entailed an issuance of 554.85 million new shares. This exercise was completed with the listing and quotation of the bonus shares on Bursa Malaysia Securities Berhad on 21 October 2020.

Future Prospects

It is imperative for us to continue expanding by increasing our nitrile disposable gloves production lines to cater to the global demand. To this end, we are well-positioned to capitalize on the persistently robust market demand as our orderbooks for 2.5 billion pieces have already been fully filled up for the whole of FY2021.

This sets the stage towards expanding our next phase of the production plant, where we will be investing approximately RM400 million to build up to 30 new double-formers production lines, with an additional annual production capacity of 7.5 billion pieces of nitrile disposable gloves. This expansion would be implemented in stages, with the first 15 production lines slated for completion by end of 2021, and the remaining 15 production lines in 2022. This new production site would be housed in the two parcels of newly acquired industrial land in Lahat, Kinta district, Perak.

Future Prospects (Cont'd)

While we are witnessing various vaccination programmes being rolled out progressively by countries worldwide, we reiterate our view that the global consumption and demand for gloves are expected to remain higher than pre-pandemic levels owing to increased health, hygiene and safety awareness among medical professionals and the general population. As such, the new expansion would place the Group on an even stronger footing with the increased output capacity to 10 billion pieces per year in the coming year, putting us on par with some of our respected peers in the industry.

Moving forward, our new substantial shareholders and management team are fully committed to the glove business for the long term and have dedicated significant resources to securing the Group's position by capitalizing on the strong market demand and ensuring the sustainability of future expansion plans.

Appreciation and Acknowledgement

At Rubberex, we always contribute as a team and celebrate as a team. I would like to acknowledge the valuable contributions of all our staff for their utmost dedication to the Group as we weathered the various unprecedented challenges brought on by the pandemic. I believe we are stronger for it, and together we will continuously strive for the best that is yet to come.

Khoo Chin Leng
Managing Director

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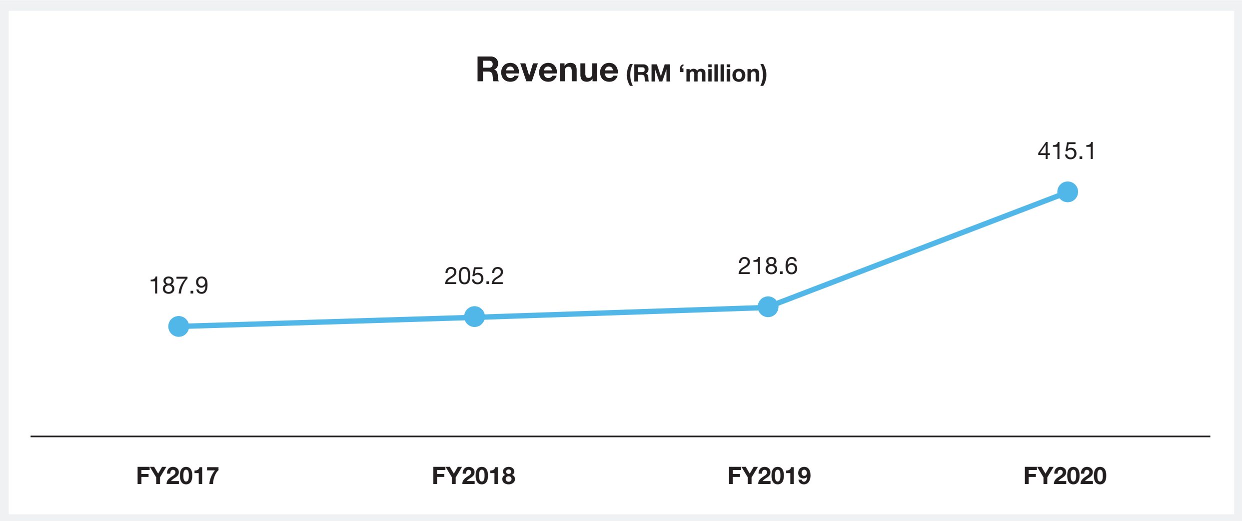
MANAGEMENT DISCUSSION AND ANALYSIS

Rubberex and its subsidiary companies are principally involved in the manufacturing and sales of gloves. The Group's 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. Rubberex is also an institutionalized brand name in Spain for household and industrial gloves via its decades-long strategic distribution partnership with its single-largest customer Mercadona S.A. ("Mercadona"), Spain's number-one largest supermarket (Source: *Statista, https://www.statista.com/statistics/761781/sales-share-of-the-biggest-supermarkets-in-spain/*).

Stellar Performance in Unprecedented Times



Revenue from continuing operations (post-disposal of our vinyl disposable gloves division), consists of glove sales and trading activities from our subsidiary companies in Malaysia and Spain. In the financial year under review, the Group recorded a commendable 89.9% growth in revenue to RM415.1 million compared to RM218.6 million in year 2019. This strong growth was attributable to the unsatiated nitrile disposable gloves demand seen globally as a result of the COVID-19 pandemic, driving the sales of the Group to a record high.

The performance of the key operating divisions that contributed to the Group is as follows:

1. **Nitrile Disposable Gloves**

   This division has grown from strength to strength since the commencement of the initial three lines in 2015 to become the largest contributor of revenue in FY2020, overtaking our traditional household and industrial gloves division. Revenue from the sales of nitrile disposable gloves contributed RM245.3 million to the Group in the financial year under review versus RM91.5 million a year ago, marking a significant increase of 168.1% in terms of growth. With this development, Rubberex has shifted its focus to the nitrile disposable gloves operations, paving the way for the Group's growth moving forward into the foreseeable future.

   This shift and growth are mainly attributed to the strong demand for PPE, which drove the nitrile gloves production plant to run at full 100% capacity. In addition, the increase in average selling prices ("ASP") of nitrile disposable gloves further catapulted the growth of the Group where the biggest contributors to demand came from Europe and Asia.

2. **Household and Industrial Gloves**

   Riding on the back of strong gloves demand worldwide, this division saw an increase of 16.9% in revenue to RM137.8 million in FY2020, from RM117.9 million in the previous year. Though not as significant of an increase as compared to the nitrile disposable glove division, sales of household and industrial gloves combined contributed a total of 33.2% to Group revenue.

Stellar Performance in Unprecedented Times (Cont'd)

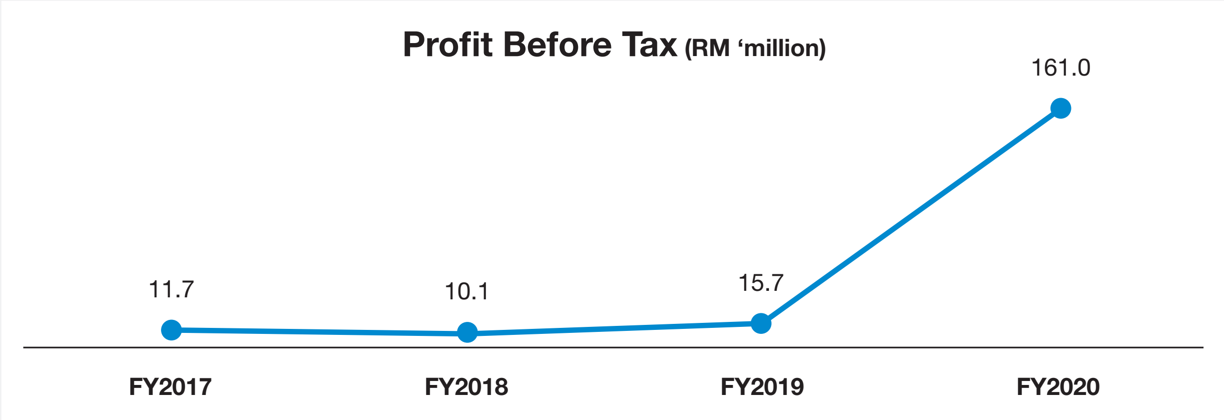
3. **Trading of Gloves**

The Group has a significant presence in Spain with a sizeable 35,000 sq. ft. warehouse and marketing office in Valencia that mainly distributes the Group's products to a major supermarket chain, Mercadona SA in Spain, and other customers around Europe.

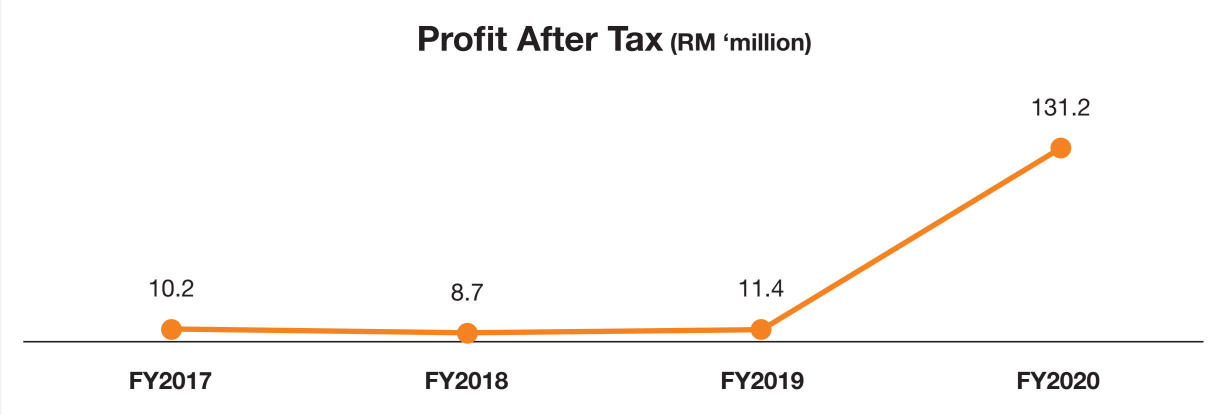
Favourable glove selling prices, preferred branding and a long-standing relationship with Mercadona SA since 1998 has allowed the Group's trading division to record a notable increase in revenue of 260.2% to RM33.5 million in FY2020 from RM9.3 million in FY2019.

In line with the Group's stellar revenue performance, gross profit skyrocketed to RM175.6 million from RM31.6 million a year ago, on the back of higher ASP as a result of surging demand amidst an acute shortage of gloves globally.

In the production of nitrile disposable gloves, despite a slightly higher Nitrile Butadiene cost in FY2020, where it rose approximately 7.7% from FY2019 prices, the ASP of nitrile disposable growth far outpaced this raw material cost hike, leading to the FY2020 gross profit margin of the Group to be lifted to 42.3% from 14.4% in FY2019.



Profit before tax in FY2020 charted a 925.5% growth from RM15.7 million in the previous year to RM161.0 million in FY2020. This was mainly attributable to the higher gross profit margin coupled with favourable exchange rates and improved operating efficiencies as a result of optimal economies of scale achieved.

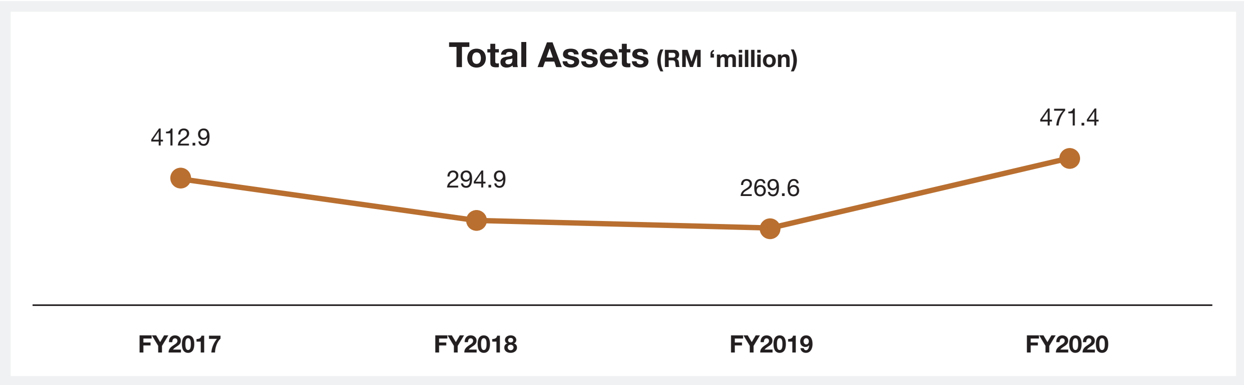


All the above combination of factors led to Group's Profit After Tax ("PAT") in FY2020 registering a record RM131.2 million, its highest ever since establishment. This represented more than 11 times increase in terms of growth versus FY2019's PAT of RM11.4 million.

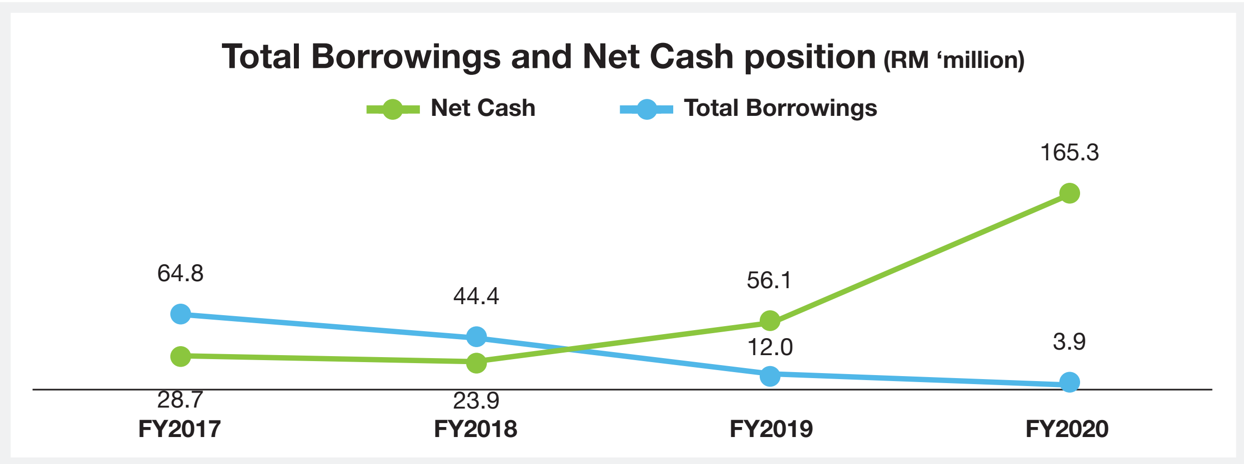
MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

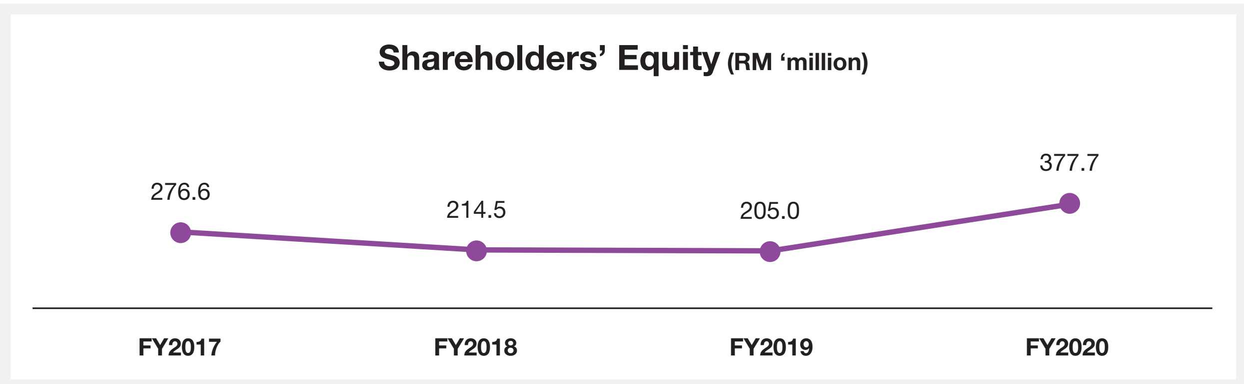
Strong and Flexible Balance Sheet



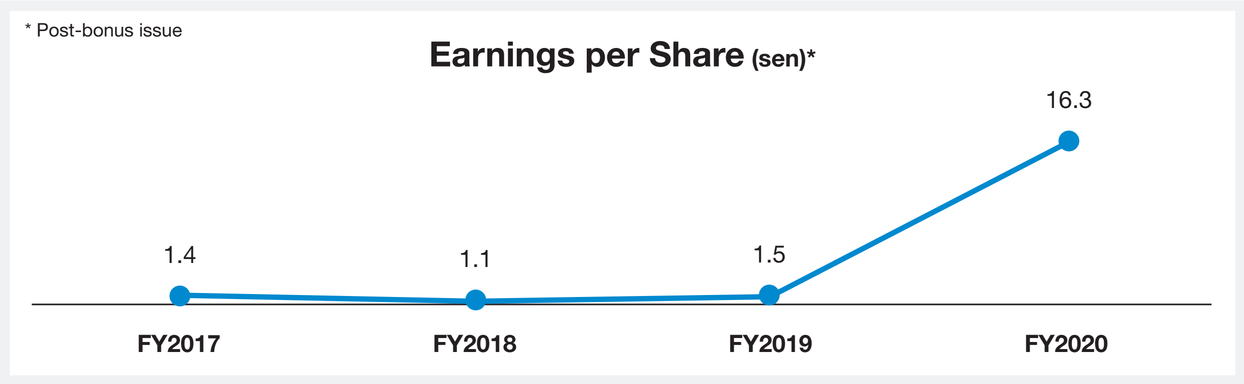
The Group has continued to invest and grow its asset base, as evidenced from a reinforced balance sheet indicating total assets in FY2020 at RM471.4 million versus RM269.6 million a year ago. This 74.8% increase in total assets was partly attributable to the 45.5% addition in property, plant and equipment as a result of the Group's direct investment in nitrile disposable gloves production lines. Simultaneously, the strong earnings and profitability have also enlarged the Group's cash and bank balances to RM165.3 million, a surge from RM56.1 million a year ago, thus allowing the Group ample financial resources for any future expansion plans.



The Group's total borrowings at the end of FY2020 was RM3.9 million, a 67.5% reduction from RM12.0 million in FY2019, strengthening the Group's net cash position with minimal borrowings and lower financing costs.



The result of stronger cash flows coupled with higher retained earnings brought shareholders' equity to RM377.7 million at the end of FY2020, a substantial increase of 84.2% from RM205.0 million in the previous year. During the year, the Company also undertook several corporate issuances of new ordinary shares: a private placement of 25,219,500 shares in May 2020 and a rewarding two-for-one bonus issue of 554,850,234 shares in October 2020 that directly resulted in enhanced trading liquidity of Rubberex shares in the market.



With recorded net profits of RM131.2 million in FY2020, this translated to an earnings per share ("EPS") of 16.3 sen to shareholders, much-improved earnings from 1.5 sen a year ago, adjusted for effect of bonus issue.

The Management continues to remain conscious of maintaining adequate capital resources while the Group's liquidity is prudently managed through the monitoring of trade receivables, extension of trade payables and reduction of inventory turnover periods.

ANTICIPATED AND/OR KNOWN RISKS

Increasing Global Supply of Nitrile Disposable Gloves

In recent months, several established glovemakers have been investing significant capital expenditures to increase the production of nitrile disposable gloves, spurring further growth in supply. At the same time, many new entrants of glovemakers were also seen coming in to capitalize on the current strong market demand in order to capture a share in the glove market. This could potentially lead to an over-supply situation where capacity growth could exceed glove demand at a faster rate.

While it is inevitable that competition will stiffen as a result, the Group is uniquely well-positioned in this regard, having in place a strong marketing team that possesses extensive knowledge of the disposable gloves market, capitalizing on the Group's previous experience in the sales and distribution of vinyl disposable gloves from its China plants. The Group also has an established customer base, having been in the glove business for more than thirty years in addition to a long-standing business relationship with a major supermarket chain in Spain

Supply and Prices of Raw Material

The production of rubber gloves is highly reliant on the availability and pricing of natural resources, particularly raw and synthetic latex which the Group sources from Asia. The source of natural latex i.e., rubber, is a known and actively traded agricultural commodity that is sensitive and susceptible to price fluctuations. Butadiene, which is the main raw material for nitrile disposable gloves, is also susceptible to market demand and price fluctuations.

In order to mitigate these risks, the Group monitors the costs of the raw materials very closely and, if need be, hedges its orders and deliveries up to several weeks ahead based on approved budget plans. The Group would then apply a price-adjustment mechanism on its manufacturing costs to be built-in to its selling prices to customers, thus effectively passing on the costs (and/or savings) to the customers.

ANTICIPATED AND/OR KNOWN RISKS (CONT'D)

Labour and Workforce

The rubber glove industry is generally labour intensive, and challenges are prevalent in the turnover of local workers, employment of foreign labour as well as rising costs of living. Furthermore, international labour laws as well as local regulations and various social compliance audits have also compelled companies to maintain adequate acceptable accommodation standards for foreign workers, at their cost (Source: *Malay Mail, New rules for employees' minimum housing standards from Sept 1: Employers to comply or be fined RM50,000 | Malaysia | Malay Mail*).

The Group recognizes the importance of maintaining proper standards of living accommodation for its workers and is proud to have been awarded Certificates of Accommodation for compliance to the new Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020 gazetted by the Malaysian government on 28 August 2020.

Labour supply risks are also mitigated by capitalising on automation and new technologies where possible for improved long-term production efficiencies. The Group's latest installed nitrile disposable glove production lines have been equipped with newer built-in technologies and innovations in certain production processes, such as in auto-stripping, auto-stacking and online packing.

In the midst of the COVID-19 pandemic, the Management is also mindful that staff and employees working in close proximity with one another are exposed to the risks of this infectious virus. Thus, the Group is committed to complying with all current standard operating procedures ("SOP") issued by the Malaysian government in relation to workplace safety and employees' health, particularly with regards to social distancing and personal hygiene. In an effort to reinforce screening protocols, the Group's workers and staff have all been screened and tested for COVID-19.

Disruptions of Supply and Logistical Chains Due to COVID-19 Pandemic

COVID-19 disrupted the world in an unprecedented manner, shutting down some non-essential businesses and services. Severe disruptions were seen in global supply chains, both in Malaysia and overseas, where border and movement restrictions heightened logistical risks and caused undue delays and interruptions to the Group's operations.

In order to mitigate this, the Group worked closely with its supply chain partners, both suppliers and customers alike, in inventory planning as well as short-term synchronization of deliveries and sales. Where necessary, the Group also sourced alternative logistical options such as air shipments in order to meet deadlines and minimize operational disruptions.

Foreign Currency Exchange

As an export-oriented Group, our sales proceeds are receivable in foreign currencies, mainly USD and Euro, and converted to Ringgit Malaysia for credit into bank accounts. The weaker Ringgit, vis-à-vis the export currency traded would be favourable to the Group and vice-versa, a stronger Ringgit would hurt the Group's earnings.

In view of the foreign currency exchange fluctuations and inevitable risks associated with these receivables and/or payables, a certain portion of the Group's trade balances are hedged against unfavourable foreign exchange movements that could be detrimental to the Group's bottom line. As at 31 December 2020, a total of USD2.3 million and EUR2.8 million have been hedged for proceeds and/or payables up to May 2021.

PROSPECTS AND OUTLOOK

According to Malaysian Rubber Glove Manufacturers Association (MARGMA), the global shortage of rubber gloves will last beyond the first quarter of 2022, with the global glove supply shortage already hitting 80 billion pieces in 2021 as demand continues to outstrip supply. The projected demand in 2021 is expected to be at 500 billion pieces, an increase from 460 billion pieces in 2020. MARGMA also shared that 67% of the global supply of rubber gloves will be coming from Malaysia as the biggest exporting country in the world, following by Thailand and China, which export 18% and 10% of the global glove supply, respectively (Source: *The Edge Markets, MARGMA expects a shortfall of 80 bil pieces of rubber gloves this year as demand continues to outstrip supply* | *The Edge Markets*).

On the economic front, the outlook for 2021 is still expected to be challenging, as global vaccination programmes are progressing at different paces depending on the capability of the country. Thus, in order to fully achieve herd immunity status globally, recovery in different sectors of world economies is expected to take place gradually.

The Group is encouraged by the consistently strong demand for gloves and its orderbook for the current 2.5 billion pieces of nitrile disposable gloves capacity has been fully taken up until end-2021. Buoyed by the robust demand for gloves and other PPE, the Group anticipates global gloves consumption growth to exceed that of pre-COVID-19 levels and with this foresight, has further committed to invest into additional nitrile disposable glove production lines capable of generating 7.5 billion pieces of gloves annually at a new plant site in Lahat, Kinta district, Perak. Upon completion of this expansion in FY2022, the Group's annual installed capacity would increase to 10.0 billion pieces, a 300% growth from its current level.

Dividend Policy

Despite an exceptional financial result achieved, the Group did not declare any dividends in respect of FY2020 as it is currently focused on expansion and growth. The Group was in a strong cashflow position, with cash and bank balances of RM165.3 million as of 31 December 2020 and remains well-positioned to undertake other strategic development plans, notwithstanding organic expansions, that could potentially generate higher returns and value to shareholders in the longer term.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

Dato' Chan Choun Sien	(Chairman, Independent Non-Executive Director, appointed on 27 May 2020)
Dato' Mohamed bin Hamzah	(Independent Non-Executive Director)
Mustapha bin Mohamed	(Independent Non-Executive Director)
Sharifuddin bin Shoib	(Non-Independent Non-Executive Director, resigned on 28 August 2020)

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. Four Audit Committee meetings were held during the financial year ended 31 December 2020. The attendance record of each member is as follows:-

Name	Attendance	Percentage
Dato' Chan Choun Sien	1/1	100%
Dato' Mohamed bin Hamzah	4/4	100%
Mustapha bin Mohamed	4/4	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 2020 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;

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;

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

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 2020 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 ensured 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 2020 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 RM390,625.

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 2020, 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 and announced on the website of Bursa Malaysia Securities Berhad.

BOARD LEADERSHIP AND EFFECTIVENESS

Principal Duties

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

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

The Company has a board charter which was set up in 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.

Composition of the Board

The Board is made up of two executive directors and five non-executive directors, four of which are independent directors, including the Chairman. 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.

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 LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Meetings

Four Board Meetings were held during the financial year ended 31 December 2020. The attendance record of each director during the year was as follows:

Name	Attendance	Percentage
Dato' Dr. Teo Tong Kooi, appointed on 07 September 2020 (Independent Non-Executive Chairman)	1/1	100%
Dato' Abd Rahim bin Abd Halim, resigned on 28 August 2020 (Non-Independent Non-Executive Chairman)	3/3	100%
Dato' Mohamed bin Hamzah (Independent Non-Executive Deputy Chairman)	4/4	100%
Khoo Chin Leng (Managing Director)	4/4	100%
Lim Chee Lip, appointed on 28 August 2020 (Executive Director)	1/1	100%
Sharifuddin bin Shoib, resigned on 28 August 2020 (Non-Independent Non-Executive Member)	3/3	100%
Mustapha bin Mohamed (Independent Non-Executive Member)	4/4	100%
Dato' Ong Choo Meng, appointed on 23 April 2020 (Non-Independent Non-Executive Member)	3/3	100%
Dato' Chan Choun Sien, appointed on 27 May 2020 (Independent Non-Executive Member)	3/3	100%
Poh Chee Kwan, resigned on 08 May 2020 (Non-Independent Non-Executive Member)	1/1	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' Dr. Teo Tong Kooi, succeeds Dato' Abd Rahim bin Abd Halim and 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 and Executive 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.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Appointment of Directors (Cont'd)

The Nomination Committee comprises the following directors:

Dato' Dr. Teo Tong Kooi (Chairman), appointed on 07 September 2020
Dato' Mohamed bin Hamzah
Mustapha bin Mohamed

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' Mohamed bin Hamzah (Chairman)
Mustapha bin Mohamed
Dato' Dr. Teo Tong Kooi
Dato' Chan Choun Sien

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 during the financial year ended 31 December 2020 were as follows:-

1. Aggregate remuneration of directors of the Group and of the Company categorised into appropriate components:

	The Group		The Company	
	Emoluments RM	**Fees RM**	**Emoluments RM**	**Fees RM**
Executive Director(s) ^	3,096,288	–	–	–
Non-executive Directors	38,000	257,750	38,000	257,750
Total	3,134,288	257,750	38,000	257,750

^ including benefits-in-kind

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Remuneration (Cont'd)

1. Aggregate remuneration of directors of the Company categorised into appropriate components: (Cont'd)

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

	Emoluments RM	Allowances RM	Fees RM
Dato' Abd Rahim bin Abd Halim	–	5,000	38,667
Dato' Mohamed bin Hamzah	–	7,000	61,267
Khoo Chin Leng	1,380,847	–	–
Lim Chee Lip	61,272	–	–
Sharifuddin bin Shoib	–	5,000	30,400
Mustapha bin Mohamed	–	7,000	48,900
Poh Chee Kwan	–	2,000	13,333
Dato' Ong Choo Meng	–	5,000	23,333
Dato' Chan Choun Sien	–	5,000	22,800
Dato' Dr. Teo Tong Kooi	–	2,000	19,050
	1,442,119	38,000	257,750

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

Range of remuneration	Executive	Non-executive
Below RM50,000	–	6
RM50,001 to RM100,000	1	2
RM1,300,001 to RM1,400,000	1	–

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

Range of remuneration	
RM450,001 to RM500,000	2
RM500,001 to RM550,000	1
RM850,001 to RM900,000	1
RM1,300,001 to RM1,400,000	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.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Supply of information (Cont'd)

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.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

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

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

Relationship with External Auditors

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

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

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 48 of the Annual Report.

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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.

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 RM390,625.

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. 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 07 July 2020, 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
Email : lay.kim.chong@my.tricorglobal.com

OTHER INFORMATION

Sustainability Reporting

The Board of Directors are pleased to present its Detailed Sustainability Statement for the financial year ended 31 December 2020 on page 40 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 May 2020, the Company completed a private placement of 25,219,500 new ordinary shares at the issue price of RM1.23 per share. The net proceeds raised of RM30.9 million were utilized in the expansion of the Group's nitrile disposable glove plant in Ipoh, Perak.

Share Buy-backs

The movements of treasury shares during the year were as follows:

Treasury shares as at 01/01/2020 Shares	Purchased Shares	Sold Shares	2-for-1 Bonus Issue Shares	Purchased Shares	Sold Shares	Treasury shares as at 31/12/2020 Shares
10,000	10,809,200	(10,000)	21,618,400	1,167,500	(32,427,600)	1,167,500

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.

Variation in results

There was no material variance between the audited results of the Group for the financial year ended 31 December 2020 and unaudited results previously released on 24 February 2021.

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.

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 2020.

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 2020.

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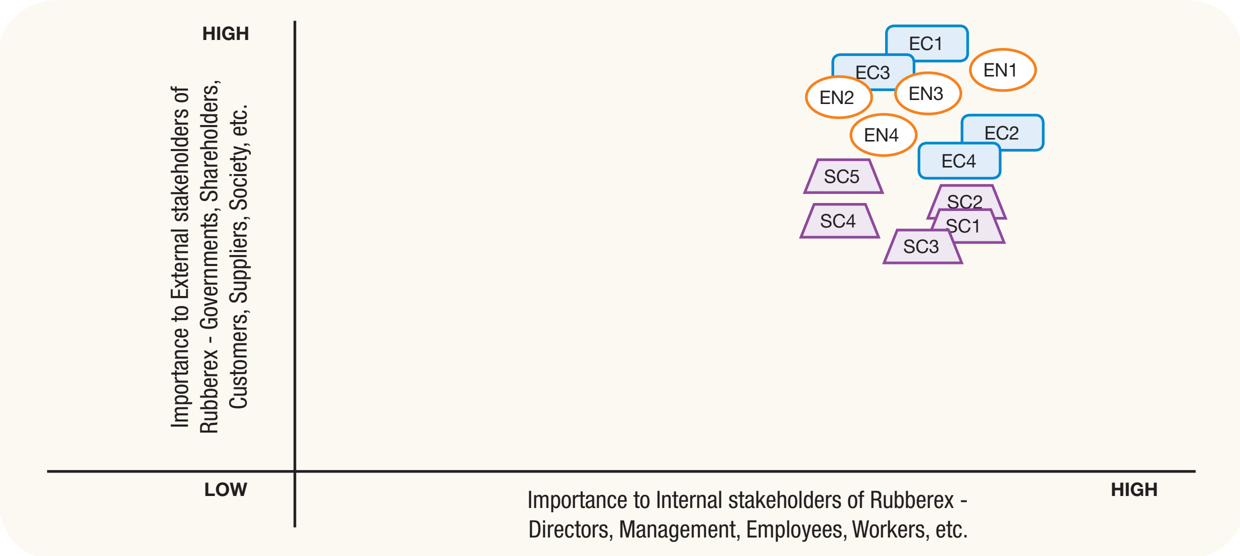
SUSTAINABILITY STATEMENT

For the financial year ended 31 December 2020

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 2020. 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	
EC1	strong shareholder support	**EN1**	accreditation and compliance	**SC1**	remuneration and rewards
EC2	valuable returns on investments	**EN2**	efficient use of resources	**SC2**	health, safety and wellbeing
EC3	product quality	**EN3**	pollution and emission control	**SC3**	workplace diversity and equal opportunities
EC4	customers' satisfaction	**EN4**	seek alternative sources	**SC4**	training and development
EC5	compliance to BSCI guidelines			**SC5**	giving back to society

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 2020 was uniquely challenging for the Group as the COVID-19 pandemic triggered exceptional global demand for gloves and other personal protective equipment (PPE), which led to acute shortages of supplies in the market and pushed glove selling prices to unprecedented new heights. Rubberex and other glove makers benefited from this phenomenon and the favourable sales record during the year resulted in a total of RM131.2 million net profit achieved by the Group.

Economic Sustainability (Cont'd)

(i) EC1: Strong shareholder support

In February 2020, Rubberex saw the emergence of Hextar Rubber Sdn Bhd (formerly known as ERPStar Inc. Sdn Bhd), and indirectly, Dato' Ong Choo Meng as new substantial shareholders, having acquired ordinary shares of the Company in the open market. Since the completion of the Unconditional Mandatory Take-over Offer in August 2020, Hextar Rubber Sdn Bhd has remained the sole controlling shareholder of the Company.

Under the direction of Dato' Ong Choo Meng, the Group has prospered on stronger financial footing and fast-tracked its expansion into additional nitrile disposable glove production lines, capitalising on the robust market demand and favourable selling prices amidst the pandemic. Dato' Ong Choo Meng and his team also bring with them a wealth of experience and expertise in various industries and businesses alike that are able to complement the Group's core business in gloves manufacturing, thus adding long-term synergistic sustainability to the Group.

(ii) EC2: Valuable returns on investments

The exceptional financial performance for FY2020 translated to an earnings per share of 16.34 sen to the shareholder, a significant improvement by 989.3% from 1.5 sen from continuing operations in the previous year after the spread of profits over an enlarged share base post-Bonus Issue. Likewise, cash and bank balances also swelled by almost 3 times, to RM165.3 million at the close of the year compared to RM56.1 million previously, and with minimal borrowings in its books, the Group is in positive net cash position, an indicator of strong financial health, sufficient liquidity and ample resources for further expansion and growth.

(iii) EC3, EC4, EC5: 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.

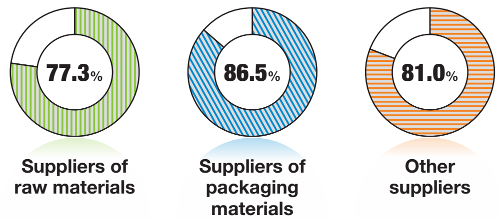
The Group also adopts a fair and impartial approach in its purchasing activities by ensuring competitive prices for its materials and parts; for certain major capital expenditure, the Group occasionally practices open tenders and purchases from the lowest bidder.

Economic Sustainability (Cont'd)

(a) Supplier assessments (Cont'd)

In the current year 2020, the evaluation of suppliers for the Group's Malaysia operations have consistently achieved Grades A, with performances rated in the range of 70% to 99%:

	Average Rating
Suppliers of raw materials	77.3%
Suppliers of packaging materials	86.5%
Other suppliers	81.0%



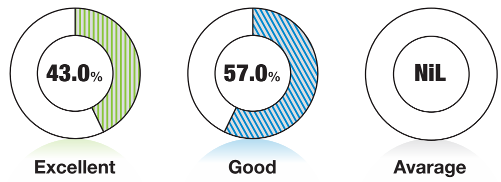
(iii) EC3, EC4, EC5: Meeting high quality standards and ensuring customers' satisfaction (Cont'd)

(b) Customers' surveillance and social audits

Under normal operating conditions, 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. Due to the pandemic and restrictions on travel movements in the current year, customers' surveillance audits were temporarily curbed and/or conducted virtually via video calls.

However, a pandemic or not did not preclude Rubberex from conducting its annual formal customer satisfaction surveys in order to fully understand customers' expectations and maintain rapport. The results of such surveys in 2020 indicate that 43.0% of our customers have rated the Group "excellent" in terms of our product quality, services and business support:

No. of customers surveyed	55
No. of replies received	35 (64.0%)
Results:	
Rating: Excellent	43.0%
Rating: Good	57.0%
Rating: Average	nil



During the year, a total of 18 audits and checks were also carried out by Jabatan Keselamatan dan Kesihatan Pekerjaan (JKKP) to ensure safe work practices, chemical handling and emergency procedures, particularly to the compliance of SOPs imposed by the local government.

Social audits play a crucial role in safeguarding the continuity of the Group's operations. Due to inevitable travel restrictions brought on by the pandemic, only one such audit, guided by the Business Social Compliance Initiative (BSCI) supply chain management system was carried out by an overseas customer in 2020.

More significantly, the Group was graded and has passed its annual stringent and rigorous SEDEX Members Ethical Trade Audit (SMETA) conducted by the Supplier Ethical Data Exchange (SEDEX) organisation for the monitoring of ethical business practices in global supply chains and was satisfactorily accorded compliance to their key audit pillars of Labour Standards, Health and Safety.

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 100 units of 18W lamps to 15W lightings at the production floor and the installation of an inverter in one of the plant's blower fans.

In 2020, Rubberex also committed to the installation of a solar photovoltaic power generation system at its plant, at an approximate cost of RM5.0 million, with the intent of harnessing the power of the sun to produce a form of renewable energy that is clean and environmentally friendly. This investment is beneficial to the Group as a hedge against electricity tariff hikes and is a practical viable approach to conserving and managing energy costs. Such an investment also qualifies the Group for various tax incentives and allowances that ultimately translates to higher returns in the long run.

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 planet.

(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. The Group is guided by the Environmental Quality (Industrial Effluent) Regulations 2009 and is in compliance to the design and construction of its industrial effluent treatment systems as well as specifications of industrial effluent treated and/or disposed.

In another tangible effort to reduce carbon footprint, where possible, 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, lower costs and a kinder environment in the long run.

(iv) EN4: Our commitment to the future

Rubberex's commitment to the sustainability of the environment extended to the latest nitrile disposable glove phase that commenced operation in late 2020; the production of this plant's 1.5 billion pieces of gloves is powered by natural gas rather than biomass due to it being a cleaner, more viable and environmentally friendly alternative to conventional fuel.

Crucially, sustainability of the Group's future is also secured in its upcoming next phase of expansion which was conscientiously sought in Lahat, Kinta district, Perak primarily due to its prime location along national gas pipelines.

Social Sustainability

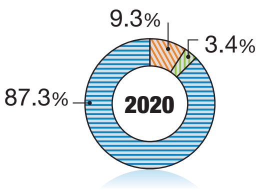
To ensure long term business continuity, we acknowledge that our employees are vital strategic assets of the Group; we support, protect and nurture our employees in terms of their career and personal development. The Group's social commitments and responsibilities also extend to the community at large 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:-

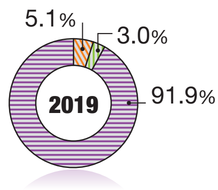
(i) SC1: Remuneration and rewards

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 2020, the remuneration of the Group's key management personnel, including the Managing and Executive Directors, have accounted for approximately 12.7% of total employee benefits expenses, an increase from 8.1% of the previous year 2019.

	As % of total employee benefits expenses	
	Year 2020	**Year 2019**
Remuneration paid to top 5 senior management	9.3%	5.1%
Remuneration paid to other key management personnel	3.4%	3.0%
Remuneration paid to other employees	87.3%	91.9%





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.

As at 31 December 2020, the average length of service by the Group's key management personnel was 23.4 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 9 employees were rewarded and presented with certificates of appreciation for their continuous services to the Group:

No. of employees presented with 10-year service awards	2
No. of employees presented with 20-year service awards	4
No. of employees presented with 30-year service awards	3

(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. Rubberex has also been audited and certified in compliance to the requirements of ISO 45001:2018 Occupational Health and Safety Management System.

In the midst of the pandemic, additional precautions were also taken to ensure the safety and well-being of its workers, among which were the implementation of strict social distancing rules, provision of face masks, sanitisation of work spaces, and disinfection of workers' transportation vehicles and dormitories.

Social Sustainability (Cont'd)

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

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
Audiometry tests	Test of hearing ability	At least once yearly or as required	57
Chemical Exposure Monitoring	Test for exposure to hazardous materials	At least once yearly	67

A total of 18 industrial accidents were reported at our Malaysia plants in 2020 of which the majority of these cases classified as "minor". Regretfully, one fatality was reported during the year, involving a production floor worker, and the case was duly handled by the relevant authorities.

	No. of industrial accidents	
	Year 2020	Year 2019
Major (requiring more than 5 medical leave)	4	Nil
Minor	13	17
Fatalities	1	Nil

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. In the current year, due to the unique circumstances brought on by the pandemic and the various Movement Control Orders ("MCO") implemented by the government, most social activities were deferred, certain administrative and office staff worked from home and/or on work rotational basis. In addition to strict social distancing rules put in place to safeguard against the spread of the virus, all staff and workers at our Malaysian plants were also fully screened and tested for COVID-19 in December 2020.

In the current year, Rubberex installed a dedicated automatic teller machine ("ATM") by a local bank on-site, for the convenience of its staff and workers to withdraw and/or deposit cash. This machine was also placed at a well-lighted area, within sight of the security guards on duty and safely monitored by closed-circuit television cameras 24 hours a day.

(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 2020, total employees at our Malaysia plants stood at 1,049, an increase from 854 at the beginning of the year where the bulk of new recruits were mostly those initiated into the Group's latest nitrile disposable glove plant. Employee movements during the year were as follows:

As at 01/01/2020	Recruitment	Resignation/ Left Malaysia	As at 31/12/2020
854	431	236	1,049

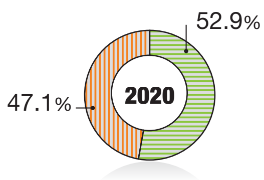
The categorisation of the Group's foreign workforce consists of workers mainly from Myanmar (76.1%), Nepal (22.3%) and Indonesia (1.6%) brought in to fulfil critical manual tasks at certain sections of the factory floor that require greater continuity and stability in terms of workers' attendance and turnover.

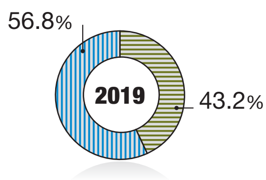
Social Sustainability (Cont'd)

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

Coinciding with the Group's planned factory expansion in year 2020, the proportion of local workers against foreigners employed have also increased by 50.4%, from a previous total of 369 to 555 workers. In such challenging economic times brought on by COVID-19 and the closure of multiple businesses, the Group is humbled by the ability to preserve an economic lifeline to local families affected by the pandemic.

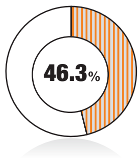
	Year 2020		Year 2019	
	No. of employees		No. of employees	
Local	555	52.9%	369	43.2%
Foreigners	494	47.1%	485	56.8%
Total	1,049	100.0%	854	100.0%



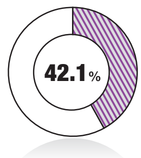


Our workforce in Malaysia is also one that is relatively young and dynamic, with the highest proportion of employees within the 18 to 30 years age-group. Sustainability for the Group is assured from a ready pool of willing, motivated learners, guided by the right balance of qualified experienced mentors.

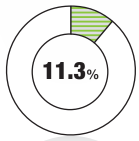
	No. of employees	
Ages 18 – 30	485	46.3%
Ages 31 – 45	442	42.1%
Ages 46 – 60	119	11.3%
Above 60 years	3	0.3%
Total	1,049	100.0%



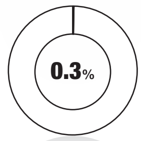
Ages 18 – 30



Ages 31 – 45



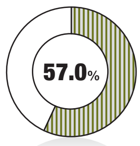
Ages 46 – 60



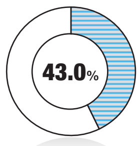
Above 60 years

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	598	57.0%
Female	451	43.0%
Total	1,049	100.0%



Male



Female

Social Sustainability (Cont'd)

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

Rubberex's workplace culture is one that encourages employees to openly share and suggest viewpoints, ideas, complaints or grievances with Management without intimidation. To this end, suggestion boxes placed at strategic locations within the premises have effectively achieved this purpose. During the year, a total of 3 practical and constructive proposals were accepted by Management and as a gesture of appreciation, these employees were remunerated accordingly:

No. of suggestions received	8	100.0%
No. of suggestions replied	8	100.0%
No. of suggestions accepted and implemented	3	37.5%
No. of suggestions under review	2	25.0%

(iv) SC4: Training and Development

As in the past, Rubberex has always been a strong advocate of employee development and various training courses, seminars and programs are organised, either in-house or off site. However, due to the unique restrictions brought on by the pandemic, most training courses have been put on hold in the current year.

(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 2020, such as:-

- Berita Kesatuan Pekerja Bomba & Penyelamat Semenanjung Malaysia;
- Pertubuhan Kebajikan Mental Selangor (PKMS);
- National Kidney Foundation of Malaysia;
- Pertubuhan Membantu Pesakit Parah Miskin Malaysia;
- Cancerlink Foundation;
- Persatuan Penjagaan Kanak-kanak Terencat Akal;
- Yayasan Teratai;
- Ray of Hope Foundation; and
- Police Administrative and Civilian Staff Union.

Additionally, the Group also contributed its own-manufactured gloves and other PPEs to various front liners and medical professionals in the field, among them, Polis Di-Raja Malaysia, Hospital Sungai Buloh, Hospital Raja Permaisuri Bainun Ipoh, Hospital Taiping, Hospital Teluk Intan, Hospital Perlis, Jabatan Kesihatan Negeri Selangor, Jabatan Perdana Menteri Putrajaya, Majlis Keselamatan Negara and Universiti Utara Malaysia (Unit Frontliners).

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 2020.

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.

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;

Other Key Elements of the Group's Internal Control System (Cont'd)

- **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 indictors 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 three 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

In accordance to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditor, has reviewed this statement in accordance with the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3"), issued by the Malaysian Institute of Accountants 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 22 April 2021.

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 2020 set out on pages 63 to 135 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 13 April 2021.

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STATEMENT OF SHAREHOLDINGS
as at 26 March 2021

Issued and Paid-up Capital	:	RM191,211,534
Voting Rights on a poll	:	1 vote for each share held

DISTRIBUTION OF SHAREHOLDERS FOR ORDINARY SHARES AS AT 26 MARCH 2021
(Excluding 2,798,600 Treasury Shares)

Size of Shareholdings as at 26 March 2021	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	99	0.34	2,553	0.00
100 – 1,000	4,554	16.62	3,288,773	0.40
1,001 – 10,000	16,335	59.63	76,462,113	9.22
10,001 – 100,000	5,987	21.85	165,434,445	19.94
100,001 to less than 5% of issued shares	424	1.55	208,342,301	25.12
5% and above of issued shares	4	0.01	375,946,566	45.32
Total	27,396	100.00	829,476,751	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES
(Excluding 2,798,600 Treasury Shares)

No.	Names	Shares	%
1	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd (PJCAC)	158,518,240	19.11
2	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd	123,428,326	14.88
3	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd	50,000,000	6.03
4	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd	44,000,000	5.30
5	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd (M3918B)	41,000,000	4.94
6	Diamond Silk International Sdn Bhd	10,539,457	1.27
7	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ping Kok Koh (041005)	10,364,112	1.25
8	Kon Choi Ying	9,388,914	1.13
9	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sharifuddin Bin Shoib (041004)	6,493,626	0.78
10	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)	5,000,000	0.60
11	Kenanga Nominees (Tempatan) Sdn Bhd – Ping Kok Koh (PCS)	3,213,102	0.39
12	Sabri Bin Abd Hamid	3,000,000	0.36
13	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koek Tiang Kung (8038626)	2,823,600	0.34
14	Ong Suan Kim	2,797,092	0.34
15	Amanahraya Trustees Berhad - PMB Shariah Aggressive Fund	2,378,000	0.29
16	Goh Mooi Huan	1,934,898	0.23
17	Mohamed Bin Hamzah	1,665,920	0.20
18	Amanahraya Trustees Berhad - PMB Shariah Growth Fund	1,500,000	0.18

STATEMENT OF SHAREHOLDINGS AS AT 26 MARCH 2021

(CONT'D)

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES (CONT'D)
(Excluding 2,798,600 Treasury Shares)

No.	Names	Shares	%
19	Cheong Kok Kong	1,445,800	0.17
20	Ong Keng Siew	1,304,900	0.16
21	Lee Wai Keong	1,200,000	0.14
22	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yogesh Sharma	1,084,500	0.13
23	Bluebros E&C Sdn Bhd	1,073,500	0.13
24	Low Chee Siong	1,050,000	0.13
25	RHB Investment Bank Berhad – IVT "SW Book 1"	1,011,400	0.12
26	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yap Sim Yee (7000900)	1,000,000	0.12
27	Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Bank of Singapore Limited (Foreign)	1,000,000	0.12
28	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kon Choi Ying	921,084	0.11
29	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Li Then	900,000	0.11
30	Goh Mooi Huan	898,502	0.11
		490,934,973	59.19

SUBSTANTIAL SHAREHOLDERS FOR ORDINARY SHARES AS AT 26 MARCH 2021
(Excluding 2,798,600 Treasury Shares)

	No. of shares held			
	Direct	%	Indirect	%
Hextar Rubber Sdn. Bhd.	416,946,566	50.27	–	–
Dato' Ong Choo Meng	–	–	416,946,566	50.27#

\# Deemed interested by virtue of his shareholding in Hextar Rubber Sdn. Bhd.

DIRECTORS' INTERESTS FOR ORDINARY SHARES AS AT 26 MARCH 2021
(Excluding 2,798,600 Treasury Shares)

	No. of shares held			
	Direct	%	Indirect	%
Dato' Dr. Teo Tong Kooi	–	–	–	–
Dato' Mohamed Bin Hamzah	1,665,920	0.20	–	–
Khoo Chin Leng	32,070	0.00	22,812	0.00#
Mustapha Bin Mohamed	–	–	–	–
Dato' Ong Choo Meng	–	–	416,946,566	50.27+
Dato' Chan Choun Sien	–	–	–	–
Lim Chee Lip	–	–	–	–

\# 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 Hextar Rubber 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, 2020.

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:

	The Group RM	The Company RM
Profit/(Loss) for the year attributable to owners of the Company	131,175,357	(851,553)

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.

DIVIDEND

No dividend has been paid or declared by the Company during the financial year. The directors do not recommend any dividend payment 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

During the financial year:

(i) the Company increased its issued and paid-up ordinary share capital by the issuance of 25,219,500 new ordinary shares pursuant to a private placement exercise at an issue price of RM1.23 per ordinary share; and

(ii) the Company issued 554,850,234 new ordinary shares by way of issuance of bonus issue on the basis of two (2) new ordinary shares for every one (1) existing ordinary share held in the Company on October 20, 2020 (the "Bonus Issue").

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company. Further details are disclosed in Note 27 to the financial statements.

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

DIRECTORS' REPORT

(CONT'D)

TREASURY SHARES

Prior to the Bonus Issue, the Company repurchased 10,809,200 ordinary shares from the open market of Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of shares was RM61,654,834 and has been deducted from equity. The average price paid for the shares repurchased was RM5.70 per share. The repurchase transactions were financed by internally generated funds.

On August 27, 2020, prior to the Bonus Issue, the Company sold 10,000 units of the treasury shares in the open market of Bursa Malaysia Securities Berhad for RM56,564 (after deducting expenses incurred in relation to the sales of treasury shares) to increase the working capital of the Company. The average selling price of the treasury shares was RM5.66 per share. The resulting gain arising from the treasury shares sold of RM48,603 has been credited to the retained earnings account.

On November 16, 2020, post Bonus Issue, the Company sold 32,427,600 units of the treasury shares in the open market of Bursa Malaysia Securities Berhad for RM71,872,409 (after deducting expenses incurred in relation to the sales of treasury shares) to increase the working capital of the Company. The average selling price of the treasury shares was RM2.22 per share. The resulting gain arising from the treasury shares sold of RM10,217,575 has been credited to the retained earnings account.

During December 2020, the Company repurchased 1,167,500 ordinary shares from the open market of Bursa Malaysia Securities Berhad. The total amount paid for acquisition of shares was RM1,612,432 and has been deducted from equity. The average price paid for the shares repurchased was RM1.38 per share. The repurchase transactions were financed by internally generated funds.

The shares repurchased 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.

As of the end of the financial year, the Company held a total of 1,167,500 treasury shares. Further details are disclosed in Note 27 to the financial statements.

SHARE OPTIONS

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

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

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

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

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

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

DIRECTORS

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

Dato' Dr. Teo Tong Kooi (appointed on September 7, 2020)
Dato' Mohamed bin Hamzah
Mr. Khoo Chin Leng
Mr. Lim Chee Lip (appointed on August 28, 2020)
En. Mustapha bin Mohamed
Dato' Ong Choo Meng
Dato' Chan Choun Sien (appointed on May 27, 2020)
Dato' Abd Rahim bin Abd Halim (resigned on August 28, 2020)
En. Sharifuddin bin Shoib (resigned on August 28, 2020)

DIRECTORS' REPORT

(CONT'D)

DIRECTORS (CONT'D)

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

Name of directors	Subsidiaries
Mr. Khoo Chin Leng	RM, DG, RMM, RA, RSSL
En. Sabri bin Abd Hamid	RM, DG, RMM, RA, RHK, RSSL
Mr. Khoo Thiam Chye	RM, DG, RMM, RA

Denotes:

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares				
	Balance as of 1.1.2020/ Date of appointment	**Bonus issue**	**Bought**	**Sold**	**Balance as of 31.12.2020**
Shares in the Company					
Registered in the name of directors					
Dato' Mohamed bin Hamzah	1,488,640	1,077,280	–	(950,000)	1,615,920
Mr. Khoo Chin Leng	10,690	21,380	–	–	32,070
Dato' Ong Choo Meng	–	20,699,800	10,349,900	(31,049,700)	–
Mr. Lim Chee Lip	20,000	40,000	–	(60,000)	–
Indirect interests					
Mr. Khoo Chin Leng	7,604	15,208	–	–	22,812
Dato' Ong Choo Meng	81,967,000	289,719,044	63,117,522	(17,857,000)	416,946,566

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
Directors of the Company		
Directors' fees	257,750	257,750
Salaries, allowances and bonuses	2,906,185	38,000
Contributions to the Employees' Provident Fund ("EPF")	215,453	–
	3,379,388	295,750
Benefits-in-kind*	12,650	–

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

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.

DIRECTORS' REPORT

(CONT'D)

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended December 31, 2020 are as follows:

	The Group RM	The Company RM
Fees paid/payable - statutory audit	277,103	82,500

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

MR. KHOO CHIN LENG

DATO' DR. TEO TONG KOOI

Ipoh, 13 April 2021

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, 2020, 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 63 to 133.

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, 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, is of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters are addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RUBBEREX CORPORATION (M) BERHAD (INCORPORATED IN MALAYSIA)

(CONT'D)

Key Audit Matter	How the matter was addressed in the audit
Capitalisation of property, plant and equipment and determination of assets' useful lives The Group is embarking on an expansion plan to include new production lines for nitrile disposable gloves through one of its wholly-owned subsidiary, Rubberex Alliance Sdn. Bhd. ("RASB"). RASB started constructing 5 new double-former nitrile disposable gloves lines at a new plant towards the end of prior year. The construction of the new plant was completed in first quarter of 2020. However, due to implementation of Movement Control Order ("MCO") by the Malaysian government on March 18, 2020, the installation and commissioning of the first 2 double-former lines was delayed and was only completed in the last quarter of 2020. Total capital expenditure of the Group for the financial year ended December 31, 2020 amounted to RM67.5 million, as disclosed in Note 16 to the financial statements. There are risks that the costs of property, plant and equipment are not capitalised in accordance with the requirement of MFRS 116 *Property, Plant and Equipment* and MFRS 123 *Borrowing Costs*, and that the useful lives assigned to completed assets are unreasonable.	Our audit procedures, amongst others, included the following: • Tested the design and implementation of key controls surrounding the review and approval of the capitalisation process. • Tested, on a sampling basis, the accuracy and appropriateness of costs capitalised by assessing the nature of expenditure capitalised by RASB with reference to internal request forms, goods received notes, suppliers' invoices and delivery notes, and payment relate evidences. • Evaluated whether costs capitalised met the recognition criteria set out in MFRS 116 *Property, Plant and Equipment.* • Evaluated whether relevant borrowing costs are capitalised in accordance with the requirement of MFRS 123 *Borrowing Costs*. • Physically sighted a sample of the assets additions and gathered evidence of them in operations via production records. • Challenged the anticipated useful lives assigned with reference to the Group's historical experience, our understanding of the future utilisation of assets by RASB and by reference to the depreciation policies applied by third parties operating similar assets.

We have not identified any key audit matter pertaining to the financial statements of the Company for the financial year ended December 31, 2020.

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 Directors' Report and in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RUBBEREX CORPORATION (M) BERHAD (INCORPORATED IN MALAYSIA)

(CONT'D)

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 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, 13 April 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended December 31, 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Continuing Operations					
Revenue	5	415,146,749	218,643,272	–	58,500,000
Investment revenue	7	1,497,994	849,820	1,469,124	849,820
Other gains and losses	8	(720,637)	(165,792)	–	10,182
Other operating income	10	163,966	81,949	99,278	–
Changes in inventories of finished and trading goods		(9,101,889)	(6,225,682)	–	–
Purchase of finished and trading goods		(34,831,394)	(10,013,103)	–	–
Raw materials and consumables used		(114,973,462)	(104,360,071)	–	–
Depreciation of property, plant and equipment	16	(7,981,125)	(7,049,227)	–	–
Depreciation of right-of-use assets	18	(806,802)	(784,474)	–	–
Amortisation of prepaid lease payments	17	(203,608)	(75,626)	–	–
Impairment loss on goodwill	20	–	(2,793,422)	–	–
Directors' remuneration	9	(3,379,388)	(2,477,521)	(295,750)	(254,100)
Employee benefit expenses	9	(37,126,814)	(33,124,907)	–	–
Finance costs	11	(694,339)	(2,413,988)	–	(100,510)
Other operating expenses	10	(45,954,157)	(34,346,238)	(1,763,094)	(1,042,304)
Profit/(Loss) before tax		161,035,094	15,744,990	(490,442)	57,963,088
Tax expenses	12	(29,859,737)	(4,391,165)	(361,111)	(119,000)
Profit/(Loss) for the year from continuing operations		131,175,357	11,353,825	(851,553)	57,844,088
Discontinued Operations					
Profit for the year from discontinued operations	14	–	15,156,385	–	7,094,888

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

(CONT'D)

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		131,175,357	26,510,210	(851,553)	64,938,976
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations					
Exchange differences arising during the year		1,794,299	(3,296,746)	–	–
Reclassification adjustments relating to foreign operations disposed of in the year (Note 37)		–	(27,606,224)	–	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,794,299	(30,902,970)	–	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		132,969,656	(4,392,760)	(851,553)	64,938,976
Earnings per share					
From continuing and discontinued operations:					
Basic and diluted (sen per share)	13	16.34	3.50		
From continuing operations:					
Basic and diluted (sen per share)	13	16.34	1.50		

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

STATEMENTS OF FINANCIAL POSITION

as of December 31, 2020

		The Group		The Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	16	182,895,490	125,707,675	–	–
Prepaid lease payments	17	4,689,762	4,893,370	–	–
Right-of-use assets	18	2,702,286	905,957	–	–
Investments in subsidiaries	19	–	–	24,051,005	24,051,005
Goodwill on consolidation	20	–	–	–	–
Deferred tax assets	12	148	600,509	–	–
Total non-current assets		190,287,686	132,107,511	24,051,005	24,051,005
Current assets					
Inventories	21	56,470,441	42,957,730	–	–
Trade and other receivables	22	56,196,114	36,577,297	290,409	282,364
Amount owing by subsidiaries	23	–	–	55,233,997	91,748,662
Current tax assets	12	188,062	644,900	188,062	96,117
Other assets	24	2,919,195	1,217,346	1,000	1,000
Other financial assets	25	110,606	21,240	–	–
Fixed deposits, cash and bank balances	26	165,276,171	56,130,246	131,835,953	51,090,213
Total current assets		281,160,589	137,548,759	187,549,421	143,218,356
Total assets		471,448,275	269,656,270	211,600,426	167,269,361
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	27(a)	191,211,534	160,191,549	191,211,534	160,191,549
Treasury shares	27(b)	(1,612,432)	(7,961)	(1,612,432)	(7,961)
Reserves	28	8,318,427	6,524,128	–	–
Retained earnings	28	179,750,935	38,309,400	13,609,842	4,195,217
Total equity		377,668,464	205,017,116	203,208,944	164,378,805
Deferred and non-current liabilities					
Borrowings	30	3,500,000	1,300,000	–	–
Lease liabilities	31	1,929,385	129,600	–	–
Deferred tax liabilities	12	6,084,357	180,825	–	–
Total deferred and non-current liabilities		11,513,742	1,610,425	–	–

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020

(CONT'D)

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Current liabilities					
Trade and other payables	32	55,726,216	41,904,727	–	–
Amount owing to subsidiaries	23	–	–	8,006,233	–
Borrowings	30	437,676	10,715,703	–	–
Lease liabilities	31	857,988	777,311	–	–
Current tax liabilities	12	7,030,247	546,506	–	–
Other liabilities - accrued expenses	33	18,213,942	6,562,526	385,249	368,600
Dividend payable		–	2,521,956	–	2,521,956
Total current liabilities		82,266,069	63,028,729	8,391,482	2,890,556
Total liabilities		93,779,811	64,639,154	8,391,482	2,890,556
Total equity and liabilities		471,448,275	269,656,270	211,600,426	167,269,361

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

STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2020

The Group	Note	Share Capital RM	Treasury Shares RM	Translation Reserve RM (Note 38)	Capital Reserve RM	Retained Earnings RM	Net Equity RM
		← Attributable to Owners of the Company					→
				Non-distributable Reserves		Distributable Reserve	
Balance as of January 1, 2019		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)	–	26,510,210	(4,392,760)
Transfer to retained earnings		–	–	–	2,341,786	(2,341,786)	–
Dividends	29	–	–	–	–	(5,043,912)	(5,043,912)
Balance as of December 31, 2019		160,191,549	(7,961)	6,524,128	–	38,309,400	205,017,116
Profit for the year		–	–	–	–	131,175,357	131,175,357
Other comprehensive income for the year		–	–	1,794,299	–	–	1,794,299
Total comprehensive income for the year		–	–	1,794,299	–	131,175,357	132,969,656
Issuance of new shares	27(a)	31,019,985	–	–	–	–	31,019,985
Purchase of treasury shares	27(b)	–	(63,267,266)	–	–	–	(63,267,266)
Resale of treasury shares	27(b)	–	61,662,795	–	–	10,266,178	71,928,973
Balance as of December 31, 2020		191,211,534	(1,612,432)	8,318,427	–	179,750,935	377,668,464

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONT'D)

		Attributable to Owners of the Company			
				Distributable Reserve	
The Company	**Note**	**Share Capital RM**	**Treasury Shares RM**	**Retained Earnings RM**	**Net Equity RM**
Balance as of January 1, 2019		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	29	–	–	(5,043,912)	(5,043,912)
Balance as of December 31, 2019		160,191,549	(7,961)	4,195,217	164,378,805
Loss and total comprehensive loss for the year		–	–	(851,553)	(851,553)
Issuance of new shares	27(a)	31,019,985	–	–	31,019,985
Purchase of treasury shares	27(b)	–	(63,267,266)	–	(63,267,266)
Resale of treasury shares	27(b)	–	61,662,795	10,266,178	71,928,973
Balance as of December 31, 2020		191,211,534	(1,612,432)	13,609,842	203,208,944

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

STATEMENT OF CASH FLOWS

for the year ended December 31, 2020

The Group	Note	2020 RM	2019 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		131,175,357	26,510,210
Adjustments for:			
Tax expenses recognised in profit or loss		29,859,737	5,331,592
Depreciation of property, plant and equipment		7,981,125	7,049,227
Property, plant and equipment written off		2,374,768	119,079
Loss on deconsolidation of a subsidiary		1,363,802	–
Depreciation of right-of-use assets		806,802	784,474
Finance costs		694,339	2,451,647
Amortisation of prepaid lease payments		203,608	75,626
Bad debts written off		41,415	–
Investment revenue recognised in profit or loss		(1,505,183)	(849,820)
Unrealised (gains)/losses on foreign exchange		(576,990)	335,081
Fair value gains on financial derivatives		(110,606)	(21,240)
Gain on disposal of property, plant and equipment		(38,055)	–
Impairment loss on goodwill		–	2,793,422
Inventories written down to net realisable value		–	1,798,600
Prepaid lease payment written off		–	69,050
Gain on disposal of subsidiaries	37	–	(24,281,585)
		172,270,119	22,165,363
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(11,847,873)	10,952,944
Trade and other receivables		(19,012,122)	5,631,086
Other assets		(1,685,752)	(12,719)
Other financial assets		21,240	39,503
Increase/(Decrease) in:			
Trade and other payables		6,383,698	(1,326,245)
Other liabilities - accrued expenses		11,638,507	2,215,785
Cash Generated From Operations		157,767,817	39,665,717
Income tax refunded		539,101	3,605,361
Interest received		7,189	–
Income tax paid		(16,977,809)	(4,055,890)
Net Cash From Operating Activities		141,336,298	39,215,188
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest received		1,497,994	849,820
Proceeds from disposal of property, plant and equipment		65,000	–
Purchase of property, plant and equipment	35(a)	(61,633,776)	(31,190,046)
Placement of fixed deposits		(60,000,000)	–
Proceeds from disposal of subsidiaries	37	–	65,454,621
Net Cash (Used In)/From Investing Activities		(120,070,782)	35,114,395

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

(CONT'D)

The Group	Note	2020 RM	2019 RM
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from sale of treasury shares		71,928,973	–
Proceeds from issuance of new shares	27(a)	31,019,985	–
Proceeds from term loans	35(b)	2,200,000	1,300,000
Repurchased of treasury shares	27(b)	(63,267,266)	–
Repayment of bills payable	35(b)	(6,151,000)	(849,000)
Dividend paid		(2,521,956)	(5,043,912)
Repayment of revolving credits - net	35(b)	(2,500,000)	(2,500,000)
Repayment of bank overdraft	35(b)	(788,451)	(2,998,078)
Repayment of lease liabilities		(726,605)	(787,302)
Finance costs paid		(692,967)	(2,447,851)
(Repayment of)/Proceeds from bankers' acceptances - net	35(b)	(394,000)	79,000
Repayment of trust receipts	35(b)	(184,000)	(725,633)
Repayment of term loans	35(b)	–	(27,003,125)
Net Cash From/(Used In) Financing Activities		27,922,713	(40,975,901)
NET INCREASE IN CASH AND CASH EQUIVALENTS		49,188,229	33,353,682
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		55,664,253	23,707,129
Effect of exchange rate changes on the balance of cash held in foreign currencies		218,272	(1,396,558)
CASH AND CASH EQUIVALENTS AT END OF YEAR	35(c)	105,070,754	55,664,253

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONT'D)

The Company	**Note**	**2020 RM**	**2019 RM**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
(Loss)/Profit for the year		(851,553)	64,938,976
Adjustments for:			
Tax expenses recognised in profit or loss		361,111	119,000
Investment revenue recognised in profit or loss		(1,469,124)	(849,820)
Loss from disposal of subsidiaries	37	–	29,026,958
Impairment losses on investment in subsidiaries		–	5,958,886
Finance costs		–	100,510
Dividend income		–	(100,618,367)
Capital distribution from subsidiaries		–	(10,182)
		(1,959,566)	(1,334,039)
Movements in working capital:			
Increase in other receivables		(8,045)	(282,364)
Increase/(Decrease) in other liabilities - accrued expenses		16,649	(128,508)
Cash Used In Operations		(1,950,962)	(1,744,911)
Income tax paid		(453,056)	(1,200)
Income tax refunded		–	5,705
Net Cash Used In Operating Activities		(2,404,018)	(1,740,406)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Repayment from/(Advances to) subsidiaries - net		36,514,665	(5,562,729)
Interest received		1,469,124	849,820
Placement of fixed deposits		(60,000,000)	–
Proceeds from disposal of subsidiaries	37	–	70,868,655
Net Cash (Used In)/From Investing Activities		(22,016,211)	66,155,746
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from sale of treasury shares		71,928,973	–
Proceeds from issuance of new shares	27(a)	31,019,985	–
Advances from/(Repayment to) subsidiaries - net	35(b)	8,006,233	(6,396,155)
Repurchased of treasury shares	27(b)	(63,267,266)	–
Dividends paid		(2,521,956)	(5,043,912)
Repayment of term loans	35(b)	–	(5,375,000)
Finance costs paid		–	(100,510)
Net Cash From/(Used in) Financing Activities		45,165,969	(16,915,577)
NET INCREASE IN CASH AND CASH EQUIVALENTS		20,745,740	47,499,763
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		51,090,213	3,590,450
CASH AND CASH EQUIVALENTS AT END OF YEAR	35(c)	71,835,953	51,090,213

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 April 13, 2021.

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 amendments to MFRSs

In the current year, the Group and the Company adopted all of the amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(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:

Amendments to MFRS 16	COVID-19 Related Rent Concessions[1]
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2[2]
Amendments to MFRS 3	Reference to the Conceptual Framework[3]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[3]
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract[3]
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020[3]

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(b) Standards in issue but not yet effective (Cont'd)

MFRS 17	Insurance Contracts[4]
Amendments to MFRS 17	Insurance Contracts[4]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[4]
Amendments to MFRS 101	Disclosure of Accounting Policies[4]
Amendments to MFRS 108	Definition of Accounting Estimates[4]
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond June 30, 2021[5]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]

[1] Effective for annual periods beginning on or after June 1, 2020, with earlier application permitted, including in financial statements not authorised for issue at May 28, 2020.
[2] Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.
[3] Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.
[4] Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.
[5] Effective for annual periods beginning on or after April 1, 2021, with earlier application permitted.
[6] Effective date deferred to a date to be announced by MASB.

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 take 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 financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories or value in use in MFRS 136 Impairment of Assets*.

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:

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries and Basis of Consolidation (Cont'd)

Changes in the Group's ownership interest in existing subsidiaries (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (Cont'd)

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 9 *Financial Instruments* 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 sale of glove products is recognise at the point of time where control of the goods have been transferred to the customer.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (Cont'd)

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.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or an 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

The annual depreciation rates are as follows:

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

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 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 a 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

The Group as a lessee (Cont'd)

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.

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 *Provisions, Contingent Liabilities and Contingent Assets*. 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 *Impairment of Assets* 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 profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

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 excluding Goodwill. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Assets (Cont'd)

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.

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 if higher 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group and the Company have a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Discontinued Operations

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

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value, plus transaction costs, except for those financial assets and financial liabilities classified as 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 entirely at either amortised cost or fair value, depending on the classification of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

(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 solely payments of principal and interest ("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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

(iv) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained 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.

(c) Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with MFRS 9 *Financial Instruments* (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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) <u>Impairment of property, plant and equipment</u>

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.

The carrying amount of property, plant and equipment is disclosed under Note 16.

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

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

(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.

The carrying amounts of trade and other receivables are disclosed under Note 22.

(iii) 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.

The carrying amounts of investments in subsidiaries are disclosed under Note 19.

(iv) Income taxes

The Group and the Company are subject to income taxes of local jurisdictions. Judgement is required in determining capital allowances and the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Current tax for the year and deferred taxes as of year end are disclosed under Note 12.

5. REVENUE

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Sale of manufactured products	381,612,860	211,510,465	–	–
Sale of trading products	33,533,889	7,132,807	–	–
Dividend income	–	–	–	58,500,000
	415,146,749	218,643,272	–	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 and in Europe.

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

Geographical segments by location of assets

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

The Group 2020	Malaysia RM	Hong Kong RM	Europe RM	Eliminations RM	Total RM
Revenue	375,732,063	–	171,677,054	(132,262,368)	415,146,749
Results					
Segment results	151,662,714	–	21,553,385	(12,984,660)	160,231,439
Investment revenue					1,497,994
Finance costs					(694,339)
Profit before tax					161,035,094
Tax expense					(29,859,737)
Profit for the year					131,175,357
Assets					
Segment assets	419,742,855	–	51,517,210	–	471,260,065
Unallocated corporate assets					188,210
Consolidated total assets					471,448,275
Liabilities					
Segment liabilities	67,176,086	–	9,551,445	–	76,727,531
Unallocated corporate liabilities					17,052,280
Consolidated total liabilities					93,779,811
Other Information					
Capital expenditure	67,464,667	–	73,410	–	67,538,076
Depreciation and amortisation charges	8,004,678	–	986,857	–	8,991,535
Property, plant and equipment written off	1,971,662	–	403,106	–	2,374,768

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. SEGMENT REPORTING (CONT'D)

The Group 2019	Malaysia RM	Hong Kong RM	Europe RM	Eliminations RM	Total RM
Revenue	278,608,976	–	85,985,109	(145,950,813)	218,643,272
Results					
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
Assets					
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
Liabilities					
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
Other Information (continuing operations)					
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

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; 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:

	The Group	
	2020 RM	2019 RM
Europe	229,420,166	118,214,265
Asia	90,331,817	44,347,110
North and South America	56,741,028	34,926,762
Rest of the world	38,653,738	21,155,135
	415,146,749	218,643,272

Revenues of approximately RM93,342,374 (2019: RM46,231,396) are derived from a single external customer. These revenues are attributable to the Europe segment.

7. INVESTMENT REVENUE

	The Group		The Company	
Continuing operations	2020 RM	2019 RM	2020 RM	2019 RM
Interest income from:				
Fixed and short-term deposits	1,497,994	849,820	1,469,124	849,820
Advances to subsidiaries (Note 23)	–	–	–	59,523
	1,497,994	849,820	1,469,124	909,343
Less: Set off against finance costs (Note 11)	–	–	–	(59,523)
	1,497,994	849,820	1,469,124	849,820

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets measured at amortised cost	1,497,994	849,820	1,469,124	909,343

8. OTHER GAINS AND LOSSES

Continuing operations	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Unrealised gains/(losses) on foreign exchange	576,990	(335,081)	–	–
Fair value gains on financial derivatives designated as at FVTPL	110,606	21,240	–	–
Capital distribution from a subsidiary	–	10,182	–	10,182
Gain from disposal of property, plant and equipment	38,055	–	–	–
Loss on deconsolidation of a subsidiary company	(1,363,802)	–	–	–
Realised (losses)/gains on foreign exchange	(82,486)	137,867	–	–
	(720,637)	(165,792)	–	10,182

9. DIRECTORS' REMUNERATION AND EMPLOYEE BENEFIT EXPENSES

Included in other employee benefit expenses are the following:

Continuing operations	The Group 2020 RM	The Group 2019 RM
Statutory contributions	2,167,656	1,814,126
Rental of hostel	196,350	216,000

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

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

Continuing operations	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Executive directors of the Company:				
Salaries, allowances and bonuses	1,370,020	848,395	–	–
Statutory contributions	63,440	93,805	–	–
	1,433,460	942,200	–	–
Executive directors of the subsidiaries:				
Salaries and bonuses	1,498,165	1,162,185	–	–
Statutory contributions	152,013	119,036	–	–
	1,650,178	1,281,221	–	–
Non-executive directors:				
Fees	257,750	254,100	257,750	254,100
Allowances	38,000	–	38,000	–
	3,379,388	2,477,521	295,750	254,100

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM12,650 (2019: RM2,400).

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:

	The Group 2020 RM	The Group 2019 RM
Short-term employee benefits	1,792,686	1,144,841
Statutory contributions	197,587	124,849
	1,990,273	1,269,690

The estimated monetary value of benefits-in-kind received and receivable by members of key management personnel otherwise than in cash from the Group amounted to RM3,700 (2019: RM4,800).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. OTHER OPERATING INCOME/(EXPENSES)

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

	The Group		The Company	
Continuing operations	**2020 RM**	**2019 RM**	**2020 RM**	**2019 RM**
Scrap sales	112,446	40,322	–	–
Interest income	7,189	–	–	–
Property, plant and equipment written off	(2,374,768)	–	–	–
Auditors' remuneration	(277,103)	(275,680)	(82,500)	(89,500)
Rental of:				
Pallet	(75,854)	(67,129)	–	–
Car park	(23,400)	(22,200)	–	–
Bad debts written off	(41,415)	–	–	–
Prepaid lease payments written off	–	(69,050)	–	–

11. FINANCE COSTS

	The Group		The Company	
Continuing operations	**2020 RM**	**2019 RM**	**2020 RM**	**2019 RM**
Interests on:				
Term loans	83,555	1,155,288	–	159,207
Bills payable	84,823	276,577	–	–
Revolving credits	44,530	223,572	–	–
Bank overdrafts	30,408	144,895	–	–
Trust receipts	20,615	67,670	–	–
Lease liabilities (Note 18)	1,372	3,796	–	–
Bank charges and commitment fees	429,036	542,190	–	826
Total interest expense for financial liabilities that are not designated as at FVTPL	694,339	2,413,988	–	160,033
Less: Set off against investment revenue (Note 7)	–	–	–	(59,523)
	694,339	2,413,988	–	100,510

In 2019, interest costs on 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 on lent to and utilised by the subsidiaries.

12. TAX EXPENSES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax expenses comprise:				
Current income tax expense:				
Malaysian	18,092,128	2,687,456	246,000	119,000
Foreign	5,365,119	367,212	–	–
Adjustment recognised in the current year in relation to the income tax of prior years	(101,430)	8,600	115,111	–
	23,355,817	3,063,268	361,111	119,000
Deferred tax relating to origination and reversal of temporary differences:				
Current year:				
Malaysian	6,651,532	1,390,411	–	–
Adjustment recognised in the current year in relation to the deferred tax of prior years	(147,612)	(62,514)	–	–
	6,503,920	1,327,897	–	–
Total tax expense relating to continuing operations	29,859,737	4,391,165	361,111	119,000
Total tax expense relating to discontinued operations (Note 14)	–	940,427	–	–
Total tax expense	29,859,737	5,331,592	361,111	119,000

Malaysian income tax rate remained at 24% (2019: 24%) for the year of assessment 2020 of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

12. TAX EXPENSES (CONT'D)

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax:				
Continuing operations	161,035,094	15,744,990	(490,442)	57,963,088
Discontinued operations (Note 14)	–	16,096,812	–	7,094,888
	161,035,094	31,841,802	(490,442)	65,057,976
Tax/(Loss) calculated at 24% (2019: 24%)	38,648,000	7,642,000	(118,000)	15,614,000
Tax effects of:				
Expenses that are not deductible in determining taxable profit	1,078,779	1,880,371	388,000	8,653,000
Utilisation of Special Reinvestment Allowances	(7,610,000)	–	–	–
Temporary differences arising from property, plant and equipment	(2,186,000)	–	–	–
Income that is not taxable in determining taxable profit	(24,000)	(3,602,300)	(24,000)	(24,148,000)
Incentive for increase in export utilised	–	(500,000)	–	–
Effect of different tax rates in other jurisdictions	202,000	(24,000)	–	–
	30,108,779	5,396,071	246,000	119,000
Adjustment recognised in the current year in relation to the income tax of prior years	(101,430)	(1,965)	115,111	–
Adjustment recognised in the current year in relation to the deferred tax of prior years	(147,612)	(62,514)	–	–
Tax expenses recognised in profit or loss	29,859,737	5,331,592	361,111	119,000

12. TAX EXPENSES (CONT'D)

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Current tax assets				
Tax refund receivables	188,062	644,900	188,062	96,117
Current tax liabilities				
Income tax payables	7,030,247	546,506	–	–

Deferred tax balances

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

	The Group 2020 RM	The Group 2019 RM
Deferred tax assets	148	600,509
Deferred tax liabilities	(6,084,357)	(180,825)
	(6,084,209)	419,684

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
The Group				
2020				
Deferred tax (liabilities)/assets				
Property, plant and equipment	(4,730,286)	(5,002,388)	27	(9,732,647)
Unrealised gain on inventories	304,970	3,496,468	–	3,801,438
Changes in fair value of derivative	(2,000)	2,000	–	–
Unrealised exchange differences on receivables	102,000	(255,000)	–	(153,000)
Unutilised tax losses and unabsorbed tax capital allowances	(55,000)	55,000	–	–
Incentive for increase in export	4,800,000	(4,800,000)	–	–
	419,684	(6,503,920)	27	(6,084,209)

12. TAX EXPENSES (CONT'D)

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

	As of January 1 RM	Recognised in profit or loss RM	Net foreign currency exchange differences RM	As of December 31 RM
The Group				
2019				
Deferred tax (liabilities)/assets				
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

13. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated as follows:

Basic and Diluted	The Group 2020	The Group 2019 (Restated)
From continuing operations (sen)	16.34	1.50
From discontinued operations (sen)	–	2.00
Total basic and diluted earnings per share (sen)	16.34	3.50

	The Group 2020 RM	The Group 2019 RM
Profit for the year attributable to owners of the Company	131,175,357	26,510,210
Profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	(15,156,385)
Earnings used in the calculation of basic earnings per share from continuing operations	131,175,357	11,353,825

13. EARNINGS PER SHARE (CONT'D)

The basic and diluted earnings per share are calculated as follows:

	2020 Shares	2019 Shares (Restated)
Number of ordinary shares in issue as of January 1	756,616,851	756,616,851
Number of Treasury Shares repurchased as of January 1	(30,000)	(30,000)
Issuance of new shares	50,439,000	–
Shares repurchased	(9,859,692)	–
Shares resold	5,417,100	–
Weighted average number of ordinary shares in issue/ Number of ordinary shares in issue as of December 31	802,583,259	756,586,851

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

In 2019, 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
Profit/(Loss) for the year from discontinued operations	
Revenue	10,330,645
Other gains and losses	(861,178)
Other operating income	261,085
Purchase of finished goods	(6,179,340)
Finance costs	(37,659)
Other operating expenses	(11,698,326)
	(8,184,773)
Gain on disposal of operation including a cumulative exchange gain of RM27,606,224 reclassified from translation reserve to profit or loss (Note 37)	24,281,585
Profit before tax	16,096,812
Tax expense (Note 12)	(940,427)
Profit for the year from discontinued operations attributable to owners of the Company	15,156,385

14. DISCONTINUED OPERATIONS (CONT'D)

Analysis of profit/(loss) for the year from discontinued operations (Cont'd)

	The Company 2019 RM
Dividend income	42,118,367
Loss on disposal of subsidiaries (Note 37)	(29,026,958)
Impairment losses on investment in subsidiaries	(5,958,886)
Realised gains on foreign exchange	432,047
Other operating expenses	(469,682)
Profit for the year from discontinued operations attributable to owners of the Company	7,094,888

	The Group 2019 RM
Cash flows from/(used in) discontinued operations	
Net cash inflows from operating activities	3,300,793
Net cash outflows used in financing activities	(29,944)
Net cash inflows	3,270,849

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

Discontinued operations	**The Group 2019 RM**
Property, plant and equipment written off	(119,079)
Auditors' remuneration	(20,073)

15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	The Group 2020 RM	The Group 2019 RM
Property, plant and equipment	–	58,025,619
Prepaid lease payment	–	12,325,932
	–	70,351,551
Net foreign currency exchange differences	–	(1,572,291)
Disposed of during the financial year (Note 37)	–	(68,779,260)
	–	–

	The Company 2020 RM	The Company 2019 RM
Investment in subsidiaries:		
Unquoted shares outside Malaysia, at cost	–	70,364,880
Additional capital contributions arising from waiver of debts	–	29,530,733
Disposed of during the financial year (Note 37)	–	(99,895,613)
	–	–

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 and office equipment, furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost								
As of January 1, 2019	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
Additions	–	237,580	1,100,517	581,884	–	2,435,645	63,182,450	67,538,076
Disposals	–	–	–	–	–	(186,772)	–	(186,772)
Write offs	–	–	(3,526,551)	(1,090,537)	–	–	(1,651,774)	(6,268,862)
Reclassification	–	17,840,051	30,066,435	1,041,160	3,055,661	–	(52,003,307)	–
Net foreign currency exchange differences	–	–	–	87,843	–	–	–	87,843
As of December 31, 2020	3,545,041	52,580,358	221,800,446	17,778,570	4,951,689	4,353,348	50,673,869	355,683,321

16. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM	Factory buildings RM	Plant and machinery RM	Factory, auxiliary and office equipment, furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Accumulated depreciation and impairment								
As of January 1, 2019	–	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
Charge for the year	–	670,107	6,150,858	825,460	116,883	217,817	–	7,981,125
Disposals	–	–	–	–	–	(159,827)	–	(159,827)
Write offs	–	–	(3,262,657)	(631,437)	–	–	–	(3,894,094)
Net foreign currency exchange differences	–	–	–	55,266	–	–	–	55,266
As of December 31, 2020	–	17,962,180	139,863,489	12,558,251	735,336	1,668,575	–	172,787,831
Carrying amount								
As of December 31, 2020	3,545,041	34,618,178	81,936,957	5,220,319	4,216,353	2,684,773	50,673,869	182,895,490
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

Factory buildings of the Group with carrying amount of RM31,750,584 (2019: RM12,786,305) 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
At cost			
As of January 1, 2019	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
Write offs	–	–	–
As of December 31, 2020	4,070,926	1,474,383	5,545,309
Accumulated amortisation			
As of January 1, 2019	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
Amortisation for the year	175,789	27,819	203,608
As of December 31, 2020	306,940	548,607	855,547
Carrying amount			
As of December 31, 2020	3,763,986	925,776	4,689,762
As of December 31, 2019	3,939,775	953,595	4,893,370

Long-term and short-term leasehold land of the Group with carrying amount of RM3,763,986 and RM925,776 (2019: RM3,742,969 and RM953,595) respectively are charged to licensed banks for facilities granted to the Group as disclosed in Note 30.

18. RIGHT-OF-USE ASSETS

The Group	Warehouse RM
Cost	
As of January 1, 2019	–
Arising from application of MFRS 16, Leases	1,732,765
Net foreign currency exchange differences	(50,276)
As of December 31, 2019	1,682,489
Additions	2,482,798
Net foreign currency exchange differences	204,221
As of December 31, 2020	4,369,508
Accumulated depreciation	
As of January 1, 2019	–
Charge during the year	784,474
Net foreign currency exchange differences	(7,942)
As of December 31, 2019	776,532
Charge during the year	806,802
Net foreign currency exchange differences	83,888
As of December 31, 2020	1,667,222
Carrying amount	
As of December 31, 2020	2,702,286
As of December 31, 2019	905,957

The lease term of the right-of use assets is 4 (2019: 3) years. The maturity analysis of lease liabilities is disclosed in Note 31.

	2020 RM	2019 RM
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	806,802	784,474
Interest expense on lease liabilities (Note 11)	1,372	3,796

The total cash outflow from lease amounted to RM726,605 (2019: RM787,302).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. INVESTMENTS IN SUBSIDIARIES

The Company	2020 RM	2019 RM
Unquoted shares, at cost:		
In Malaysia	23,959,867	23,959,867
Outside Malaysia	91,138	6,050,024
Net	24,051,005	30,009,891
Accumulated impairment losses		
At beginning of year	5,958,886	3,393,235
Additions	–	5,958,886
Reversal	(5,958,886)	(3,393,235)
At end of year	–	5,958,886
Carrying amount	24,051,005	24,051,005

The subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2020 %	Effective Equity Interest 2019 %	Principal Activities
Direct subsidiaries				
Rubberex (M) Sdn. Berhad	Malaysia	100	100	Manufacturing and sale of household and industrial rubber gloves.
Diamond Grip (M) Sdn. Bhd. ("DGSB")	Malaysia	100	100	Manufacturing and sale of industrial rubber gloves.
Rubberex (Hong Kong) Limited*	Hong Kong	100	100	Trading of gloves and other latex products. Ceased operations on November 30, 2019 and has been de-registered on February 11, 2021.

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries are as follows: (Cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest 2020 %	Effective Equity Interest 2019 %	Principal Activities
Held through Rubberex (M) Sdn. Berhad				
Rubberex Marketing (M) Sdn. Bhd.[&]	Malaysia	100	100	Under Members' Voluntary Winding-up.
Rubberex Spain, S.L.*	Spain	100	100	Trading of gloves, household items, kitchen items and personal protective products.
Held through DGSB				
Rubberex Alliance Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of disposable gloves.

* The financial statements of this company are examined by auditors other than the auditors of the Company.

[&] On January 9, 2020, the company commenced Members' Voluntary Winding-up.

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 2020	Number of wholly-owned subsidiaries 2019
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
Trading of gloves and other latex products	Hong Kong	–	1
Trading of gloves, household items, kitchen items and personal protective products	Spain	1	1
Dormant	Malaysia	–	1
		4	6

NOTES TO THE FINANCIAL STATEMENTS

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20. GOODWILL ON CONSOLIDATION

	The Group	
	2020	**2019**
	RM	**RM**
Cost:		
At beginning of year	–	2,793,422
Impairment loss	–	(2,793,422)
At end of year	–	–

The carrying amount of goodwill was allocated to the manufacturing operations of DGSB.

21. INVENTORIES

	The Group	
	2020	**2019**
	RM	**RM**
Finished and trading goods	23,855,472	31,297,006
Raw materials	22,969,962	9,633,702
Packing materials	4,837,574	1,999,507
Goods-in-transit	4,692,010	–
Parts and consumables	115,423	27,515
	56,470,441	42,957,730

The cost of inventories for continuing operations recognised as an expense during the year was RM231,649,217 (2019: RM182,151,925).

Included in cost of inventories recognised are the following expense:

	The Group	
	2020	**2019**
	RM	**RM**
Finished and trading goods written down to net realisable value	–	(1,798,600)

22. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables	48,668,818	34,844,446	–	–
Other receivables	7,527,296	1,422,139	290,409	282,364
Taxes receivable	–	310,712	–	–
	56,196,114	36,577,297	290,409	282,364

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Euro	30,757,520	17,526,176	–	–
United States Dollar	21,655,297	16,159,818	–	–
Ringgit Malaysia	3,783,297	2,891,303	290,409	282,364
	56,196,114	36,577,297	290,409	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 (2019: 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.

Included in trade receivables of the Group are receivables with total carrying amount of RM19,156,939 (2019: RM12,146,133) 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 their credit quality and the probability of default are assessed as remote. 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.

22. TRADE AND OTHER RECEIVABLES (CONT'D)

Ageing of trade receivables which are past due but not impaired at the end of the reporting period are as follows:

	The Group	
	2020 RM	2019 RM
Number of days past due:		
1 - 30 days	16,710,941	10,378,180
31 - 60 days	1,742,676	1,348,774
61 - 90 days	648,902	143,994
91 - 120 days	21,762	51,258
More than 120 days	32,658	223,927
	19,156,939	12,146,133

23. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Group are as follows:

Name of related party	Relationship
Hextar Industrial Chemicals Sdn. Bhd.)	A company in which a director of the Company, is also director.

The amount owing by/(to) subsidiaries arose mainly from advances and expenses paid on behalf which are unsecured and interest-free. In 2019, advances granted to certain subsidiaries bore interest at rates ranging from 5.63% to 5.88% per annum.

The amounts owing by/(to) subsidiaries, classified as current assets/(liabilities), are repayable upon demand and will be settled in cash.

The amount owing by/(to) subsidiaries is denominated in Ringgit Malaysia.

During the financial year, transactions undertaken by the Group and by the Company with its related parties are as follows:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Subsidiaries				
Advances received - net	–	–	8,006,233	–
Capital distribution from a subsidiary	–	10,182	–	10,182
Advances granted - net	–	–	–	(58,921,477)
Dividend receivable:				
- continuing operations	–	–	–	58,500,000
- discontinued operations	–	–	–	42,118,367
Waiver of debts	–	–	–	(56,817,473)
Interest on advances received/receivable (Note 7)	–	–	–	59,523

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

23. RELATED PARTY TRANSACTIONS (CONT'D)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Transactions with other related party being company in which a director of the Company is a director				
Sale of goods	183,920	–	–	–
Purchase of goods	(316,878)	–	–	–

24. OTHER ASSETS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deposits	2,830,049	1,069,323	1,000	1,000
Prepaid expenses	89,146	148,023	–	–
	2,919,195	1,217,346	1,000	1,000

Included in deposits of the Group is RM1,139,013 (2019: Nil) paid for acquisition of land as disclosed in Note 39.

25. OTHER FINANCIAL ASSETS

	The Group	
	2020 RM	2019 RM
Derivatives carried at FVTPL - foreign currency forward contracts	110,606	21,240

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. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed deposits with licensed banks	142,700,000	50,900,000	122,000,000	50,900,000
Cash and bank balances	22,576,171	5,230,246	9,835,953	190,213
	165,276,171	56,130,246	131,835,953	51,090,213

The fixed deposits of the Group and of the Company have maturity ranging from 1 to 12 months (2019: 3 months) with effective interest rates ranging from 1.45% to 3.55% (2019: 3.34%) per annum.

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

	The Group	
	2020 RM	2019 RM
Ringgit Malaysia	159,493,136	51,818,676
Euro	4,644,011	4,028,531
United States Dollar	1,139,024	197,366
Hong Kong Dollar	–	85,673
	165,276,171	56,130,246

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			
	2020 Number of ordinary shares	2019 Number of ordinary shares	2020 RM	2019 RM
Issued and fully paid:				
Ordinary shares:				
At beginning of year	252,205,617	252,205,617	160,191,549	160,191,549
Issued during the year	25,219,500	–	31,019,985	–
Bonus issue	554,850,234	–	–	–
At end of year	832,275,351	252,205,617	191,211,534	160,191,549

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

(a) Share Capital (Cont'd)

During the financial year:

(i) the Company increased its issued and paid-up ordinary share capital by the issuance of 25,219,500 new ordinary shares pursuant to a private placement exercise at an issue price of RM1.23 per ordinary share; and
(ii) the Company issued 554,850,234 new ordinary shares by way of issuance of bonus issue on the basis of two (2) new ordinary shares for every one (1) existing ordinary share held in the Company on October 20, 2020 (the "Bonus Issue").

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

(b) Treasury Shares

	The Group and The Company			
	2020 Number of ordinary shares	2019 Number of ordinary shares	2020 RM	2019 RM
Ordinary shares:				
At beginning of year	10,000	10,000	7,961	7,961
Repurchased during the year	11,976,700	–	63,267,266	–
Bonus issue	21,618,400	–	–	–
Sold during the year	(32,437,600)	–	(61,662,795)	–
At end of year	1,167,500	10,000	1,612,432	7,961

Prior to the Bonus Issue, the Company repurchased 10,809,200 ordinary shares from the open market of Bursa Malaysia Securities Berhad. The total amount paid for acquisition of shares was RM61,654,834 and has been deducted from equity. The average price paid for the shares repurchased was RM5.70 per share. The repurchase transactions were financed by internally generated funds.

On August 27, 2020, prior to the Bonus Issue, the Company sold its 10,000 units of the treasury shares in the open market of Bursa Malaysia Securities Berhad for RM56,564 (after deducting expenses incurred in relation to the sales of treasury shares) to increase the working capital of the Company. The average selling price of the treasury shares was RM5.66 per share. The resulting gain arising from the treasury shares sold of RM48,603 has been credited to the retained earnings account.

On November 16, 2020, post Bonus Issue, the Company also sold all its 32,427,600 units of the treasury shares in the open market of Bursa Malaysia Securities Berhad for RM71,872,409 (after deducting expenses incurred in relation to the sales of treasury shares) to increase the working capital of the Company. The average selling price of the treasury shares was RM2.22 per share. The resulting gain arising from the treasury shares sold of RM10,217,575 has been credited to the retained earnings account.

During December 2020, the Company repurchased 1,167,500 ordinary shares from the open market of Bursa Malaysia Securities Berhad. The total amount paid for acquisition of shares was RM1,612,432 and has been deducted from equity. The average price paid for the shares repurchased was RM1.38 per share. The repurchase transactions were financed by internally generated funds.

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

(b) Treasury Shares (Cont'd)

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.

As of December 31, 2020, the number of ordinary shares in issue and fully paid after excluding the Treasury Shares was 831,107,851 (2019: 252,195,617).

28. RESERVES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable reserve:				
Translation reserve	8,318,427	6,524,128	–	–
Distributable reserve:				
Retained earnings	179,750,935	38,309,400	13,609,842	4,195,217
	188,069,362	44,833,528	13,609,842	4,195,217

Retained earnings

The entire retained earnings of the Company as of December 31, 2020 is available for distribution as single-tier 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.

29. DIVIDENDS

	The Group and The Company			
			Net dividend per share	
	2020 RM	2019 RM	2020 sen	2019 sen
First interim dividend - Nil (2019: 1.00 sen per share, single-tier)	–	2,521,956	–	1.00
Second interim dividend - Nil (2019: 1.00 sen per share, single-tier)	–	2,521,956	–	1.00
	–	5,043,912	–	2.00

30. BORROWINGS

	The Group	
	2020 RM	2019 RM
Secured:		
Term loan	3,500,000	1,300,000
Bank overdrafts	205,417	465,993
Bankers' acceptances	–	394,000
Trust receipts	–	184,000
Unsecured:		
Bank overdrafts	232,259	1,020,710
Bills payable	–	6,151,000
Revolving credits	–	2,500,000
	3,937,676	12,015,703
Less: Amount due within 12 months (shown under current liabilities)	(437,676)	(10,715,703)
Non-current portion	3,500,000	1,300,000

The non-current portion is repayable as follows:

	The Group	
	2020 RM	2019 RM
More than 1 year but not later than 2 years	68,218	117,434
More than 2 years but not later than 5 years	1,536,849	1,182,566
More than 5 years	1,894,933	–
	3,500,000	1,300,000

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

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(CONT'D)

30. BORROWINGS (CONT'D)

The effective interest rates per annum are as follows:

	The Group 2020 %	The Group 2019 %
Term loans	3.75	4.99
Bank overdrafts	5.99 - 6.24	7.14 - 7.24
Bills payable	3.26 - 3.87	3.79 - 4.66
Bankers' acceptances	2.92 - 3.78	3.81
Revolving credits	–	4.10 - 5.13
Trust receipts	–	3.81

One of the subsidiaries has three (3) (2019: two (2)) term loans:

(a) A seventy two (72) months secured term loan of RM23,400,000 (2019: RM14,220,000) where a total partial drawdown of RM1,000,000 (2019: Nil) was made as of December 31, 2020, will be repayable by sixty (60) monthly instalments commencing from the 13th month after the full drawdown;

(b) A seventy eight (78) months secured term loan of RM19,780,000 (2019: RM19,780,000) where a total partial drawdown of RM1,800,000 (2019: RM1,300,000) was made as of December 31, 2020, will be repayable by sixty (60) monthly instalments commencing from the 19th month after the full drawdown; and

(c) A seventy two (72) months secured term loan of RM10,820,000 (2019: Nil) where a total partial drawdown of RM700,000 (2019: Nil) was made as of December 31, 2020, will be repayable by sixty (60) monthly instalments commencing from the 13th month after the full drawdown.

As of December 31, 2020, total banking facilities of the Group and of the Company are as follows:

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Secured:				
Term loans	54,000,000	34,000,000	–	–
Bank overdrafts, bills payable and other banking facilities	50,000,000	65,000,000	–	–
Unsecured:				
Bank overdrafts, bills payable and other banking facilities	105,500,000	38,500,000	30,500,000	500,000

The Group'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 RM104,000,000 (2019: RM99,000,000) are secured by a charge over certain factory buildings and leasehold land of subsidiaries as disclosed in Notes 16 and 17 respectively.

31. LEASE LIABILITIES

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

The Group	2020 RM	2019 RM
At beginning of year/Adjusted impact from MFRS 16	906,911	1,732,765
Additions	2,482,798	–
Accretion of interest	1,372	3,796
Settlements	(726,605)	(787,302)
Foreign currency exchange differences	122,897	(42,348)
At end of year	2,787,373	906,911
Maturity analysis:		
Year 1	858,077	779,337
Year 2	858,077	129,889
Year 3	858,077	–
Year 4	215,547	–
	2,789,778	909,226
Less: Unearned interest	(2,405)	(2,315)
	2,787,373	906,911
Analysed as:		
Non-current	1,929,385	129,600
Current	857,988	777,311
	2,787,373	906,911

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

32. TRADE AND OTHER PAYABLES

	The Group 2020 RM	The Group 2019 RM
Trade payables	26,114,375	31,040,596
Other payables	29,565,599	10,818,810
Taxes payable	46,242	45,321
	55,726,216	41,904,727

32. TRADE AND OTHER PAYABLES (CONT'D)

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

	The Group	
	2020 RM	2019 RM
Ringgit Malaysia	42,876,450	37,030,782
United States Dollar	8,453,441	2,803,179
Euro	4,396,325	2,070,766
	55,726,216	41,904,727

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 (2019: 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.

Trade payables included an amount owing to related party amounting to RM220,474 (2019: Nil).

The amount owing to the related party arose mainly from trade transactions as disclosed in Note 23.

Other payables mainly consist of amount payable for acquisition of property, plant and equipment, consumables, utilities, services and maintenance.

33. OTHER LIABILITIES - ACCRUED EXPENSES

The currency profile of accrued expenses is as follows:

	The Group	
	2020 RM	2019 RM
Ringgit Malaysia	17,884,884	6,310,225
Euro	329,058	229,364
Hong Kong Dollar	–	22,937
	18,213,942	6,562,526

Other liabilities of the Company are denominated in Ringgit Malaysia.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Financial assets				
At amortised cost:				
Trade and other receivables	56,196,114	36,266,585	290,409	282,364
Amount owing by subsidiaries	–	–	55,233,997	91,748,662
Refundable deposits	1,691,036	1,069,323	1,000	1,000
Fixed deposits, cash and bank balances	165,276,171	56,130,246	131,835,953	51,090,213
FVTPL:				
Derivatives - foreign currency forward contracts	110,606	21,240	–	–
Financial liabilities				
At amortised cost:				
Trade and other payables	55,679,974	41,859,406	–	–
Other liabilities - accrued expenses	18,213,942	6,562,526	385,249	368,600
Amount owing to subsidiaries	–	–	8,006,233	–
Dividend payable	–	2,521,956	–	2,521,956
Borrowings	3,937,676	12,015,703	–	–
Lease liabilities	2,787,373	906,911	–	–

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.

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

Financial Risk Management Objectives and Policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk management

The Group transacts business in various foreign currencies mainly including United States Dollar ("USD") and Euro ("EURO") 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, 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, 2020. 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 values 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, banks 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.

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, 2020 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.

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

Financial Risk Management Objectives and Policies (Cont'd)

(b) Credit risk management (Cont'd)

Receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables and, where appropriate, credit guarantee insurance cover is purchased.

As the Group does not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

A significant portion of trade receivables are regular customers of the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Trade receivables with balances exceeding credit limits are monitored through the holding back of new shipment until the old debts plus the new orders are within the credit limit.

Of the trade receivables balance at the end of the year, RM15,849,128 (2019: RM7,388,433) is due from the Group's largest customer. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to this customer did not exceed 35 per cent of gross trade receivables at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10 per cent of gross trade receivables at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

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.

Financial Guarantee

The Company provides unsecured financial guarantees to licensed banks in respect of banking 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 RM23,737,838 (2019: RM12,235,375) representing the outstanding balance of banking 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.

34. 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

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 RM122,102,000 (2019: RM80,193,000) which remains unused at the end of the reporting period.

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:

The Group 2020	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Trade and other receivables	56,196,114	–	–	56,196,114
Refundable deposits	1,691,036	–	–	1,691,036
Fixed deposits, cash and bank balances	165,954,689	–	–	165,954,689
Total undiscounted non-derivative financial assets	223,841,839	–	–	223,841,839
Non-derivative financial liabilities:				
Trade and other payables	55,679,974	–	–	55,679,974
Other liabilities	18,213,942	–	–	18,213,942
Borrowings	568,926	2,048,291	1,978,562	4,595,779
Lease liabilities	858,077	1,931,701	–	2,789,778
Total undiscounted non-derivative financial liabilities	75,320,919	3,979,992	1,978,562	81,279,473
Net undiscounted non-derivative financial assets/(liabilities)	148,520,920	(3,979,992)	(1,978,562)	142,562,366

34. 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)

The Group 2019	**On demand or within one year RM**	**One year to five years RM**	**Over five years RM**	**Total RM**
Non-derivative financial assets:				
Trade and other receivables	36,266,585	–	–	36,266,585
Refundable deposits	1,069,323	–	–	1,069,323
Fixed deposits, cash and bank balances	56,271,918	–	–	56,271,918
Total undiscounted non-derivative financial assets	93,607,826	–	–	93,607,826
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
Total undiscounted non-derivative financial liabilities	62,446,894	1,639,950	–	64,086,844
Net undiscounted non-derivative financial assets/(liabilities)	31,160,932	(1,639,950)	–	29,520,982

34. 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)

The Company 2020	**On demand or within one year RM**	**One year to five years RM**	**Over five years RM**	**Total RM**
Non-derivative financial assets:				
Trade and other receivables	290,409	–	–	290,409
Amount owing by subsidiaries	55,233,997	–	–	55,233,997
Refundable deposits	1,000	–	–	1,000
Fixed deposits, cash and bank balances	132,090,120	–	–	132,090,120
Total undiscounted non-derivative financial assets	187,615,526	–	–	187,615,526
Non-derivative financial liabilities:				
Amount owing to a subsidiary	8,006,233	–	–	8,006,233
Accrued expenses	385,249	–	–	385,249
Financial guarantee contracts	23,737,838	–	–	23,737,838
Total undiscounted non-derivative financial liabilities	32,129,320	–	–	32,129,320
Net undiscounted non-derivative financial assets	155,486,206	–	–	155,486,206

34. 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)

The Company 2019	**On demand or within one year RM**	**One year to five years RM**	**Over five years RM**	**Total RM**
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
Fixed deposits, cash and bank balances	51,231,883	–	–	51,231,883
Total undiscounted non-derivative financial assets	143,263,909	–	–	143,263,909
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
Total undiscounted non-derivative financial liabilities	15,591,924	–	–	15,591,924
Net undiscounted non-derivative financial assets	127,671,985	–	–	127,671,985

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 it remote to make such payment 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.

34. 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)

Gross settled: Foreign currency forward contracts	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
2020				
- Gross inflows	23,537,792	–	–	23,537,792
- Gross outflows	378,632	–	–	378,632
2019				
- Gross inflows	2,313,470	–	–	2,313,470

(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 2019.

The capital structure of the Group and of the Company consists of net debt and equity. The Group and the Company are not subject to any externally imposed capital requirements.

The Group has complied with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Gearing ratio

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

	The Group		The Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Debt (i)	3,937,676	12,015,703	–	–
Fixed deposits, cash and bank balances	(165,276,171)	(56,130,246)	(131,835,953)	(51,090,213)
Net (cash)	(161,338,495)	(44,114,543)	(131,835,953)	(51,090,213)
Equity (ii)	377,668,464	205,017,116	203,208,944	164,378,805
Net debt to equity ratio	Not applicable	Not applicable	Not applicable	Not applicable

(i) Debt is defined as bank borrowings.
(ii) Equity includes all capital and reserves of the Group and of the Company that are managed as capital.

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

Financial Risk Management Objectives and Policies (Cont'd)

(d) Capital risk management (Cont'd)

Fair values of financial instruments

Foreign currency forward contracts

The notional amounts and estimated fair values of the Group's foreign currency forward contracts outstanding at the end of the reporting period are as follows:

	Outstanding contracts			
	Sell USD	**Sell EURO**	**Buy USD**	**Net**
2020				
Foreign currency	2,435,390	2,761,478	94,290	–
Notional value (RM)	9,873,881	13,663,911	378,632	–
Fair value (RM)	78,664	31,811	131	110,606
2019				
Foreign currency	150,000	365,867	–	–
Notional value (RM)	621,311	1,692,159	–	–
Fair value (RM)	7,287	13,953	–	21,240

The fair values of foreign currency forward contracts, which are categorised as Level 2 in the fair value hierarchy, are calculated by reference to the current rates for contracts with similar maturity profiles.

Financial instruments carried at amortised cost

The 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 both 2020 and in 2019.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

35. STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

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

	The Group 2020 RM	The Group 2019 RM
Cash purchase	61,633,776	31,190,046
Balance outstanding - other payables	5,904,300	14,863,448
	67,538,076	46,053,494

(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

	Note	Balance as of 1.1.2020 RM	Financing cash flows RM	Non-cash changes RM	Balance as of 31.12.2020 RM
Trust receipts	30	184,000	(184,000)	–	–
Bills payable	30	6,151,000	(6,151,000)	–	–
Revolving credits	30	2,500,000	(2,500,000)	–	–
Bank overdrafts	30	1,020,710	(788,451)	–	232,259
Term loans	30	1,300,000	2,200,000	–	3,500,000
Bankers' acceptances	30	394,000	(394,000)	–	–
Lease liabilities	31	906,911	(726,605)	2,607,067	2,787,373

The Group

	Note	Balance as of 1.1.2019 RM	Financing cash flows RM	Non-cash changes RM	Balance as of 31.12.2019 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
Lease liabilities	31	–	(787,302)	1,694,213	906,911

35. STATEMENTS OF CASH FLOWS (CONT'D)

(b) Reconciliation of liabilities arising from financing activities (Cont'd)

The Company

	Note	Balance as of 1.1.2020 RM	Financing cash flows RM	Non-cash changes Dividend income RM	Balance as of 31.12.2020 RM
Amount due to a subsidiary	23	–	(8,006,233)	–	(8,006,233)

The Company

	Note	Balance as of 1.1.2019 RM	Financing cash flows RM	Non-cash changes Dividend income RM	Balance as of 31.12.2019 RM
Amount due to subsidiaries	23	26,193,430	(6,396,155)	(19,797,275)	–
Term loans	30	5,375,000	(5,375,000)	–	–

(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 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Fixed deposits with licensed banks	142,700,000	50,900,000	122,000,000	50,900,000
Cash and bank balances	22,576,171	5,230,246	9,835,953	190,213
Bank overdrafts	(205,417)	(465,993)	–	–
Fixed deposits with maturity above 3 months	(60,000,000)	–	(60,000,000)	–
	105,070,754	55,664,253	71,835,953	51,090,213

36. CAPITAL COMMITMENTS

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

	2020 RM	2019 RM
Capital expenditure:		
Approved and contracted for	24,932,401	46,728,573

37. DISPOSAL OF SUBSIDIARIES

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:

	The Group 2019 RM	The Company 2019 RM
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	–
Total assets disposed of	74,193,294	99,895,613
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 38)	27,606,224	–
Gain/(Loss) on disposal of subsidiaries (Note 14)	24,281,585	(29,026,958)
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)	–
	65,454,621	70,868,655

38. FOREIGN EXCHANGE TRANSLATION RESERVE

	The Group	
	2020 RM	2019 RM
Balance at January 1	6,524,128	37,427,098
Exchange differences on translating the net assets of foreign operations	1,794,299	(3,296,746)
Gain reclassified to profit or loss on disposal of foreign operations (Note 37)	–	(27,606,224)
Balance at December 31	8,318,427	6,524,128

39. SUBSEQUENT EVENT

On November 20, 2020, one of the subsidiaries, Rubberex Alliance Sdn. Bhd. entered into Sale and Purchase Agreement to acquire two (2) parcels of industrial land in Lahat, Kinta district, Perak totalling 11.9 acres at a consideration of RM11.4 million for expansion purposes. A deposit of RM1.14 million was paid during the financial year as disclosed in Note 24. The acquisition was completed in January 2021.

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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, 2020 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' DR. TEO TONG KOOI

Ipoh, April 13, 2021

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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 13th day of April, 2021.

Before me,

LAM YING WOH (A209)
COMMISSIONER FOR OATHS

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PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

as at 31 December 2020

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	22.0/926
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	13.0/194
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	5.0/1,740
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	1.0/1,830
Factory buildings located at Lot 228174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	Manufacturing, warehouse and office	–	[1996]	26.5/2,868
Factory buildings located at Lot 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	Manufacturing, warehouse and office	–	1999	22.0/13,992
Factory buildings located at Lot 383268, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	Manufacturing, warehouse and office	–	2007	13.0/963
Factory buildings located at Lot 312174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	Manufacturing, warehouse and office	–	2016	5.0/1,085
Factory buildings located at Lot 351408, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	Manufacturing, warehouse and office	–	2018	3.0/15,711

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 ____
(Full 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-Fifth Annual General Meeting ("AGM") of the Company which will be held at Ballrooms 2, 3 & 4, Level 6 WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on **28 May 2021, Friday** at **10.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Resolution	Agenda	For	Against
	Ordinary Business		
1	Payment of Directors' fees for the financial year ended 31 December 2020		
2	Payment of Directors' fees and special Directors' fees for the financial year ending 31 December 2021		
3	Payment of Directors' benefits from 29 May 2021 until the next Annual General Meeting of the Company to be held in 2022		
4	Re-election of Dato' Mohamed Bin Hamzah who retires pursuant to Clause 76(3) of the Company's Constitution as Director		
5	Re-election of Encik Mustapha Bin Mohamed who retires pursuant to Clause 76(3) of the Company's Constitution as Director		
6	Re-election of Dato' Dr. Teo Tong Kooi who retires pursuant to Clause 78 of the Company's Constitution as Director		
7	Re-election of Mr. Lim Chee Lip 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		
	Special Business		
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 Renewal of Authority for Share Buy-Back		

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   2021

____
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. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 May 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
2. *A member entitled to attend, participate, speak and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
3. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
5. *Where a member of the Company is an authorised nominee as defined in the 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.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
8. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*
   - *(i) In hard copy form*
     In the case of an appointment made in hard copy form, this proxy form must be deposited 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, this 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, this proxy form must be received via email at is.enquiry@my.tricorglobal.com.

   For options (ii) and (iii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.
   - *(iv) 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 Guide for the 25th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.
9. *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.*
10. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
11. *Last date and time for lodging this proxy form is **26 May 2021, Wednesday** at **10.00 a.m.***
12. *Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
    - *a. Identity card (NRIC) (Malaysian), or*
    - *b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or*
    - *c. Passport (Foreigner).*
13. *For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL/DULY CERTIFIED** 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. Alternatively, please bring the **ORIGINAL/DULY CERTIFIED** certificate of appointment executed in the manner as stated below if this has not been lodged at the Company's registered office earlier.*

    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.*
14. *Members are advised to check the Company's website at www.rubberex-corp.com.my and announcements from time to time for any changes to the administration of the 25th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.*

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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)

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