



**EVERSAFE RUBBER BERHAD**  
Registration No. 201501008542 (1133877-V)

# ANNUAL REPORT 2022



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# CORPORATE INFORMATION

## **Tan Sri Dato' Dr. Sak Cheng Lum**

(Independent Non-Executive Chairman)

## **Dato' Seri Cheah Eu Kiat**

(Executive Director)

## **Eu Ah Seng**

(Executive Director)

## **Cheah Siang Tee**

(Chief Executive Officer / Executive Director)

## **Cheah Eu Lee**

(Non-Independent Non-Executive Director)

## **Ng Meng Kwai**

(Senior Independent Non-Executive Director)

## **Haji Mohd Isa Bin Haji Talib**

(Independent Non-Executive Director)

## **Ong Beow Chieh**

(Independent Non-Executive Director)



## **AUDIT COMMITTEE**

Ng Meng Kwai  
(Chairman)

Tan Sri Dato' Dr. Sak Cheng Lum  
(Member)

Haji Mohd Isa Bin Haji Talib  
(Member)

## **REMUNERATION COMMITTEE**

Tan Sri Dato' Dr. Sak Cheng Lum  
(Chairman)

Haji Mohd Isa Bin Haji Talib  
(Member)

Dato' Seri Cheah Eu Kiat  
(Member)

## **NOMINATING COMMITTEE**

Tan Sri Dato' Dr. Sak Cheng Lum  
(Chairman)

Cheah Eu Lee  
(Member)

Ng Meng Kwai  
(Member)

## **COMPANY SECRETARIES**

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

Wong Yee Leng (SSM PC No.  
202108000545) (LS 0010568)

## **REGISTERED OFFICE**

41, Jalan Medan Ipoh 6  
Bandar Baru Medan Ipoh  
31400 Ipoh

Perak

Malaysia

Tel : +605 548 0888

Fax : +605 545 9222

## **HEAD OFFICE**

Lot 94, Lebuhr Portland

Tasek Industrial Estate

31400 Ipoh

Perak

Malaysia

Tel : +605 291 0599

Fax : +605 291 1699

Email : enquiry@eversafe.com.my

Website : www.eversafe.com.my

## **AUDITORS**

BDO PLT 201906000013 (LLP0018825-LCA  
& AF0206)

Level 8, Menara CentARa

360 Jalan Tuanku Abdul Rahman

50100 Kuala Lumpur

Malaysia

Tel : +603 2616 2888

Fax : +603 2616 3190/3191

## **SOLICITORS**

Teh & Lee

A-3-3 & A-3-4, Northpoint Offices

Mid Valley City

No. 1, Medan Syed Putra Utara

59200 Kuala Lumpur

Malaysia

Tel : +603 2283 2800

Fax : +603 2283 2500

## **PRINCIPAL BANKERS**

Public Bank Berhad

46-52, Jalan Yang Kalsom

30250 Ipoh

Perak

Malaysia

Hong Leong Bank Berhad

Lot A-G-2 (Ground Floor)

No. 1, Persiaran Greentown 2

Greentown Business Center

30450 Ipoh

Perak

Malaysia

OCBC Bank (Malaysia) Berhad

2, Jalan Dato Maharajalela

30000 Ipoh

Perak

Malaysia

Malayan Banking Berhad

No. 5, Jalan Todak 2

Bandar Baru Seberang Jaya

13700 Seberang Jaya

Pulau Pinang

Malaysia

## **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

Tel : +603 2783 9299

Fax : +603 2783 9222

Tricor Customer Service Centre

Unit G-3, Ground Floor

Vertical Podium

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

## **STOCK EXCHANGE LISTING**

ACE Market of Bursa Malaysia  
Securities Berhad

Stock Code: 0190

Stock Name: ESAFE

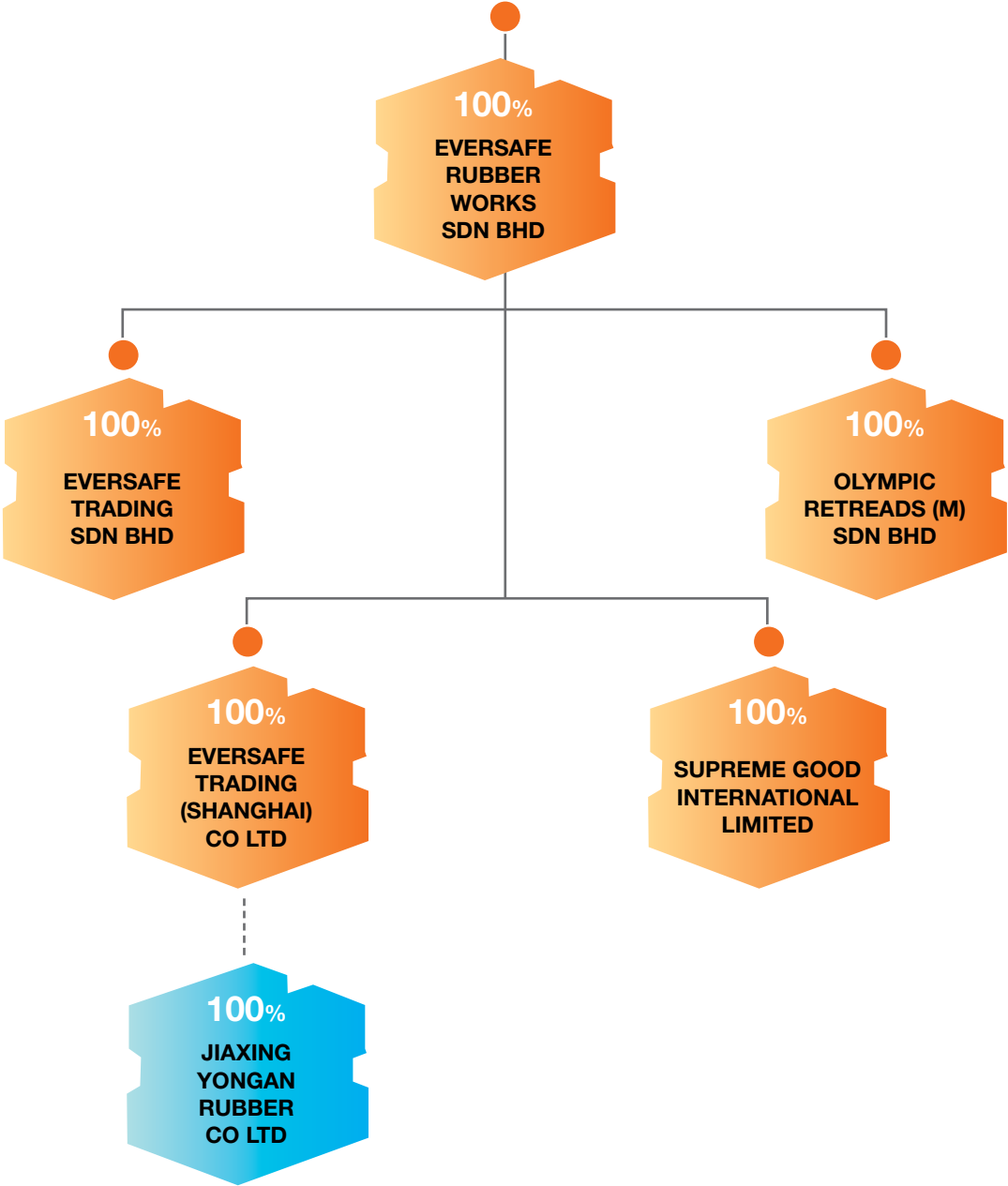
# CORPORATE STRUCTURE



**EVERSAFE RUBBER**

**EVERSAFE RUBBER BERHAD**

Registration No. 201501008542 (1133877-V)



# GROUP FINANCIAL HIGHLIGHTS

Group	Financial year ended			
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Revenue	144,864	114,794	103,356	116,614
Gross profit ("GP")	15,720	17,740	18,650	18,457
(Loss)/Profit before taxation ("LBT/PBT")	(4,612)	3,604	4,138	1,993
(Loss)/Profit after tax ("LAT/PAT")/(Loss)/Profit attributable to the owners of Company	(4,464)	2,763	3,397	1,622
Earnings before interests, taxes, depreciation and amortisation	3,878	11,222	11,833	9,753
Total equity attributable to owners of the Company	59,107	65,055	62,465	61,716
(Loss)/Earning per share <sup>(1)</sup> (sen)	(1.9)	1.1	1.4	0.7
Dividends per share <sup>(1)</sup> (sen)	0.8	–	1.0	–
Net assets ("NA") per share <sup>(1)</sup> (sen)	24.6	27.0	26.0	25.7
GP margin <sup>(2)</sup> (%)	10.9	15.5	18.0	15.8
Net (loss)/profit margin <sup>(3)</sup> (%)	(3.1)	2.4	3.3	1.4
Return on equity attributable to owners of Company <sup>(4)</sup> (%)	(7.6)	4.2	5.4	2.6
Return on total assets <sup>(5)</sup> (%)	(3.4)	2.4	3.1	1.5

## Notes:

- (1) Calculated based on 240,593,796 ordinary shares in the Company.
- (2) Computed based on GP over revenue.
- (3) Computed based on LAT/PAT over revenue.
- (4) Computed based on LAT/PAT over total equity attributable to owners of the Company.
- (5) Computed based on LAT/PAT over total assets of the Group.

## BOARD OF DIRECTORS



Sitting from left to right:

**EU AH SENG** Executive Director

**TAN SRI DATO' DR. SAK CHENG LUM**  
("Tan Sri Dato' Dr. Sak") Independent Non-Executive Chairman

**DATO' SERI CHEAH EU KIAT**  
("Dato' Seri Cheah") Executive Director

Standing from left to right:

**CHEAH EU LEE** Non-Independent Non-Executive Director

**ONG BEOW CHIEH** Independent Non-Executive Director

**NG MENG KWAI** Senior Independent Non-Executive Director

**HAJI MOHD ISA BIN HAJI TALIB** Independent Non-Executive Director

**CHEAH SIANG TEE** Chief Executive Officer/ Executive Director

## PROFILE OF DIRECTORS



**TAN SRI DATO' DR. SAK CHENG LUM**

("Tan Sri Dato' Dr. Sak")

Independent Non-Executive Chairman

**Aged** : 79  
**Nationality** : Malaysian  
**Gender** : Male

**Tan Sri Dato' Dr. Sak** was appointed as the Independent Non-Executive Chairman of Eversafe Rubber Berhad ("**Eversafe Rubber**") on 30 May 2016. He is also the Chairman of the Remuneration Committee and Nominating Committee as well as a member of the Audit Committee.

He graduated with a Degree in Medicine from the University of Singapore in 1968.

He started his career as a medical doctor, serving as a medical officer for the Malaysian government until 1972, before starting his own private practice. In 1978, Tan Sri Dato' Dr. Sak was elected as the state assemblyman under Barisan Nasional for the seat of Bagan Jermal in Penang. He was elected as the state assemblyman for 5 terms (from 1978 to 1990 and from 1995 to 2004). He also served as a senator and parliamentary secretary of the Ministry of Domestic Trade and Consumer Affairs from 1990 to 1995. He was also an independent non-executive director of Star Publications (Malaysia) Berhad from 2001 until 2010 and the independent non-executive chairman of XingHe Holdings Berhad from 2013 until 2016.

Currently, he serves as chairman of the University Tunku Abdul Rahman Foundation Board of Trustees since 2010 and also as a member of the Board of Trustees for ECM Libra Foundation and Neoh Foundation and sits on the board of several private corporation in Malaysia.

Apart from being our Independent Non-Executive Chairman, he does not sit on the board of directors of any other public companies and listed companies.



**DATO' SERI CHEAH EU KIAT**

("Dato' Seri Cheah")

Executive Director

**Aged** : 73  
**Nationality** : Malaysian  
**Gender** : Male

**Dato' Seri Cheah** was appointed as an Executive Director of Eversafe Rubber on 30 May 2016. He is also a member of the Remuneration Committee. Dato' Seri Cheah is mainly involved in the development and determining of business policies and the Group's future strategies.

Dato' Seri Cheah took part in assisting in the family business after he graduated from Chung Ling High School in 1968. In 1973, he made the decision to expand the family tyre retreading business to a larger scale and established Syarikat Tai Hin Penchelop Tayar Sdn Bhd (which was later renamed into Olympic Retreads (M) Sdn Bhd). In 1980, Dato' Seri Cheah ventured into manufacturing of tyre retreading materials through the establishment of Eversafe Rubber Works Sdn Bhd ("Rubber Works"). As the founder of the Company, Dato' Seri Cheah is the driving force of the Company with his invaluable knowledge and experience in the tyre and tyre retreading industry.

Presently, Dato' Seri Cheah is the Executive Director of Rubber Works since 1982, Eversafe Trading Sdn Bhd ("Eversafe Trading") since 1983 and Olympic Retreads (M) Sdn Bhd ("Olympic") since 1973. On top of that, he is the Non-Executive Director of Eversafe Trading (Shanghai) Co Ltd ("Eversafe Shanghai") since 2005 and Supreme Good International Limited ("Supreme Good") since 2008. Dato' Seri Cheah is actively involved in various tyre associations in Malaysia but he is not a director of any other public company and he does not sit on any other boards.

## PROFILE OF DIRECTORS (CONT'D)



### EU AH SENG

Executive Director

**Aged** : 81  
**Nationality** : Malaysian  
**Gender** : Male

**Mr. Eu Ah Seng** was appointed as the Executive Director in Eversafe Rubber on 30 May 2016. Mr. Eu presently oversees the entire development, production, marketing and procurement activities of the Group.

He began his career in the rubber-related industry in 1960 when he started working for a rubber trader, assisting in the collection of raw natural rubber from smallholders to be sent to factories. In 1965, he joined Perak Rubber Works Sdn Bhd in Taiping, working in the production of rubber compounds for the tyre industry. After 11 years of service in Perak Rubber Works Sdn Bhd, he left to start his own rubber trading business, Success Trading. In 1980, he co-founded Rubber Works with Dato' Seri Cheah.

Mr. Eu is presently an Executive Director of Rubber Works since 1980, Eversafe Trading since 1980 and a Non-Executive Director of Eversafe Shanghai since 2005. Apart from the Eversafe Group, he is not a director of any other public company and he does not sit on any other boards.



### CHEAH SIANG TEE

Chief Executive Officer / Executive Director

**Aged** : 47  
**Nationality** : Malaysian  
**Gender** : Male

**Mr. Cheah Siang Tee** was appointed as the Executive Director of Eversafe Rubber on 30 May 2016. Subsequently, on 30 June 2016, he was appointed as the Chief Executive Officer of our Company. Mr. Cheah presently oversees the overall operations of the Group which includes the business strategic planning and development of overseas operations, overall sales and marketing activities and research and development.

He obtained a Bachelor Degree in Accounting and a Bachelor in Business Administration majoring in Finance from the University of Minnesota in 1998.

He started his career when he joined Deloitte Malaysia as a trainee accountant in 1999. He was a member to the Minnesota Society of Certified Public Accountants in 2000; and later became a member of the American Institute of Certified Public Accountants (AICPA) in 2001. He also became a member of the Malaysian Institute of Certified Public Accountants (MICPA) in 2002. In 2002, he left Deloitte Malaysia to join his family business of tyre retreading. Since then, he has been involved in every aspect of the family business and has been instrumental of the business' international growth.

Mr. Cheah is presently an Executive Director for Rubber Works since 2014, Eversafe Trading since 2014, Eversafe Shanghai since 2005, Jiaying YongAn Rubber Co Ltd ("Jiaying") since 2007, Olympic since 2014 and a Non-Executive Director of Supreme Good since 2008. Apart from the Eversafe Group, he is not a director of any other public company and he does not sit on any other boards.

## PROFILE OF DIRECTORS (CONT'D)



**CHEAH EU LEE**

Non-Independent Non-Executive Director

**Aged** : 65  
**Nationality** : Malaysian  
**Gender** : Male

**Mr. Cheah Eu Lee** was appointed as the Non-Independent Non-Executive Director of Eversafe Rubber on 30 May 2016. He is also a member of the Nominating Committee.

He started his career after completing his secondary education from Chung Ling High School in 1976 when he joined Chop Tai Hin (sole proprietorship), a family business. In 1978, he was tasked to head the marketing division of Olympic, overseeing the sourcing for tyre casings used in the retreading of tyres before he was transferred in 1982 to oversee and be responsible for Tai Hin & Son (PG) Sdn Bhd's ("Tai Hin") retailing segment (the retailing business of Chop Tai Hin was taken over by Tai Hin, also a family business). Tai Hin's retailing segment which he was in charge of was subsequently transferred to Tayarmart (M) Sdn Bhd upon its incorporation in 1987. During his tenure in Tayarmart (M) Sdn Bhd, the group has established two additional car workshops in Prai and Taman Bagan, both in Penang.

Mr. Cheah is presently a Non-Executive Director in Rubber Works since 2008, Eversafe Trading since 2008 and Olympic since 1979. Apart from the Eversafe Group, he is not a director of any other public company and he does not sit on any other boards.



**NG MENG KWAI**

Senior Independent Non-Executive Director

**Aged** : 71  
**Nationality** : Malaysian  
**Gender** : Male

**Mr. Ng Meng Kwai** was appointed as an Independent Non-Executive Director of Eversafe Rubber on 30 May 2016. He is also the Chairman of the Audit Committee and a member of the Nominating Committee.

Mr. Ng is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, and also a member of the Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia.

He has accumulated over 40 years of public accounting experience and has extensive experience in audit and financial advisory services as well as risk management matters. He began his career in 1973 with Deloitte Malaysia and moved up the ranks until his retirement from Deloitte Malaysia in 2013. Since then, he joined Robert Mengkwai & Loo, an accounting firm, as a partner, a position he holds until to date.

He was also appointed to the Board of Kelington Group Berhad as an Independent Non-Executive Director on 1 November 2022.

## PROFILE OF DIRECTORS (CONT'D)



**HAJI MOHD ISA BIN HAJI TALIB**

Independent Non-Executive Director

**Aged** : 80  
**Nationality** : Malaysian  
**Gender** : Male

**Tuan Haji Mohd Isa** was appointed as an Independent Non-Executive Director of Eversafe Rubber on 30 May 2016. He is also a member of the Audit Committee and Remuneration Committee.

Tuan Haji Mohd Isa has accumulated 35 years of experience in the banking industry since 1961 when he joined Malayan Banking Berhad (Maybank) immediately after his secondary education. Moving through the ranks in Maybank, Tuan Haji Mohd Isa was promoted to Regional Manager of Kuantan and was responsible for overseeing the operations of bank branches in three states in Malaysia, i.e. Pahang, Kelantan and Terengganu in 1980. In 1991, he was transferred to Kuching to oversee branches in Sarawak. In 1993, he was transferred to Kuala Lumpur headquarters to head the property division of Maybank until he retired in 1998.

Apart from Eversafe Rubber, he is not a director of any other public company and he does not sit on any other boards.



**ONG BEOW CHIEH**

Independent Non-Executive Director

**Aged** : 51  
**Nationality** : Malaysian  
**Gender** : Female

**Ms. Ong Beow Chieh** was appointed as an Independent Non-Executive Director of Eversafe Rubber on 4 January 2017.

She graduated in 1995 with a Bachelor of Laws Degree from Queensland University of Technology, Australia.

After graduating, Ms. Ong began her pupillage with Messrs. Presgrave & Matthews of Penang in 1996. Since then, she was admitted as an advocate and solicitor of the High Court of Malaya in 1997 and made partner of the firm in 2002, a position she currently still holds. She specialises in banking, conveyancing and intellectual property. She is also a trademark and industrial design agent registered under the Intellectual Property Corporation in Malaysia.

Apart from Eversafe Rubber, she is not a director of any other public companies and she does not sit on any other boards.

### Notes:

- None of the Directors have been convicted for any offences (other than traffic offences, if any) within the past five (5) years or imposed with any penalty by the relevant authorities or regulatory bodies during the financial year ended 31 December 2022.
- None of the Directors have any conflicts of interest with the Company.
- Save as disclosed below, none of the Directors of Eversafe have any family relationships with any other Directors and/or major shareholders of Eversafe Rubber:
  - Dato' Seri Cheah, Mr. Cheah Eu Lee and Mr. Cheah Siang Tee are directors and shareholders of Tai Hin, a major shareholder of Eversafe Rubber.
  - Dato' Seri Cheah, our Executive Director, and Mr. Cheah Eu Lee, our Non-Independent Non-Executive Director, are siblings.
  - Dato' Seri Cheah, our Executive Director, is the father of Mr. Cheah Siang Tee, our Chief Executive Officer/Executive Director.
  - Mr. Cheah Eu Lee, our Non-Independent Non-Executive Director, is the uncle of Mr. Cheah Siang Tee, our Chief Executive Officer/Executive Director.

## PROFILE OF KEY SENIOR MANAGEMENT

### **DATO' SERI CHEAH**

Executive Director

Please refer to page 6 of the Annual Report for the profile of Dato' Seri Cheah.

### **EU AH SENG**

Executive Director

Please refer to page 7 of the Annual Report for the profile of Mr. Eu Ah Seng.

### **CHEAH SIANG TEE**

Chief Executive Officer /  
Executive Director

Please refer to page 7 of the Annual Report for the profile of Mr. Cheah Siang Tee.

### **LEONG YEW WAH**

Chief of Internal Audit

**Mr. Leong Yew Wah**, a Malaysian, male, aged 73, is our Chief of Internal Audit. He reviews our internal control and compliance procedures and reports to the Audit Committee.

Upon completion of his high school education in 1970, he was appointed to the Inland Revenue Board ("IRB") in 1971. Mr. Leong served 35 years in the IRB in various capacities and has gained vast knowledge and experience in investigation and examination of fraudulent financial accounts in tax evasion cases. He was also an approved Tax Agent for the Ministry of Finance. He retired from his service in the IRB in the year 2006. He was awarded the 'Sijil Perkhidmatan Cemerlang' twice during his tenure in IRB. He joined Tai Hin in 2007 as the Chief of Internal Audit and in May 2016, he transferred to our Group.

He does not sit on the board of any public or private companies.

## PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

### KOID LAY PENG

Group Finance Manager

**Ms. Koid Lay Peng**, Malaysian, female, aged 57, is our Group Finance Manager. She oversees the overall finance and treasury functions within our Group, including the preparation of financial statements and liaising with the auditors, tax agents, lawyers and bankers.

She obtained a Diploma in Business Studies from Institut Simyong, Penang in 1987 and Certificate of Accounting (Third Level) from London Chamber of Commerce and Industry Examinations Board in 1999.

Her career began as an Auditor in Koay Seng Leong & Co in 1987. In 1988, she left to join Tayarmart (M) Sdn Bhd as an Accounts Executive before she was transferred to Tai Hin in 2009 to take up the role as the Manager of the Accounts and Administrative Departments. In 2016, she assumed her present position of Group Finance Manager.

She does not sit on the board of any public or private companies.

### LEE CHEE KONG

General Manager –  
Sales & Marketing

**Mr. Lee Chee Kong**, Malaysian, male, aged 59, is our General Sales & Marketing Manager. He is in charge of our sales and marketing division, overseeing the Group's marketing activities for the local market.

He obtained a Diploma in Business Studies and Certificate of Marketing from the London Chamber of Commerce and Industry Examinations Board in 1994 and 1995 respectively.

Mr. Lee started his career in 1986 as a Marketing Executive with Antah Holdings Berhad. In 1993, he joined Sun Rubber Industry Sdn Bhd as their Marketing Manager where he oversaw both the domestic and export sales and marketing of the company's rubber compounds. After 13 years, he joined A-Max Industries Sdn Bhd (now known as Acten Tire Technology Sdn Bhd) as its Marketing Manager where he was in charge of the company's overall sales and marketing activities. In 2008, he joined Rubber Works as the Marketing Manager and was subsequently promoted to his present position in 2018.

He does not sit on the board of any public or private companies.

### EU HONG LIM

Export Sales Manager

**Mr. Eu Hong Lim**, Malaysian, male, aged 46, is our Export Sales Manager. He is in charge of our Group's export sales and promotional activities, as well as participation in trade fairs and exhibitions. Mr. Eu is also involved in brand building, assisting in the development of new and existing products, attending to and handling quality control issues, managing logistics and monitoring warehouse operations.

He graduated with a Degree of Business Administration from the Middlesex University, England in 1999.

After a stint with an education service provider, Mr. Eu joined Rubber Works in 2001 as an Administration and Sales Executive. He was previously involved in the establishment, implementation and maintenance of several systems within the Group, such as our Group's information technology systems, enterprise resource planning systems and quality management systems. He was also involved in the application of our Group's ISO 9001 certification and the provision of ISO training to staff. He was also tasked with managing our Group's export sales and servicing our overseas customers. In 2008, he was promoted to Export Sales Manager, a position he currently holds.

He does not sit on the board of any public or private companies.

## PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

### ANUAR BIN ATAN

General Manager - Production

**Anuar bin Atan**, Malaysian, male, aged 60, is our General Production Manager. He is responsible for managing and overseeing our Group's production related matters including procurement and raw materials arrangement, production of our tyre retreading materials as well as storage and warehousing matters.

He obtained a Diploma in Rubber and Plastic Technology and Diploma in Rubber Processing from Institut Teknologi MARA and Institut Penyelidikan Getah Malaysia respectively.

After obtaining his Diploma in 1986, he joined Heveafil (M) Sdn Bhd in the same year as a Supervisor, where he was responsible to oversee the operation of the company's compounding and wastewater management. In 1990, he joined Rubber Thread Industries (M) Sdn Bhd as a Senior Production Manager to manage and oversee the company's production, compounding and wastewater management activities. In 2009, he joined Rubber Works as our Production Manager. He has since accumulated over 30 years of experience in rubber compounding activities and factory management.

He does not sit on the board of any public or private companies.

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#### Notes:

1. None of the key senior management have been convicted for any offences (other than traffic offences, if any) within the past five (5) years or imposed with any penalty by the relevant authorities or regulatory bodies during the financial year ended 31 December 2022.
2. None of the key senior management have any conflicts of interest with the Company.
3. Save as disclosed on page 9 of the Annual Report and as below, none of the key senior management have any family relationships with any other Director and/or major shareholder of Eversafe Rubber:
  - (i) Mr. Eu Ah Seng, our Executive Director, is the father of Eu Hong Lim, our Export Sales Manager.

# CHAIRMAN'S STATEMENT

**Dear Valued Shareholders,**

On behalf of the Board of Directors (“**Board**”) of Eversafe Rubber Berhad (“**Eversafe Rubber**” or our “**Company**”), I am privileged to present to you the Annual Report and audited financial statements for the financial year ended (“**FYE**”) 31 December 2022.



## CHAIRMAN'S STATEMENT (CONT'D)

### HIGHLIGHTS

FY2022 presented businesses with unique challenges including the lingering effects of COVID-19 despite the reopening of economies and markets around the world. Through it all, Eversafe Rubber developed the plans that will enable our next chapter that will allow us to truly understand what our strengths are, how the market is moving, and what we need to do to better serve customers in the future. The result is a more refined strategy and renewed vigour to enforce implementation across the board.

Despite facing turbulence, we continued to seize new opportunities while serving our customers to the best of our ability which is reflected in the positive results we charted throughout the year in review.

### PERFORMANCE REVIEW

For the FYE 31 December 2022, our Group recorded a revenue of approximately RM144.86 million, an increase of approximately RM30.07 million or 26% as compared to the preceding financial year. The increase in revenue was mainly due to the increase in sales of tyre retreading materials.

We unfortunately recorded a Loss Before Tax amounting to RM4.61 million for the year under review as compared to a Profit Before Tax of RM3.60 million in the preceding financial year. This reflects a loss of approximately RM8.21 million as a result of a combination of factors such as lower gross profit margin and higher distribution costs, general and administrative expenses and also finance costs.

### PROSPECTS

After a strong rebound in 2021, growth in the East Asia and Pacific region slowed markedly in 2022 to an estimated 3.2%. The slowdown was almost entirely due to China where growth slowed sharply to 2.7% resultant from recurrent COVID-19 outbreaks and mobility restrictions, unprecedented droughts, and prolonged stress in the property sector, all of which restrained consumption, food and energy production as well as residential investment.

In the region excluding China, the pace of growth more than doubled, rising to 5.6% in 2022 supported by a release of pent-up demand as many countries continued to lift pandemic-related mobility restrictions and travel bans. This growth encompassed Malaysia, the Philippines, Thailand, and Vietnam, most of which benefited from a surge in private consumption and strong growth of goods exports.

However, after the rebound growth in the East Asia and Pacific region growth is projected to moderate to 4.3% in 2023 as easing of pandemic-related restrictions allows activity in China to gradually recover. Growth in Malaysia is also expected to moderate at 4.0% as the growth of exports to major markets slows. A prolonged war in the Ukraine and intensifying geopolitical uncertainty could also lead to further reductions in global business and consumer confidence.

## CHAIRMAN'S STATEMENT (CONT'D)

Against this backdrop, the global automotive industry is expected to grow with global car sales rising by 4.0% approximately in 2023. The macro backdrop-defying outlook is expected to result from a combination of the more consistent production volumes, delayed demand from the accumulated order books and some more positive economic momentum in certain regions such as China.

Meanwhile, in Malaysia, the Malaysian Automotive Association forecasted an increase in new car models, especially from international brands and luxury car manufacturers. This will eventually lead to a further increase in the total industry volume ("TIV") by 2.0% or 690,000 units from an estimated 680,000 units in 2022, driven by the continued delivery of order backlogs.

Against this backdrop, we trust vehicle sales will remain robust in 2023, further supported by the reopening of the economy, financial assistance to the low-income group and subsidies on fuels, electricity and selected food items to keep the cost of living in check, a relatively stable job market and health household balance sheets of the middle 40.0% income group.

In line with this favourable outlook, we expect the number of electric vehicles ("EVs") sold to increase in 2023 as many new models are launched. The continuation of tax incentives for the EVs such as exemption from import and excise duties may also contribute to the increase in EV sales.

### ACKNOWLEDGEMENTS

Eversafe Rubber will continue to persevere and adapt with the constantly changing business landscape, executing our plan with the support of our hardworking and committed pool of talents, key leadership and solid fundamentals. The philosophy of creating value is deeply rooted into our DNA, driving us to continue delivering growth and value creation for our stakeholders. This is supplemented by our focus on sustainability and values of integrity, transparency and accountability.

On behalf of the Board of Directors, I would like to express our gratitude to all stakeholders including customers, suppliers, partners and shareholders for their steadfast cooperation and faith in us.

My appreciation for my esteemed colleagues on the Board for their perceptive insights and wise counsel which truly helped the Group steer through the volatile business landscape while simultaneously paving the way for our further growth and success.

Last but not least, a big thank you to our dedicated and hardworking Management team and employees for the faithfulness, dedication and loyalty as well as the never ending value you bring to the Group as we work hand in hand to steer Eversafe Rubber forward.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

The principal activity of Eversafe Rubber is that of investment holding while the Eversafe Rubber group of companies ("Group") is principally involved in the development, manufacturing and distribution of tyre retreading materials and tyre retreading operations.

## BUSINESS AND OPERATIONS

Our subsidiaries, namely Eversafe Rubber Works Sdn Bhd, Eversafe Trading Sdn Bhd, Eversafe Trading (Shanghai) Co Ltd and Jiaxing YongAn Rubber Co Ltd are involved in the development, manufacturing and distribution of tyre retreading materials whilst Olympic Retreads (M) Sdn Bhd and Supreme Good International Limited carries out tyre retreading operations.

### Development, manufacturing and distribution of tyre retreading materials

Our tyre retreading materials primarily comprise rubber compounds which are developed and formulated in-house, using a combination of raw materials blended to achieve qualities that are appropriate to the specific performance requirements of each type of tyre, according to customer requirements. Our manufacturing operations are carried out in 2 locations, namely Ipoh, Perak and Hong Kong. The main raw materials used are natural rubber, synthetic rubber, carbon black, chemicals and rubber processing oils, the majority of which are sourced locally.

Presently, our products are sold in more than 24 countries, which span across Asia, Australia and Oceania, Africa, the Americas, Europe and the Middle East, mainly to tyre retreaders and rubber material traders in local and international markets.

The tyre retreading materials manufactured by our Group are as follows:

#### 1. Masterbatch



Masterbatch is an essential raw material which we formulate and compound in-house used in the manufacturing of our other tyre retreading materials. This is produced through a mixture of natural rubber and/or synthetic rubber, rubber processing oils, carbon black, chemicals and/or additives compounded with chemicals, such as sulphur, accelerators and/or other additives, to form the desired rubber compounds.

#### 2. Pre-cured tread liners



These are pre-vulcanised rubber strips moulded with patterns and profiles. The pre-cured tread liners are used in cold cure tyre retreading. Presently, we produce and distribute over 70 patterns of pre-cured tread liners and are constantly expanding our range of pre-cured tread liners, in line with the increasing demand and requirements from our customers.

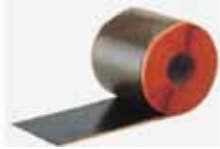
#### 3. Camelbacks



Camelbacks are unvulcanised rubber strips added to the surface of the buffed tyre casings. Camelbacks are mainly used in hot cure tyre retreading. These strips take the pattern of the mould during the process of vulcanisation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

### 4. Cushion gums



Cushion gums are strong adhesive strips used to bond pre-cured tread liners and camelbacks to the prepared surface of the buffed tyre casings. Our cushion gums are custom-made and have good tack adhesion properties.

### 5. Repair ropes



Repair ropes are rubber compounds extruded in a rope form. Repair ropes are used in the process of repairing tyres.

### 6. Sidewall veneers



Sidewall veneers are rubber compounds used to repair the tyre sidewalls. The process is to apply a new rubber veneer to the tyre sidewalls during the hot cure tyre retreading.

### 7. Orbitreads



Orbitreads are extruded rubber compounds used in hot cure tyre retreading for off-road tyres. Unlike tyres for other commercial vehicles, off-road tyres are larger and hence, require the use of orbitreads (instead of camelbacks) in the retreading process.

### Tyre retreading operations

Our Group also generates a portion of our revenue from our tyre retreading operations. Tyre retreading is a process where the used tyre casings are made serviceable by removing worn and damaged treads and replacing them with new treads. Our Group's tyre retreading operations are carried out at our tyre retreading facility situated in Butterworth, Penang as well as in Hong Kong. The raw materials used in our tyre retreading operations are sourced from within the Group as well as used tyre casings purchased from external parties such as tyre traders, tyre retailers and fleet operators. We market our retreaded tyres under our own brand "OLP". Our retreaded tyres are produced mainly for sale in the local market where our retreaded tyres are produced in, targeted to be used for commercial vehicles such as buses and transportation trucks.

### BUSINESS DEVELOPMENTS

In FY2022, we continued to manage the impact of the COVID-19 pandemic and prepared our business for accelerated growth as the economy gradually recovered. In order to achieve this, we relentlessly continued to strengthen our fundamentals which had allowed us to not only thrive in a volatile economic environment but also continued to create long-term value for our stakeholders.

Throughout the year, we continued to increase our market share and presence through the provision of top-notch products and services to all our customers which generated customer loyalty and referrals.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

### REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

Our Group's principal sources of revenue are derived from the development, manufacturing and distribution of tyre retreading materials and tyre retreading operations. Other sources of revenue comprise of other products such as curing envelopes, flaps and tubes, related machineries and equipment as well as rubber wastages sold as scrap. Notwithstanding the above, as our Group's revenue are all derived from the manufacturing and sale of rubber-based tyre retread products, the operations of our Group is viewed as a single reportable segment.

The following table illustrates the comparison of financial highlights of our Group for the financial year ended ("FYE") 31 December 2021 and 2022:

	FYE 31 December 2022 RM'000	FYE 31 December 2021 RM'000
Revenue	144,864	114,794
Gross profit ("GP")	15,720	17,740
(Loss)/Profit before taxation ("LBT/PBT")	(4,612)	3,604
(Loss)/Profit after taxation ("LAT/PAT")	(4,464)	2,763
Net assets ("NA")	59,107	65,055
Total assets	130,858	114,620
Borrowings	53,835	29,777
Hire purchase and lease liabilities	2,347	4,493
Gearing (times)	0.5	0.4
(Loss)/Earning per share <sup>(1)</sup> (sen)	(1.9)	1.1
Dividend per share (sen)	0.8	-
NA per share <sup>(1)</sup> (sen)	24.6	27.0

#### Note:

1. Calculated based on 240,593,796 ordinary shares in the Company.

For the financial year under review, our Group's revenue increased to approximately RM144.9 million from RM114.8 million in the FYE 31 December 2021, representing an increase of approximately RM30.1 million or 26%. The increase in our Group's revenue was mainly attributable to the increase in sales of tyre retreading materials. Further analysis of our Group's revenue for the FYE 31 December 2021 and 2022 by geographical locations is illustrated below:

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

	FYE 31 December 2022 RM'000	FYE 31 December 2021 RM'000
Malaysia	33,919	28,280
South East Asia (excluding Malaysia)	69,945	53,497
East Asia and Oceania	28,649	21,147
South Asia, Middle East and Africa	4,446	5,301
Americas	1,626	1,754
Europe	6,279	4,815
<b>Total</b>	<b>144,864</b>	<b>114,794</b>

Meanwhile, our Group's GP recorded a slight decrease of approximately RM2.0 million or 11% to approximately RM15.7 million from RM17.7 million in FYE 31 December 2021. The decrease in GP was due to the overall increase in the cost of raw materials.

At the same time, our Group recorded a Loss Before Tax of approximately RM4.6 million, reflecting a loss of approximately RM8.2 million or 228% for the financial year under review from a Profit Before Tax of RM3.6 million in the previous financial year. The recorded Loss Before Tax was a result of a combination of factors including a lower profit margin and higher distribution costs, general and administrative expenses as well as finance costs.

As at 31 December 2022, our Group's total assets had increased to approximately RM130.9 million as compared to RM114.6 million in the previous financial year. Our Group's total assets had recorded an increase due to the increase in trade receivables, placement in funds and cash and bank balances of approximately RM6.6 million and RM10.6 million from RM28.84 million and RM18.1 million respectively in the previous financial year.

The Group's borrowings reported an increase of approximately RM24 million from RM29.8 million as at 31 December 2021 to RM53.8 million as at 31 December 2022. The increase was mainly due to the increase in bankers' acceptances and term loans used for our Group's operations. Notwithstanding the increase in borrowings, the management is of the opinion that based on the gearing of 0.5 times as at 31 December 2022, the debt levels of our Group remains manageable.

A summary of our Group's cash flow position for the FYE 31 December 2021 and 2022 is illustrated below:

	FYE 31 December 2022 RM'000	FYE 31 December 2021 RM'000
Net cash (used in)/from operating activities	(3,320)	297
Net cash (used in)/from investing activities	(7,711)	3,372
Net cash from/(used in) financing activities	17,334	(1,059)
Net increase in cash and cash equivalents	6,304	2,610
Cash and cash equivalents at the beginning of the year	9,501	6,568
Cash and cash equivalents at the end of the year	15,938	9,501

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

During the financial year under review, our Group was in a negative net cash position for its operating activities of RM3.4 million as compared to RM0.3 million positive net cash from operating activities in the FYE 31 December 2021. This was mainly due to the decrease in our Group's PBT. In addition, this decrease was also due to an increase in trade receivables in line with the increase in our Group's sales during the financial year under review. The decrease in our Group's net cash used in investing activities for the financial year under review was due to acquisition of other investments and placement in funds with maturity of over three months. At the same time, our Group also recorded net cash from financing activities of RM17.3 million for the FYE 31 December 2022 as compared to net cash used in financing activities of RM1.1 million for the FYE 31 December 2021 was mainly attributable to the increase of term loans, bankers' acceptance and onshore foreign currency loan of RM24 million. This has resulted in a net increase of our cash and cash equivalents for the financial year under review which stood at RM6.3 million. Our Board of Directors and management are not aware of any plans in the pipeline for our Group or major capital expenditure which would have a significant effect on future cash flows.

The said net current asset position of our Group for the FYE 31 December 2021 and 2022 is illustrated below:

	FYE 31 December 2022 RM'000	FYE 31 December 2021 RM'000
<b>Current Assets</b>		
Inventories	22,517	26,529
Trade receivables	33,172	26,555
Other receivables, deposits and prepayments	5,529	2,135
Amounts owing by related parties	427	374
Current tax assets	1,028	668
Placement in funds	7,832	3,708
Cash and bank balances	20,926	14,416
<b>Total current assets</b>	<b>91,431</b>	<b>74,385</b>
<b>Current Liabilities</b>		
Trade payables	3,949	6,324
Other payables and accrued expenses	6,638	3,743
Amounts owing to related parties	45	41
Amounts owing to Directors	125	189
Borrowings	35,305	26,721
Hire purchase and lease liabilities	1,328	2,502
Government grant	29	29
<b>Total current liabilities</b>	<b>47,419</b>	<b>39,549</b>
<b>Net Current Assets</b>	<b>44,012</b>	<b>34,836</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Our Group's net current assets position for the FYE 31 December 2022 had increased from RM34.8 million in the previous financial year to RM44.0 million, representing an increase of RM9.2 million or 26.3%. This increase was due to the increase in trade receivables and cash and bank balances. Based on the above, our Board believes that our Group has sufficient working capital resources for our existing and foreseeable requirements for the financial year ending 31 December 2023.

Save for the general market trends, there are no known trends or events, including balance sheet conditions, income or cash flow items that may affect our Group's operations, performance, financial condition and liquidity.

### PROSPECTS AND OUTLOOK

The automotive industry is coming out of one of its most challenging periods in history. The initial recovery from a sharp drop caused by the emergence of COVID-19 was slowed down and then further interrupted by various logistical headwinds, most prominently but not solely due to the shortage of specific semiconductors.

Following this turbulent period, we expect that the automotive industry will grow driven by the rise in global car sales despite a downbeat outlook for the global economy. Despite the contradictory scenario, the combination of more consistent production volumes, delayed demand from the accumulated order books and some more positive economic momentum in certain regions, such as China, should result in an improvement in passenger car sales on the order of 4.0% in 2023. Looking beyond the current year, we also expect growth to be in the 4.0% to 5.0% range in 2024

One of the most significant global trends we intend to ride on will be the continuous development of electric vehicles ("EV"). The unceasing and breakneck efforts to improve battery performance or expanding the charging infrastructure has led to significant increase in research and development by vehicle manufacturers, who seem to be charging ahead with EV technology.

Meanwhile, on the domestic front, the automotive industry saw a bumper year with total industry volume ("TIV") of 720,658 units surpassing the industry's expectations by 6.0%. This was largely driven by year-end promotions, especially for models with ready stock, while automakers ramped up production as the supply-chain disruptions eased as China gradually reopened towards the end of the year.

In 2023, we believe more new car models are expected, especially from international brands and luxury car manufacturers. This will eventually lead to a further increase in TIV by 2.0% or 690,000 units from an estimated 680,000 units in 2022, driven by the continued delivery of order backlogs.

Against this backdrop, we trust vehicle sales will remain robust in 2023, further supported by the reopening of the economy, financial assistance to the low-income group and subsidies on fuels, electricity and selected food items to keep the cost of living in check, a relatively stable job market and health household balance sheets of the middle 40.0% income group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance (“**MCCG**”) requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets. This Statement on Risk Management and Internal Control by the Board is made in respect of the financial year ended 31 December 2022 pursuant to Rule 15.26 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as well as Principle B of the MCCG.

## BOARD’S RESPONSIBILITIES

The Board recognises the importance of maintaining a sound system of internal control and risk management practices in ensuring good corporate governance. The Board is responsible for the system of risk management and internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity in order to safeguard shareholders’ investment and the Group’s assets. The Board is committed to practicing good standards of corporate governance and will continue to improve on current practices.

However, limitations will be inherent in any system of internal controls and risk management whereby such systems are designed to mitigate and manage rather than eliminate risks. Hence, the Group’s system of internal controls can only provide a reasonable level of assurance against material losses to the Group.

The Board affirms that there are on-going or continuous processes for identifying, evaluating and managing significant risks faced by the Group through its systems of internal controls and risk management.

## RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

The Board, having recognised that risk management is an integral part of the business operations of the Group, has undertaken the preparation of a risk management framework and assessment to identify, evaluate and manage the significant risks affecting the Group’s operations to ensure that high risk areas are adequately addressed at various levels within the Group. Its systems of internal controls and risk management primarily cover areas of general operations, production efficiency and effectiveness, health and safety measures, repair and maintenance procedures, inventory management, financial controls and reporting, compliance monitoring and process improvements.

In undertaking the functions of the Board with regards to risk management and internal controls of the Group, the Board is supported by the Audit Committee based on its clearly defined terms of reference. The Audit Committee has been tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of the Group’s risk management and internal controls. The day-to-day implementation of risk awareness and management as well as compliance under the Group internal control processes and procedures are part of the responsibilities of the key senior management of the Group.

The Group has an organisational structure with clearly defined lines of accountability and responsibility as well as delegation of authority and reporting.

The risk profile of the Group is established by undertaking risk mapping and assessments facilitated with the assistance of external risk management consultants whereby key risk areas for each of the critical business functions and activities of the Group were identified, assessed and categorised based on the likelihood of occurrence and the resultant impacts. These were then documented as the Group risk register as part of the overall risk management framework of the Group and the same reviewed and deliberated by the Audit Committee with the assistance of the risk management consultants. The same exercise also identified the specific risk owners to facilitate the responsibility for actions in responding to risk management and a risk matrix is also generated to assist the management and the Board to prioritise their efforts and appropriately manage the different classes of risks. The risk profile and register will be continuously reviewed for updates due to external changes as well as addition of new business areas and/or key activities.

Internal controls have been implemented and will be continuously reviewed and improved, in particularly, for high risk areas within the Group. Upon review by the appointed internal auditors, the management team discusses with the Audit Committee on key control processes and procedures for areas of particularly high risk and/or concern to ensure adequate controls are always in place to mitigate any critical risks.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### INTERNAL AUDIT FUNCTION

The internal audit function is in place to assist the Audit Committee in discharging its functions effectively. It is considered an integral part of the assurance framework to provide assurance on the adequacy and effectiveness of the risk management and internal control system of our Group. For the financial year under review, in addition to our own in-house internal auditor, Mr. Leong Yew Wah, the Audit Committee also appointed an independent professional firm to independently assess the adequacy and effectiveness of the corporate governance and internal control system and provide an independent and objective report on its observations. The internal audit function highlighted its findings, including recommendations to address the findings noted, via the issuance of internal audit reports directly to the Audit Committee. The internal audit reports, incorporating findings, recommendations, management comments and action plans with regard to the weaknesses and observations in the risk management and internal control system, were tabled at Audit Committee meetings and thereafter to the Board for further deliberation.

A follow-up audit in the financial year ending 31 December 2023 is to be scheduled to ensure that recommended follow-up corrective and compliance matters are being either put in place or implemented following any audit findings highlighted in the internal audit report for the financial year under review.

The cost of internal audit functions including fees paid to an independent professional firm for the financial year ended 31 December 2022 was RM38,250.

### INFORMATION AND COMMUNICATION

While the management has full responsibility in ensuring the effectiveness of internal control which it establishes, the Board has authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from the management as well as to seek inputs from the Audit Committee, external and internal auditors and other experts.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the ACE Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement in the Annual Report for the financial year ended 31 December 2022. Their review is performed in accordance with 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 issued by the Malaysian Institute of Accountants. The external auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control of the Group.

Audit and Assurance Practice Guide 3 does not require the external auditors to consider whether this Statement covers all risk and controls or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention to cause them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is this statement factually inaccurate.

To further enhance the risk management process within our Group and pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, our Board has also adopted the Anti-Bribery and Anti-Corruption Policy on 13 August 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL  
(CONT'D)

**REVIEW BY THE BOARD**

The Board has reviewed the risk management and internal control system of the Group and is of the view that during the financial year and up to the date of issuance of this Statement, there were no material losses, contingencies or uncertainties arising as a result of weaknesses in the internal control system which would require separate disclosures in this Annual Report. The Board has also received assurance from the Chief Executive Officer that the risk management and internal control systems of the Group are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group. In addition, our internal auditor together with our external consultants work closely with our key senior management on the sufficiency and adequateness of our Group's internal controls for our day-to-day operations.

Premised on the preceding sections, the Board considers the system of internal controls as set out in this Statement to be satisfactory and the risks to be at acceptable level within the context of the Group's business and operating environment. Aware to the need of maintaining a robust risk management and internal control system in meeting the ever-changing needs of the Group, the Board will take measures to enhance this system as and when the need arises.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continue to monitor its fund and operational needs.

This Statement on Risk Management and Internal Control has been approved by the Board of Eversafe Rubber Berhad on 13 April 2023.

# AUDIT COMMITTEE REPORT

The Audit Committee was established by the Board of Eversafe Rubber Berhad (“**Eversafe Rubber**” or the “**Company**”) on 30 May 2016 with the primary objective of assisting the Board in discharging its duties and responsibilities and fulfilling its corporate governance responsibilities in relation to financial reporting, annual reporting, internal control structure, related party transactions and external and internal audit functions of the Group.

## MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises three (3) members, all of whom are non-executive directors.

The composition of the Audit Committee is as follows:

Ng Meng Kwai (Chairman)  
- Senior Independent Non-Executive Director

Tan Sri Dato’ Dr. Sak Cheng Lum (Member)  
- Independent Non-Executive Chairman

Haji Mohd Isa Bin Haji Talib (Member)  
- Independent Non-Executive Director

The Audit Committee fulfils the requirements of Rule 15.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The terms of office and performance of the Audit Committee and each of its members shall be reviewed annually by the Nominating Committee of the company and members may be re-nominated and appointed by the Board.

## ATTENDANCE OF AUDIT COMMITTEE MEETINGS

A total of 5 meetings were held during the financial year ended 31 December 2022. The details of attendance of each member at the Audit Committee meetings held during the tenure of office of the members are as follows:-

Name	Attendance
Ng Meng Kwai	5/5
Tan Sri Dato’ Dr. Sak Cheng Lum	5/5
Haji Mohd Isa Bin Haji Talib	4/5

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the Audit Committee is published on the Company’s website, [www.eversafe.com.my](http://www.eversafe.com.my).

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee met 5 times during the financial year ended 31 December 2022 and this section sets out the main activities of the Audit Committee of Eversafe Rubber during this period.

### 1. Financial Reporting

The Audit Committee reviewed and deliberated on all the announcements of quarterly financial results made by the Company.

In addition, the Audit Committee also undertook the review of the annual audited financial statements of the Group including the accompanying directors’ report. The Audit Committee ensures that the financial results and statements are prepared in a timely and accurate manner, complying with applicable accounting, regulatory requirements and financial reporting standards.

## AUDIT COMMITTEE REPORT (CONT'D)

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

#### 2. External Auditor

The Audit Committee deliberated and reviewed the scope of statutory audit and the audit plan as well as discussing with the external auditors the audit strategies and any implementation of new or revised accounting standards that may affect the Group in the current and coming financial years.

The Audit Committee also held a discussion with the external auditors after the completion of audit field works for any findings and observations of material concern and effects to the Group as well as to ensure that there were no restrictions on the scope of their audit.

The Audit Committee also encourages the external auditor to continuously engage with the Committee to ensure that issues affecting the Company and the Group can be flagged out in a timely manner. The Audit Committee also evaluated the independence and effectiveness of the external auditors and recommended to the Board on their re-appointment and audit fee.

#### 3. Related Party Transaction/Recurrent Related Party Transaction

The Audit Committee will deliberate with the management on any related party transaction or recurrent related party transaction entered into between the Group and any related party to deliberate whether such transactions are to the best interest of the Group. In addition, the Audit Committee also reviewed the guidelines and procedures for recurrent related party transactions during the financial year under review.

During the financial year under review, the Group has not entered into any other new related party transactions while all recurrent related party transactions are reviewed by the Audit Committee on a quarterly basis. The Audit Committee has also reviewed the Circular to Shareholders to be dated 21 April 2023 on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature. Please refer to the said Circular to Shareholders dated 21 April 2023 for further information on the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature undertaken by the Group.

#### 4. Risk Management and Internal Control

The Audit Committee has assessed the risk and control environment of the Group through the Enterprise Risk Management Framework as well as the overall effectiveness of the risk management and internal control system of the Group. The Audit Committee had also reviewed the Statement on Risk Management and Internal Control prior to the recommendation to the Board for approval for inclusion in this Annual Report.

#### 5. Internal Auditor

The Audit Committee oversees the conduct of internal audit periodically to ensure that review of the adequacy of the Group's internal control systems is carried out in a timely manner as well as ensuring operations are carried in compliance with existing internal controls. The Audit Committee also ensures that all internal audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence.

To that end, for the financial year ended 31 December 2022, the Audit Committee reviewed the internal audit report which covered the sales and marketing, credit control and collection as well as procurement and payables. The Audit Committee also discussed the internal audit findings and issues with the internal auditor prior to presenting the same to the Board.

AUDIT COMMITTEE REPORT  
(CONT'D)

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

**6. Others**

The Audit Committee reviewed and made recommendations to the Board for this Annual Report pertaining to the Audit Committee Report, Corporate Governance Statement and the Statement of Risk Management and Internal Controls.

In addition, the Chairman and members of the Audit Committee also engage on continuous basis with other Board members, the Executive Directors and with the management of the Group in order to be kept informed of the operations and management of the Group including any material events and/or matters affecting the operations of the Group as a whole.

This Audit Committee Report was approved by the Board of Eversafe Rubber on 13 April 2023.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Eversafe Rubber Berhad (“Eversafe Rubber” or the “Company”) appreciates the importance of adopting high standards of corporate governance in the Company as well as its subsidiaries in order to safeguard stakeholders’ interests as well as enhancing shareholder value.

Pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“AMLR”), this Corporate Governance Overview Statement (“Statement”) sets out how the Company has applied the 3 Principles and observed the Practices and Recommendations, of the Malaysian Code on Corporate Governance (“MCCG”) for the financial year ended 31 December 2022. Where a specific Recommendation of the MCCG has not been observed during the financial year, the non-observation, including reasons thereof, and the alternative practice adopted, if any, is mentioned in this Statement.

The Corporate Governance Report is available for download from the Company’s website at [www.eversafe.com.my](http://www.eversafe.com.my).

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

The Board recognises its key role in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- Review, evaluate, adopt and approve the strategic plans and policies for the Group;
- Oversee and monitor the conduct of the businesses and financial performance and major capital commitments of the Group;
- Review and adopt budgets and financial results of the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of accurate financial information disclosure;
- Review and approve any major corporate proposals, new business ventures or joint ventures of the Group;
- Ensure adequate measures are taken to protect all assets of the group and maximise their potential;
- Review, evaluate and approve any material acquisitions or disposals of undertakings and assets in the Group;
- Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;
- Establish and oversee a succession planning programme for the Group, including the remuneration and compensation policy thereof;
- Establish, review and implement corporate communication policies with the shareholders, investors, other key stakeholders and the public;
- Review and determine the adequacy and integrity of the internal control systems and management information of the Group; and
- Develop a corporate code of conduct to address, amongst others, any conflicts of interest relating to directors, major shareholders and/or management.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Remuneration Committee and Nominating Committee to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

## BOARD CHARTER

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. The Board has in place a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Charter serves as a reference point for Board activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board shall update the Charter as and when need arises to reflect changes to the Company’s policies, procedures as well as to comply with the latest regulations and legislations.

The full Charter is available on the Company’s website at [www.eversafe.com.my](http://www.eversafe.com.my).

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)**BOARD CHARTER (CONT'D)**

The number of meetings of the Board and Board Committees held during the year was:

Types of Meetings	Number of Meetings
Board of Directors	5
Audit Committee	5
Nominating Committee	2
Remuneration Committee	1

The Board is bestowed with the duties and responsibilities to ensure the interest of the shareholders is protected. The Board delegates and confers some of its authority and discretion to the Independent Non-Executive Chairman, Executive Directors, Chief Executive Officer and Management as well as to respective Board Committees. Nonetheless, the Board retains full and effective control of the Group.

The Board oversees the performance of the Management to determine whether the business is being properly managed whereby the Chief Executive Officer/Executive Directors periodically reports to the Board on operational matters and is responsible to keep the Board informed on all matters which may materially affect the Group and its business.

The Non-Executive/Independent Directors, in general are independent from management. Their roles are to constructively challenge Management and contribute to the development of the business strategy and direction of the Company. They ensure effective checks and balances on the Board. They have free and direct contact with Management and engage with the external and internal auditors to address matters concerning Management. The role of Management is to support the Executive Directors and Chief Executive Officer in implementing and running of the general operations and business of the Group, in accordance with the delegated authority of the Board.

**CODE OF CONDUCT AND WHISTLEBLOWING POLICY**

The Board recognises the importance of having in place a Code of Conduct, setting out the standards of conduct expected from Directors and employees, to cultivate and promote good corporate behaviour. The Company's Code of Conduct for employees also include provisions on conduct, which highlight, amongst others, the standards of integrity, transparency, fairness, accountability as well as contribution towards the social and environmental growth of the surroundings in which our Group operates. Meanwhile, the Board Charter sets out provision for disclosure and conflict of interest to be observed by Directors.

To ensure its implementation and effectiveness, new Directors and employees are introduced to the Code of Conduct upon induction. This serves as a way to ensure new Directors and employees understand the importance of ethics and the requirement to adhere to the Company's standards. The Code of Conduct is also reviewed as and when necessary as to ensure its relevance.

The Board, on 12 August 2017, approved the Whistleblowing Policy in ensuring our Group upholds our business ethics of honesty, integrity and transparency. A copy of the Whistleblowing Policy has been published on our Company's website. Any stakeholders suspecting any integrity issues, misconducts and/or fraud occurring in any of the companies within our Group are encouraged to lodge a report in writing, submitted via post or email to:

Audit Committee Chairman / Company Secretaries  
Eversafe Rubber Berhad  
41, Jalan Medan Ipoh 6  
Bandar Baru Medan Ipoh  
31400 Ipoh  
Perak  
Malaysia  
Email: [whistleblow@eversafe.com.my](mailto:whistleblow@eversafe.com.my)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### **SUSTAINABILITY OF BUSINESS**

The Board is mindful of the importance of business sustainability and in conducting the Group's business, our impact on the environmental, social and governance aspects is considered in the Group's corporate strategies.

In line with this, the Company has made contribution towards local charitable organisation.

### **SUPPLY OF, AND ACCESS TO, INFORMATION**

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities.

Timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings to give effect to Board decisions and to deal with matters arising from such meetings, is observed. Board members are furnished with pertinent explanation and information on relevant issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board before a decision is made.

In addition, Board members are updated on the Group's activities and its operations on a regular basis. All Directors have access to information of the Company on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties. However, during the financial year under review, the Directors did not encounter any situations requiring such advice. This procedure is formalised in the Company's Board Charter.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries, who are qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence to Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of the Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

### **COMPOSITION OF THE BOARD**

The Board currently comprises eight (8) members, three (3) of whom are Executive Directors, one (1) Non-Independent Non-Executive Director, and four (4) Independent Non-Executive Directors. This composition fulfils the requirements as set out under Rule 15.02(1) of the AMLR, which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report. The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of knowledge, skills, experience and expertise in areas such as public administration, tyre and tyre retreading, banking, accounting and audit and legal.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### NOMINATING COMMITTEE

The Nominating Committee, established by the Board with specific terms of reference which is available on the Company's website at [www.eversafe.com.my](http://www.eversafe.com.my), comprises the following Directors as its members:

- Tan Sri Dato' Dr. Sak Cheng Lum (Chairman)
- Mr. Cheah Eu Lee
- Mr. Ng Meng Kwai

The Nominating Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It is also tasked to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director.

The final decision on the appointment of Director in respect of a candidate recommended by the Nominating Committee rests with the Board. The Company Secretaries ensure that all appointments are properly made upon obtaining all necessary information from the Director. During the financial year under review, the Nominating Committee met twice, to assess the Board, Board Committees and individual Directors in relation to their performance and contribution towards meeting the needs of the Company and to review the Proposed Directors' Fit & Proper Policy. The evaluation took into consideration the competency, experience, character, integrity and time availability, including the mix of skills, of the Directors concerned. The Nominating Committee had also reviewed the Board composition, gender diversity and whether the Board possesses the right mix of skills and balance as well as considering the Board's succession planning and making recommendations for new appointment of Directors and Board Committees as well as identifying training programmes for the Board.

Following the amendments to the Ace Market Listing Requirements of Bursa Securities, the Board adopted a Directors' Fit & Proper Policy to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders. The Directors' Fit & Proper Policy is available for download from the Company's website at [www.eversafe.com.my](http://www.eversafe.com.my).

The Nominating Committee also recommends to the Board those Directors who are retiring at the forthcoming Annual General Meeting for re-election. Pursuant to the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Board must justify and seek shareholders' approval through a two-tier voting process should the Board wishes to retain such Director as an Independent Director. None of the Independent Directors of the Company has served as an Independent Director for a cumulative term of nine (9) years as at to-date.

The Company recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. The evaluation of suitable candidates is solely based on the candidates' competency, character, time availability, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be. Before an appointment is made by the Board, the Nominating Committee is required to evaluate the existing balance of skills, knowledge, experience and diversity on the Board, and in light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nominating Committee shall:

- (i) consider candidates from a wide range of backgrounds and skills as considered appropriate;
- (ii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.

Presently, the Board of Eversafe Rubber is made up of members who are diverse in skills, experience, age, cultural background and gender.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### REMUNERATION COMMITTEE

The Remuneration Committee, established by the Board with specific terms of reference, comprises the following Directors:

- Tan Sri Dato' Dr. Sak Cheng Lum (Chairman)
- Haji Mohd Isa Bin Haji Talib
- Dato' Seri Cheah Eu Kiat

The Remuneration Committee is responsible for reviewing and recommending the remuneration packages of Executive Directors and Non-Executive Directors as well as to review the general remuneration policy and procedures of the Group. Where a committee member's own remuneration is under discussion or deliberation, the said Director will abstain. The aggregate total of Directors' fees is subject to shareholders' approval at the Annual General Meeting. During the financial year under review, 1 meeting was held to review the remuneration packages of the Directors.

Generally, the remuneration package will be structured according to the skills, experience and performance of the Executive Directors to ensure that the Group attracts and retains the Directors needed to run the Group successfully. The remuneration package of the Non-Executive Directors will depend on their contribution to the Group in terms of their knowledge and experience.

The following section shows the summary of total remuneration paid to Executive and Non-Executive Directors by type of remuneration.

	Company	Subsidiaries					
2022	Fees RM'000	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits- in-kind RM'000	Others RM'000	Total RM'000
<b>Executive Directors</b>							
Dato' Seri Cheah Eu Kiat	30	36	228	–	28	86	408
Eu Ah Seng	30	15	192	–	17	85	339
Cheah Siang Tee	30	36	411	–	62	158	697
<b>Non-Executive Directors</b>							
Tan Sri Dato' Dr. Sak Cheng Lum	35	–	–	–	–	–	35
Cheah Eu Lee	30	30	–	–	–	10	70
Haji Mohd Isa Bin Haji Talib	30	–	–	–	–	–	30
Ng Meng Kwai	45	–	–	–	–	–	45
Ong Beow Chieh	30	–	–	–	–	–	30

The Group has in place a remuneration structure for all employees, including key senior management, with the intention of attracting, retaining and motivating employees. The remuneration structure is intended to reward employees according to the achievement of business and performance objectives. Pursuant to Practice 8.2 of the MCCG, the Company should disclose the remuneration components of 5 highest remunerated key senior management, on a named basis, including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. Notwithstanding the above, the Board is of the view that such disclosure should not be made publicly available as it will give rise to conflict as well as recruitment and talent retention issues.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### REINFORCE INDEPENDENCE OF THE BOARD

The Independent Non-Executive Directors contribute objective and independent views, advice and judgment on interests, not only of the Company, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board recognises the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. The definition on independence accords with the AMLR. The independent directors have also declared their Independence Status on a yearly basis to the Company.

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years as stated in the MCCG. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. In the event the Board wishes to retain such director as an independent director, the Board will justify and seek shareholders' approval through a two-tier voting process. In justifying the decision, the Nominating Committee is entrusted to assess and justify the candidate's suitability to continue as an Independent director and the reasons for maintaining him as Independent Director would be disclosed in the Notice of Annual General Meeting. Presently, all Independent Directors have not attained the cumulative nine (9) years of service.

### FOSTER COMMITMENT OF DIRECTORS

The Board ordinarily meets at least 5 times a year. Their meetings are scheduled well in advance to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to study for effective discussion and decision-making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major strategic, operational and financial issues. The Chairman of the Audit Committee briefs the Directors at each Board meeting of salient matters noted by the Audit Committee, if any, and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings and the minutes are circulated in a timely manner.

### BOARD MEETINGS

There were 5 Board meetings held during the financial year ended 31 December 2022, with details of Directors' attendance set out below:

Name of Director	Attendance
Tan Sri Dato' Dr. Sak Cheng Lum	5/5
Dato' Seri Cheah Eu Kiat	3/5
Eu Ah Seng	5/5
Cheah Siang Tee	5/5
Cheah Eu Lee	5/5
Haji Mohd Isa Bin Haji Talib	4/5
Ng Meng Kwai	5/5
Ong Beow Chieh	5/5

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board is satisfied with the time commitment given by the Board members in carrying out their responsibility which is shown in the above attendance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

### DIRECTORS' TRAINING – CONTINUING EDUCATION PROGRAMMES

All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors on a continuous basis. The Board, via the Nominating Committee, assesses the training needs of each Director on an annual basis in accordance with the Nominating Committee's Terms of Reference, by determining areas that would best strengthen their contributions to the Board.

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group. Amongst the training programmes, seminars and/or training attended by the Directors during the financial year ended 31 December 2022 are as follows:

Name of Director	Conferences, Seminars and/or Training
Tan Sri Dato' Dr. Sak Cheng Lum	Overview – Bursa Malaysia's Enhanced Sustainability Reporting Framework with Climate Change Reporting
Dato' Seri Cheah Eu Kiat	Overview – Bursa Malaysia's Enhanced Sustainability Reporting Framework with Climate Change Reporting
Eu Ah Seng	Overview – Bursa Malaysia's Enhanced Sustainability Reporting Framework with Climate Change Reporting
Cheah Siang Tee	Overview – Bursa Malaysia's Enhanced Sustainability Reporting Framework with Climate Change Reporting
Cheah Eu Lee	Overview – Bursa Malaysia's Enhanced Sustainability Reporting Framework with Climate Change Reporting
Ng Meng Kwai	<ul style="list-style-type: none"> <li>Workshop 1 - MIA Webinar Series: International Standard on Quality Management (ISQM) Masterclass</li> <li>MIA Webinar Series: ISA 220 (Revised) New Approach to Quality Management at the Engagement Level</li> <li>MIA Webinar Series: Approaches and Techniques for Determining Fair Value – Accounting for Transactions Effects by Fair Value Measurement</li> <li>Overview – Bursa Malaysia's Enhanced Sustainability Reporting Framework with Climate Change Reporting</li> </ul>
Haji Mohd Isa Bin Haji Talib	Overview – Bursa Malaysia's Enhanced Sustainability Reporting Framework with Climate Change Reporting
Ong Beow Chieh	<ul style="list-style-type: none"> <li>Analysing Recent Intellectual Property Cases</li> <li>Webinar Kursus Pembaharuan Ejen Cap Dagangan Siri 3 Anjuran Akademi Harta Intelek, Perbadanan Harta Intelek Malaysia (MYIPO)</li> <li>Legal Due Diligence: The Best Practice for Lawyers and In-House Counsel</li> <li>Webinar on Directors' Duties and Climate Change</li> <li>Civil Forfeiture under Section 56 of AMLA-What Corporations Practitioners Must Look Out For</li> <li>Virtual Conference on Corporate and Commercial Law</li> <li>MIPA Trademark Seminar Series – Unravelling the Trademarks Act 2019</li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of the Group's results to Bursa Malaysia, the annual financial statements of the Group and Company as well as the Annual Report.

#### AUDIT COMMITTEE

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising exclusively Independent Non-Executive Directors as below:

- Mr. Ng Meng Kwai (Chairman)
- Tan Sri Dato' Dr. Sak Cheng Lum
- Haji Mohd Isa Bin Haji Talib

The detailed composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report of page 25 to 27 in this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

A policy governing the provision of non-audit services by the external auditors, in view of maintaining their independence and objectivity, has been developed and adopted by the Audit Committee.

In assessing the independence of external auditors, the Audit Committee has obtained confirmation from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board has formalised pertinent policies and procedures not only to comply with the disclosure requirements as stipulated in the AMLR of Bursa Securities, but also identify the persons responsible to approve and disclose material information to the regulators, shareholders and stakeholders.

#### SHAREHOLDER PARTICIPATION AT GENERAL MEETING

The Annual General Meeting ("AGM") and/or Extraordinary General Meeting ("EGM") are the principal forums for shareholder dialogue. The AGM allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification on any issues and to gain better understanding of the Group's business affairs and performance. At the AGM or EGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general.

Notices of each AGM and EGM are issued in a timely manner to all shareholders. The Notice of AGM is circulated at least twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

**COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS**

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the AGMs and EGMs and through the Group's website where shareholders can access pertinent information concerning the Group.

**STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS**

The Group's financial statements have been drawn up in accordance with the applicable accounting standards in Malaysia and the Companies Act 2016. The financial statements give a true and fair view of the state of the affairs of the Group at the end of the financial year, and of the profit and cash flows for the financial year.

In preparing the financial statements, the Directors are also responsible for:

- The adoption of suitable accounting policies and applying them consistently;
- Making judgments and estimates that are reasonable;
- Ensuring that all applicable financial reporting standards have been followed; and
- Preparing financial statements on a going concern basis as the Directors have reasonable expectations, having made enquiries that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility of ensuring that the Company maintains adequate accounting records and sufficient internal controls to safeguard the assets and to prevent fraud or other irregularities in the Group.

This Corporate Governance Overview Statement has been approved by the Board of Eversafe Rubber on 13 April 2023.

# CORPORATE SUSTAINABILITY STATEMENT

We are pleased to present our latest Corporate Sustainability Statement which covers our achievements in creating economic, environmental and social value for a wide array of our stakeholders.

We have adapted our operations and practices to evolve our business, remaining responsive to market environment and consumer needs. To further grow our business, we have enhanced and built efficiencies across our business pillars. And our focus on sustainability is reflected in our group-wide Environment, Social and Governance (“ESG”) initiatives. We continue to deliver value to our shareholders as well as advance growth and sustainability in our business.

## **SUSTAINABILITY GOVERNANCE**

We strive to uphold good governance and have put in place measures and mechanism which have led us to embody the principles of good governance standards throughout our operations and all our decision-making processes, ensuring the highest standards of accountability and transparency. We have in place an experienced Board to steer the organisation, bringing the right insights to the table while simultaneously providing oversight of our sustainability efforts to signal our top-level commitment to sustainability.

## **ENVIRONMENTAL ASPECTS**

Our environmental sustainability initiatives are aimed at reducing carbon emissions and increasing the use of renewable energy, leveraging green technology for operational excellence and competitiveness, and embedding good environmental practices and a sustainability mindset in our strategic and operational decision making.

In 2020, we installed solar panels at our factory which has helped reduce the overall energy consumption in our premises. We have also made greater use of a number of technology applications to where possible avoid unnecessary waste generation and further wastage. Some of the ways we have undertaken to reduce paper usage across the Group is by encouraging the use of electronic platforms such as instant messaging and voice over Internet Protocol systems such as WhatsApp, Telegram, Skype, and Facebook Messenger as efficient alternative modes of communication with our suppliers and customers and for our day-to-day internal operations.

## **HUMAN RESOURCE ASPECTS**

We recognise that there are many contributing factors to our business success. One of which is our people. We Strive to maintain a safe, healthy, and engaged workplace by upholding fair labour practice and caring for the wellbeing of our people. We have in place safety and health standard operating procedures. Aside from providing necessary tools and protective equipment, we require strict adherence to the safe work practices stated in these standard operating procedures from all employees, contractors, and consultants performing their duties at our premises. We have also set up an Emergency Response Team in our plants to prepare for and respond to any emergency incident. Members of the Emergency Response Team are well trained on safety awareness and preparedness in everyday situations. In 2022, we recorded 1 case which required hospitalisation. However, the worker fully recovered.

Strengthening our human capital management practices and embedding Eversafe’s core values amongst our people is also another effort on our part to protect the welfare of our people. We place strong emphasis on attracting and retaining a diverse pool of talents, developing organisation talents, and empowering key leadership talents. We are committed to improving employee engagement, experience as well as interaction. This enables our talents to perform to the best of their abilities with passion and dedication towards creating a shared value.

Investing in the development and growth of our people is a non-negotiable priority for us. We recognise that our mission is inextricably linked to the personal and professional growth of our people. Throughout the reporting year, we maintained our unwavering commitment to ongoing learning and development to develop employee skills and capabilities.

## CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

### **SOCIAL ASPECTS**

We are committed to invest and support worthy philanthropic activities, focusing on building positive and lasting value for the communities in which we operate. Our efforts to support our communities are mainly aimed at improving their lives and livelihood. One of our efforts was our unending commitment to create employment opportunities for the local communities throughout the year in review.

Demonstrating our efforts in building a sustainable talent pipeline, we have worked with colleges and higher learning institutions throughout the year to offer internship placements for soon-to-be graduates.

### **MARKETPLACE ASPECTS**

We continue to inculcate and guide our business activities and relationships on compliance with our internal policies as well as relevant laws and regulations. With a strong emphasis on integrity, we consistently ensure our Code of Conduct, values and culture are communicated to internal and external stakeholders to manage third-party risks and strengthen business resilience.

To further protect our stakeholders' interests, we have also established a Whistleblowing Policy which provides an avenue for employees and external parties to report actual or suspected malpractice, misconduct or violations of the Group's policies and regulations in a safe and confidential manner.

## ADDITIONAL COMPLIANCE INFORMATION

Other information required under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")

### STATUS OF UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposals during the financial year.

### AUDIT AND NON-AUDIT FEES

The following table shows the sum of audit and non-audit fees paid and payable to the Company's external auditors during the financial year under review:

	Group		Company	
	Paid RM'000	Payable RM'000	Paid RM'000	Payable RM'000
Audit fees	–	163	–	17
Non-audit fees				
- Fees for other services	–	4	–	4
Total	–	167	–	21

The paid amounts above are in relation to the fees incurred for the FYE 31 December 2022 which were paid during the financial year under review. The payable amounts are all in relation to fees incurred but not paid during the financial year under review.

### MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Group involving the interest of any directors and/or major shareholders not in the ordinary course of business during the financial year under review.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are fully accountable for ensuring that the financial statements are drawn up in accordance with the requirements of the Companies Act 2016 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the operational results and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 31 December 2022, the Directors have:

- (i) applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards;
- (ii) made judgments and estimates that are reasonable; and
- (iii) applied the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy the financial position of the Group and the Company and to enable proper financial statements to be prepared in accordance with the applicable laws and regulations. The Directors also have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement of Director's Responsibility has been approved by the Board of Eversafe Rubber Berhad on 13 April 2023.



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# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company incorporated to manage various subsidiaries, which are involved in the manufacturing and sale of rubber based tyre retread products. Further details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

## RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year, attributable to owners of the parent	(4,464,305)	1,286,148

## DIVIDEND

Dividend declared and paid since the end of the previous financial year was as follows:

	RM
First single-tier interim dividend of 0.80 sen per ordinary share in respect of the financial year ended 31 December 2022, paid on 22 July 2022	1,924,750

The Directors do not recommend any payment of final dividend for the financial year ended 31 December 2022.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

#### Eversafe Rubber Berhad

Dato' Seri Cheah Eu Kiat, DGPN. DSPN. PJK. JP.  
Eu Ah Seng  
Cheah Eu Lee  
Cheah Siang Tee  
Tan Sri Dato' Dr. Sak Cheng Lum  
Haji Mohd Isa Bin Haji Talib  
Ng Meng Kwai  
Ong Beow Chieh

#### Subsidiaries of Eversafe Rubber Berhad

Dato' Seri Cheah Eu Kiat, DGPN. DSPN. PJK. JP.  
Eu Ah Seng  
Cheah Eu Lee  
Cheah Siang Tee  
Sang Ah Weng  
Eu Hong Lim

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	<----- Number of ordinary shares ----->			
	Balance as at 1.1.2022	Bought	Sold	Balance as at 31.12.2022
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Dato' Seri Cheah Eu Kiat, DGPN. DSPN. PJK. JP.	15,388,238	–	–	15,388,238
Eu Ah Seng	4,707,350	–	–	4,707,350
Cheah Eu Lee	1,640,000	360,000	–	2,000,000
Cheah Siang Tee	750,000	–	–	750,000
<u>Indirect interests:</u>				
Dato' Seri Cheah Eu Kiat, DGPN. DSPN. PJK. JP.	117,137,446 <sup>(1)</sup>	–	–	117,137,446 <sup>(1)</sup>
Eu Ah Seng	12,000,000 <sup>(2)</sup>	–	–	12,000,000 <sup>(2)</sup>

<sup>(1)</sup> Held through another body corporate and by daughter

<sup>(2)</sup> Held through another body corporate

By virtue of Dato' Seri Cheah Eu Kiat, DGPN. DSPN. PJK. JP. substantial interests in the shares of the Company, he is also deemed to have interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTERESTS (CONT'D)

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the following:

- (i) remuneration received or due and receivable by Directors from certain related corporations in their capacity as Directors or executive of the related corporations; and
- (ii) deemed benefits arising from related party transactions as disclosed in Note 35 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

	Group RM	Company RM
Fees	411,857	260,000
Short-term employee benefits	1,138,627	–
Defined contribution plan	65,640	–
Benefits-in-kind	107,439	–
	1,723,563	260,000

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

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officers of the Group are RM1,000,000 and RM6,000 respectively.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

DIRECTORS' REPORT  
(CONT'D)

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the 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.

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

**(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

## DIRECTORS' REPORT (CONT'D)

### SIGNIFICANT EVENT DURING THE YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. Hong Kong and China implemented zero-COVID policy which resulted in strict, targeted lockdowns in the country. In January 2023, the Government decided to reverse the zero-COVID policy to minimise the economic impact of the various lockdowns and travel bans imposed in the country.

Based on the assessment of the Group, there are no significant impact arising from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 December 2022.

The Group has considered the impact of COVID-19 in their business operations and took the necessary precautions and provisions where necessary. The Group will continue to monitor and manage their funds and operations to minimise any impact arising from COVID-19 pandemic. However, there can be no assurance that the COVID-19 pandemic can be effectively controlled and could persist for a substantial period, and this may materially and adversely affect the operations and financial performance of the Group.

### AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

### AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

	Group RM	Company RM
Statutory audit	162,592	16,500
Non-statutory audit	4,000	4,000
	166,592	20,500

Signed on behalf of the Board in accordance with a resolution of the Directors.

**Dato' Seri Cheah Eu Kiat,**  
**DGPN. DSPN. PJK. JP.**  
Director

**Cheah Siang Tee**  
Director

Penang  
13 April 2023

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 53 to 104 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Dato' Seri Cheah Eu Kiat,**  
**DGN. DSPN. PJK. JP.**  
Director

Penang  
13 April 2023

**Cheah Siang Tee**  
Director

## STATUTORY DECLARATION

I, Cheah Siang Tee (761221-07-5329), being the Director primarily responsible for the financial management of Eversafe Rubber Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 104 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed )  
at Georgetown in the State of )  
Penang this 13 April 2023 )

**Cheah Siang Tee**

Before me,

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVERS SAFE RUBBER BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Eversafe Rubber Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). 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, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Group

#### (a) Impairment assessment of carrying amounts of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets of the Group as at 31 December 2022 were RM33,995,643 and the associated impairment losses of property, plant and equipment were RM15,669 as disclosed in Note 5 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the subsidiary in determining the recoverable amount. These key assumptions include budgeted operating profit margin, growth rate as well as determining an appropriate pre-tax discount rate used for the subsidiary.

INDEPENDENT AUDITORS' REPORT  
(CONT'D)

**Key Audit Matters (cont'd)**

**Group (cont'd)**

**(a) Impairment assessment of carrying amounts of property, plant and equipment and right-of-use assets (cont'd)**

***Audit response***

Our audit procedures included the following:

- (i) compared prior period projection against actual outcome to assess reliability of management forecasting process;
- (ii) compared cash flow projections against recent performance and assessed and evaluated the key assumptions in projections to available external industry sources of data, where applicable;
- (iii) verified budgeted operating profit margin and growth rate by assessing evidence available to support these key assumptions;
- (iv) assessed the reasonableness of pre-tax discount rate used for the subsidiary by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (v) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

**(b) Impairment of trade receivables**

Gross trade receivables of the Group as at 31 December 2022 were RM42,338,984 and the associated impairment losses of trade receivables were RM6,853,195 as disclosed in Note 10 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

***Audit response***

Our audit procedures included the following:

- (i) recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (ii) recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

### Key Audit Matters (cont'd)

#### Company

##### (a) Impairment assessment of cost of investment in a subsidiary

As at 31 December 2022, investment in a subsidiary of the Company was RM53,633,995 as disclosed in Note 7 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the subsidiary in determining the recoverable amount. These key assumptions include budgeted operating profit margin, growth rate as well as determining an appropriate pre-tax discount rate used for the subsidiary.

#### **Audit response**

Our audit procedures included the following:

- (i) compared prior period projection against actual outcome to assess reliability of management forecasting process;
- (ii) compared cash flow projections against recent performance and assessed and evaluated the key assumptions in projections to available external industry sources of data, where applicable;
- (iii) verified budgeted operating profit margin and growth rate by assessing evidence available to support these key assumptions;
- (iv) assessed the reasonableness of pre-tax discount rate used for the subsidiary by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (v) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

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

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

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

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

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

## INDEPENDENT AUDITORS' REPORT (CONT'D)

### **Responsibilities of the Directors for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) 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.
- (f) 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  
(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 7 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.

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

**Pang Zhi Hao**  
03450/09/2023 J  
Chartered Accountant

Kuala Lumpur  
13 April 2023

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	33,995,643	37,948,314	4,030	6,529
Intangible asset	6	1	1	–	–
Investment in a subsidiary	7	–	–	53,633,995	53,633,995
Other investments	8	3,118,272	–	1,351,500	–
Trade receivables	10	2,314,183	2,285,693	–	–
Amount owing by a subsidiary	12	–	–	–	4,876,006
		39,428,099	40,234,008	54,989,525	58,516,530
<b>Current assets</b>					
Inventories	9	22,516,853	26,529,304	–	–
Trade receivables	10	33,171,606	26,555,059	–	–
Other receivables, deposits and prepayments	11	5,528,911	2,135,426	79,500	1,968,229
Amount owing by a subsidiary	12	–	–	–	630,597
Amounts owing by related parties	13	426,883	373,584	–	–
Current tax assets		1,028,231	668,233	4,315	2,550
Placement in funds	14	7,832,229	3,708,318	6,273,050	3,171,965
Cash and bank balances	14	20,925,673	14,415,685	4,498,474	2,178,159
		91,430,386	74,385,609	10,855,339	7,951,500
<b>TOTAL ASSETS</b>		<b>130,858,485</b>	<b>114,619,617</b>	<b>65,844,864</b>	<b>66,468,030</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	15	65,428,449	65,428,449	65,428,449	65,428,449
Reserves	16	(6,321,489)	(373,410)	379,415	1,018,017
<b>TOTAL EQUITY</b>		<b>59,106,960</b>	<b>65,055,039</b>	<b>65,807,864</b>	<b>66,446,466</b>

STATEMENTS OF FINANCIAL POSITION  
(CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	17	4,434,541	4,590,154	–	–
Borrowings	18	18,529,284	3,055,724	–	–
Hire purchase and lease liabilities	21	1,019,018	1,990,618	–	–
Government grant	26	348,411	377,858	–	–
		24,331,254	10,014,354	–	–
<b>Current liabilities</b>					
Trade payables	22	3,948,914	6,324,446	–	–
Other payables and accrued expenses	23	6,638,295	3,742,962	37,000	21,564
Amounts owing to related parties	24	45,000	41,004	–	–
Amounts owing to Directors	25	124,906	189,049	–	–
Borrowings	18	35,305,445	26,721,472	–	–
Hire purchase and lease liabilities	21	1,328,267	2,501,847	–	–
Government grant	26	29,444	29,444	–	–
		47,420,271	39,550,224	37,000	21,564
<b>TOTAL LIABILITIES</b>		<b>71,751,525</b>	<b>49,564,578</b>	<b>37,000</b>	<b>21,564</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>130,858,485</b>	<b>114,619,617</b>	<b>65,844,864</b>	<b>66,468,030</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

			Group		Company
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	27	144,863,683	114,794,407	–	1,966,229
Cost of sales		(129,143,288)	(97,054,085)	–	–
Gross profit		15,720,395	17,740,322	–	1,966,229
Other operating income		1,612,079	2,092,292	212,702	262,207
Distribution costs		(11,081,644)	(8,790,262)	–	–
Administrative expenses		(7,905,590)	(6,369,460)	(368,312)	(353,806)
(Impairment losses)/Reversal of impairment losses on financial assets, net		(850,264)	(33,421)	1,479,294	(928,080)
Other operating expenses		(86,420)	(5)	(49,857)	–
(Loss)/Profit from operations		(2,591,444)	4,639,466	1,273,827	946,550
Finance income	29	124,275	136,938	12,724	57,908
Finance costs	29	(2,144,658)	(1,172,412)	–	–
(Loss)/Profit before taxation	30	(4,611,827)	3,603,992	1,286,551	1,004,458
Taxation	32	147,522	(841,362)	(403)	(196)
(Loss)/Profit for the financial year, attributable to owners of the parent		(4,464,305)	2,762,630	1,286,148	1,004,262
(Loss)/Profit for the financial year, attributable to owners of the parent		(4,464,305)	2,762,630	1,286,148	1,004,262
Other comprehensive income/(loss):					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translations, net of tax		440,976	(172,396)	–	–
Total comprehensive (loss)/income attributable to owners of the parent		(4,023,329)	2,590,234	1,286,148	1,004,262
(Loss)/Earning per ordinary share attributable to owners of the parent (sen):					
- Basic and diluted	33	(1.86)	1.15		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Share capital RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2021	65,428,449	7,104	(1,330,491)	(36,914,958)	35,274,701	62,464,805
Profit for the financial year	-	-	-	-	2,762,630	2,762,630
Other comprehensive loss, net of tax	-	-	(172,396)	-	-	(172,396)
Total comprehensive (loss)/income	-	-	(172,396)	-	2,762,630	2,590,234
Balance as at 31 December 2021	65,428,449	7,104	(1,502,887)	(36,914,958)	38,037,331	65,055,039

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(CONT'D)

Group	Note	Share capital RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2022		65,428,449	7,104	(1,502,887)	(36,914,958)	38,037,331	65,055,039
Loss for the financial year		-	-	-	-	(4,464,305)	(4,464,305)
Other comprehensive income, net of tax		-	-	440,976	-	-	440,976
Total comprehensive income/(loss)		-	-	440,976	-	(4,464,305)	(4,023,329)
<b>Transaction with owners:</b>							
Dividend paid	34	-	-	-	-	(1,924,750)	(1,924,750)
Total transaction with owners		-	-	-	-	(1,924,750)	(1,924,750)
Balance as at 31 December 2022		65,428,449	7,104	(1,061,911)	(36,914,958)	31,648,276	59,106,960

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Company	Note	Share capital RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2021		65,428,449	13,755	65,442,204
Profit for the financial year		–	1,004,262	1,004,262
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	1,004,262	1,004,262
Balance as at 31 December 2021		65,428,449	1,018,017	66,446,466
Balance as at 1 January 2022		65,428,449	1,018,017	66,446,466
Profit for the financial year		–	1,286,148	1,286,148
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	1,286,148	1,286,148
<b>Transaction with owners:</b>				
Dividend paid	34	–	(1,924,750)	(1,924,750)
Total transaction with owners		–	(1,924,750)	(1,924,750)
Balance as at 31 December 2022		65,428,449	379,415	65,807,864

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before taxation	(4,611,827)	3,603,992	1,286,551	1,004,458
Adjustments for:				
Amortisation of government grant	26 (29,447)	(4,907)	–	–
Depreciation of property, plant and equipment	5 6,469,220	6,582,264	2,499	3,026
Dividend income from:				
– a subsidiary	27 –	–	–	(1,966,229)
– other investments	(84,588)	–	(33,600)	–
– placement in funds	(96,731)	–	(77,500)	–
Accretion of income on financial assets at amortised cost	(70,772)	–	–	–
Fair value loss on other investments	60,951	–	40,057	–
Finance costs	29 2,144,658	1,172,412	–	–
Finance income	29 (124,275)	(136,938)	(12,724)	(57,908)
Gain on disposal of property, plant and equipment	(493,570)	(310,915)	–	–
Gain on reassessment and modification of lease	(73,948)	(1,226)	–	–
Impairment loss on amount owing by a subsidiary	12 –	–	–	928,080
Impairment losses on trade receivables	10 890,986	125,364	–	–
Impairment losses on amounts owing by related parties	13 –	14,351	–	–
Impairment losses on property, plant and equipment	5 15,669	–	–	–
Inventories written back	9 –	(80,320)	–	–
Lease concessions	(70,802)	(84,459)	–	–
Property, plant and equipment written off	5 650	2,581	–	–
Reversal of impairment loss on amount owing by a subsidiary	12 –	–	(1,479,294)	–
Reversal of impairment losses on amounts owing by related parties	13 (5,142)	–	–	–
Reversal of impairment losses on trade receivables	10 (35,580)	(106,294)	–	–
Unrealised gain on foreign exchange	(922,491)	(740,419)	–	–
Operating profit/(loss) before changes in working capital	2,962,961	10,035,486	(274,011)	(88,573)

STATEMENTS OF CASH FLOWS  
(CONT'D)

		Group		Company
Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)</b>				
Changes in working capital:				
Inventories	4,020,576	(5,393,505)	–	–
Trade receivables	(7,756,987)	(4,730,763)	–	–
Other receivables, deposits and prepayments	(3,245,963)	722,686	1,966,229	–
Trade payables	(1,771,436)	267,314	–	–
Other payables and accrued expenses	2,943,018	235,110	15,436	2,670
Amounts owing by/to related parties	(44,161)	(18,934)	–	–
Amounts owing to Directors	(56,756)	(37,903)	–	–
Cash (used in)/generated from operations	(2,948,748)	1,079,491	1,707,654	(85,903)
Tax paid	(370,920)	(787,590)	(2,168)	(2,550)
Tax refunded	–	4,950	–	2,804
Net cash (used in)/from operating activities	(3,319,668)	296,851	1,705,486	(85,649)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of other investments	(3,108,451)	–	(1,391,557)	–
Dividend received from:				
- other investments	84,588	–	33,600	–
- placement in funds	19,231	–	–	–
Interest received	124,275	136,938	12,724	57,908
Repayment from/(Advances to) a subsidiary	–	–	6,985,897	(3,000,000)
Proceeds from disposal of property, plant and equipment	605,721	936,871	–	–
Purchase of property, plant and equipment	5 (2,043,402)	(1,629,305)	–	(6,195)
Net changes in deposits with licensed banks with maturity of over three (3) months	(500,000)	–	–	–
Net changes in deposits pledged as securities	(390,176)	(1,072,398)	–	–
Net changes in placement in funds with maturity of over three (3) months	(2,502,768)	5,000,000	(2,005,200)	4,000,000
Net cash (used in)/from investing activities	(7,710,982)	3,372,106	3,635,464	1,051,713

STATEMENTS OF CASH FLOWS  
(CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid	34	(1,924,750)	–	(1,924,750)	–
Government grant received		–	309,157	–	–
Interest paid		(1,920,249)	(860,510)	–	–
Net drawdowns of term loans, bankers' acceptances and onshore foreign currency loan		23,984,179	2,138,861	–	–
Repayments of hire purchase and lease liabilities		(2,804,836)	(2,646,775)	–	–
Net cash from/(used in) financing activities		17,334,344	(1,059,267)	(1,924,750)	–
Net increase in cash and cash equivalents		6,303,694	2,609,690	3,416,200	966,064
Effects of exchange rates changes on cash and cash equivalents		132,802	323,309	–	–
Cash and cash equivalents at beginning of financial year		9,501,338	6,568,339	5,350,124	4,384,060
Cash and cash equivalents at end of financial year	14(j)	15,937,834	9,501,338	8,766,324	5,350,124

STATEMENTS OF CASH FLOWS  
(CONT'D)

## Reconciliation of Liabilities Arising from Financing Activities

	2022 RM	Group 2021 RM
<b>Term loans, bankers' acceptances and onshore foreign currency loan</b>		
Balance as at 1 January	26,131,918	23,493,477
Cash flow	23,984,179	2,138,861
Non-cash flows:		
- effect of foreign exchange	(731,105)	499,580
Balance as at 31 December	49,384,992	26,131,918

	2022 RM	Group 2021 RM
<b>Hire purchase and lease liabilities</b>		
Balance as at 1 January	4,492,465	6,177,859
Cash flow	(2,804,836)	(2,646,775)
Non-cash flows:		
- purchase of property, plant and equipment	1,094,488	591,871
- unwinding of interest	224,409	311,902
- lease concessions	(70,802)	(84,459)
- reassessment and modification of lease	(636,823)	23,463
- disposal	(51,040)	–
- effect of foreign exchange	99,424	118,604
Balance as at 31 December	2,347,285	4,492,465

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

## 1. CORPORATE INFORMATION

Eversafe Rubber Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

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

The principal place of business of the Company is located at Lot 94, Lebuhr Portland, Tasek Industrial Estate, 31400 Ipoh, Perak, Malaysia.

The consolidated financial statements for the financial year ended 31 December 2022 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 13 April 2023.

## 2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company incorporated to manage various subsidiaries, which are involved in the manufacturing and sale of rubber based tyre retread products. Further details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

## 3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 41(a) to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

## 4. OPERATING SEGMENTS

The Group is principally involved in the manufacturing and sale of rubber based tyre retread products.

No product and services segment information is presented as the Chief Operating Decision Maker (“CODM”) views the Group as a single reportable segment.

### Geographical information

Segment revenue is based on geographical location from which the sale transactions originated.

Segment non-current assets are based on the geographical location of the assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**4. OPERATING SEGMENTS (CONT'D)**

	<b>2022 RM</b>	<b>Group 2021 RM</b>
<b>Revenue from external customers</b>		
Malaysia	33,918,982	28,280,176
Americas	1,625,560	1,753,735
East Asia and Oceania	28,649,121	21,146,797
Europe	6,278,566	4,815,764
South Asia, Middle East and Africa	4,446,338	5,300,949
South East Asia	69,945,116	53,496,986
	<b>144,863,683</b>	<b>114,794,407</b>
<b>Non-current assets</b>		
Malaysia	38,029,305	37,435,108
East Asia and Oceania	1,398,794	2,798,900
	<b>39,428,099</b>	<b>40,234,008</b>

**Major customer**

There is only one (2021: one) major customer contributing approximately RM44,008,000 (2021: RM37,922,000) of the revenue to the Group, which equals to ten percent (10%) or more of the revenue of the Group.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group 2022	Balance as at 1.1.2022 RM	Additions RM	Disposals RM	Impairment losses RM	Written off RM	Reassessment and modification of leases RM	Exchange differences RM	Depreciation charge for the financial year RM	Reclassi- fications RM	Balance as at 31.12.2022 RM
<b>Carrying amount</b>										
Right-of-use assets										
- leasehold land	2,272,401	-	-	-	-	-	-	(42,077)	-	2,230,324
- buildings	2,481,873	706,003	-	-	-	(562,875)	77,578	(1,676,258)	-	1,026,321
- motor vehicles	1,049,467	529,704	(63,858)	-	-	-	18,589	(376,072)	(324,901)	832,929
- plant and machinery	1,400,306	-	-	-	-	-	-	(173,997)	-	1,226,309
Buildings	8,737,049	34,800	-	-	-	-	-	(259,883)	-	8,511,966
Plant and machinery	16,070,077	1,016,271	(58,666)	-	-	-	7,637	(2,858,188)	-	14,177,131
Factory equipment	3,621,829	684,283	(1)	(15,669)	-	-	-	(686,396)	-	3,604,046
Furniture, fixtures and office equipment	352,248	71,829	-	-	(650)	-	7,989	(90,752)	12,855	353,519
Electrical installation	1,516,440	-	-	-	-	-	(458)	(176,340)	(12,855)	1,326,787
Factory renovation	1	-	-	-	-	-	-	-	-	1
Signboards	1	-	-	-	-	-	-	-	-	1
Motor vehicles	432,222	40,000	(40,666)	-	-	-	9,709	(129,257)	324,901	636,909
Capital work- in- progress	14,400	55,000	-	-	-	-	-	-	-	69,400
	37,948,314	3,137,890	(163,191)	(15,669)	(650)	(562,875)	121,044	(6,469,220)	-	33,995,643
<b>Balance as at 31.12.2022</b>										
							<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Impairment losses RM</b>	<b>Carrying amount RM</b>
Right-of-use assets										
- leasehold land							3,097,733	(867,409)	-	2,230,324
- buildings							7,465,501	(6,439,180)	-	1,026,321
- motor vehicles							1,621,619	(788,690)	-	832,929
- plant and machinery							1,739,972	(513,663)	-	1,226,309
Buildings							11,968,646	(3,456,680)	-	8,511,966
Plant and machinery							46,162,168	(31,985,037)	-	14,177,131
Factory equipment							8,968,975	(5,349,260)	(15,669)	3,604,046
Furniture, fixtures and office equipment							2,198,336	(1,844,817)	-	353,519
Electrical installation							3,135,895	(1,809,106)	-	1,326,787
Factory renovation							29,506	(29,505)	-	1
Signboards							13,961	(13,960)	-	1
Motor vehicles							4,151,818	(3,514,909)	-	636,909
Capital work- in- progress							69,400	-	-	69,400
							90,623,530	(56,612,218)	(15,669)	33,995,643

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>Company 2022</b>	<b>Balance as at 1.1.2022 RM</b>	<b>Depreciation charge for the financial year RM</b>	<b>Balance as at 31.12.2022 RM</b>
<b>Carrying amount</b>			
Furniture, fixtures and office equipment	6,529	(2,499)	4,030
	<div> <div>←</div> <div>Balance as at 31.12.2022</div> <div>→</div> </div>		
	<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>
Furniture, fixtures and office equipment	12,495	(8,465)	4,030
<b>2021</b>	<b>Balance as at 1.1.2021 RM</b>	<b>Addition RM</b>	<b>Depreciation charge for the financial year RM</b>
<b>Carrying amount</b>			<b>Balance as at 31.12.2021 RM</b>
Furniture, fixtures and office equipment	3,360	6,195	(3,026)
	<div> <div>←</div> <div>Balance as at 31.12.2021</div> <div>→</div> </div>		
	<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>
Furniture, fixtures and office equipment	12,495	(5,966)	6,529

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation periods are as follows:

Buildings	50 years
Plant and machinery	10 to 15 years
Factory equipment	10 years
Furniture, fixtures and office equipment	3 to 20 years
Electrical installation	5 to 20 years
Factory renovation	10 years
Signboards	10 years
Motor vehicles	5 to 10 years

Capital work-in-progress represents plant and machinery under installation. Capital work-in-progress is not depreciated until such time when the asset is available for use.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (b) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal depreciation periods are as follows:

Leasehold land	62 to 94 years
Buildings	2 to 7 years
Motor vehicles	5 to 10 years
Plant and machinery	10 years

- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	<b>2022</b>	<b>Group</b>
	<b>RM</b>	<b>2021</b>
		<b>RM</b>
Purchase of property, plant and equipment	3,137,890	2,221,176
Financed by hire purchase and lease liabilities	(1,094,488)	(591,871)
Cash payments on purchase of property, plant and equipment	2,043,402	1,629,305

- (d) As at the end of the reporting period, certain property, plant and equipment of the Group have been charged to local banks for credit facilities granted to the Group as disclosed in Note 19, Note 20 and Note 21 to the financial statements as follows:

	<b>2022</b>	<b>Group</b>
	<b>RM</b>	<b>2021</b>
		<b>RM</b>
Buildings	2,767,676	3,036,447
Plant and machinery	4,781,732	5,306,356
Right-of-use assets		
- leasehold land	1,022,912	1,041,733
- motor vehicles	817,214	984,369
- plant and machinery	1,226,309	1,400,306
	10,615,843	11,769,211

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (e) Management reviews the property, plant and equipment and right-of-use assets for impairment when there is an indication of impairment. The recoverable amount of the property, plant and equipment and right-of-use assets is determined based on the value-in-use of the property, plant and equipment and right-of-use assets. The value-in-use is the net present value of the projected future cash flows derived from the business operation of the subsidiary discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the budgeted operating profit margin, growth rate and the appropriate pre-tax discount rate used for the subsidiary. Impairment loss is made when the carrying amount of the property, plant and equipment and right-of-use assets exceed its recoverable amount.

The sensitivity analysis of the impairment assessment to a reasonably possible change in each of the key inputs with all other variables held constant is not presented as it is not material to the Company.

Impairment losses on property, plant and equipment of the Group of RM15,669 was recognised during the financial year due to decline in operations of a subsidiary of the Group.

Based on the impairment testing undertaken by the Company, no further impairment loss was required for the carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2022 as its recoverable amount was in excess of its carrying amount.

**6. INTANGIBLE ASSET**

	2022 RM	Group 2021 RM
<b>Computer software</b>		
<b>At cost</b>		
Balance as at 1 January/31 December	72,100	72,100
<b>Accumulated amortisation</b>		
Balance as at 1 January/31 December	72,099	72,099
<b>Carrying amount</b>		
Balance as at 31 December	1	1

Intangible asset is initially measured at cost. After initial recognition, intangible asset is carried at cost less accumulated amortisation and any accumulated impairment losses.

Each class of intangible asset with finite useful lives are measured after initial recognition at cost less accumulated amortisation and any accumulated impairment loss.

Amortisation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal amortisation period is as follows:

Computer software	3 years
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NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**7. INVESTMENT IN A SUBSIDIARY**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
At cost		
Unquoted shares	53,633,995	53,633,995

- (a) Investment in a subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less any accumulated impairment loss.
- (b) Management reviews the investment in a subsidiary for impairment when there is an indication of impairment. The recoverable amount of the investment in a subsidiary is determined based on the value-in-use of the subsidiary. The value-in-use is the net present value of the projected future cash flows derived from the business operation of the subsidiary discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the budgeted operating profit margin, growth rate and the appropriate pre-tax discount rate used for the subsidiary. Impairment loss is made when the carrying amount of the investment in a subsidiary exceed its recoverable amount.

The sensitivity analysis of the impairment assessment to a reasonably possible change in each of the key inputs with all other variables held constant is not presented as it is not material to the Company.

Based on the annual impairment testing undertaken by the Company, no impairment loss was required for the carrying amount of investment in a subsidiary as at 31 December 2022 as its recoverable amount was in excess of its carrying amount.

- (c) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2022 %	2021 %	
Eversafe Rubber Works Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of rubber based tyre retread products and provision of related services
<b>Subsidiaries of Eversafe Rubber Works Sdn. Bhd.</b>				
Eversafe Trading Sdn. Bhd.	Malaysia	100	100	Trading in rubber based tyre retreading products
Olympic Retreads (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and distribution of retreaded tyres
Eversafe Trading (Shanghai) Co., Ltd.*	People's Republic of China	100	100	Trading in rubber based tyre retreading products

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**7. INVESTMENT IN A SUBSIDIARY (CONT'D)**

(c) Details of the subsidiaries are as follows: (cont'd)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2022 %	2021 %	
Subsidiaries of Eversafe Rubber Works Sdn. Bhd. (cont'd)				
Supreme Good International Limited*	Hong Kong	100	100	Investment holding and manufacturing and distribution of retreaded tyres
Subsidiary of Eversafe Trading (Shanghai) Co., Ltd.				
Jiaxing YongAn Rubber Co., Ltd.* China	People's Republic of	100	100	Production and sales of rubber products and service of after sale of self-produced products

\* Subsidiaries not audited by BDO PLT or BDO member firms.

**8. OTHER INVESTMENTS**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Non-current Equity security:</b>				
- Quoted shares in Malaysia	2,047,500	–	1,351,500	–
- Unquoted bond in Malaysia	1,070,772	–	–	–
	3,118,272	–	1,351,500	–

- (a) The quoted shares are classified as financial asset at fair value through profit or loss and the unquoted bond is classified as financial asset at amortised cost pursuant to MFRS 9 *Financial Instruments*.
- (b) Quoted shares of the Group and of the Company are categorised as Level 1 in the fair value hierarchy. The fair value of the investment in quoted shares in Malaysia are determined by reference to exchange quoted market bid prices at the close of the business at the end of each reporting period. There is no transfer between levels in the hierarchy during the financial year.
- (c) 5.58% p.a. Malaysia unquoted bond is 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (d) Other investments are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**8. OTHER INVESTMENTS (CONT'D)**

- (e) At the reporting date, if the market price of the quoted shares had been 5% higher/lower, with all other variables held constant, the net assets of the Group and of the Company would have been RM78,000 and RM51,000 higher/lower respectively, arising as a result of higher/lower fair value in quoted shares.
- (f) The carrying amount of the financial assets at amortised cost is reasonable approximation of its fair value.
- (g) Sensitivity analysis for fixed rate bonds at the end of the reporting period is not presented as it is not affected by changes in interest rates.

**9. INVENTORIES**

	2022 RM	Group 2021 RM
<b>At cost</b>		
Raw materials	10,573,118	15,362,909
Work-in-progress	2,518,680	2,130,859
Finished goods	9,425,055	9,035,536
	22,516,853	26,529,304

- (a) Costs of inventories are determined on the first-in, first-out formula and stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM129,143,288 (2021: RM97,054,085).
- (c) In the previous financial year, the Group reversed RM80,320 in respect of inventories written down in the previous financial years that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

**10. TRADE RECEIVABLES**

	2022 RM	Group 2021 RM
<b>Non-current</b>		
Trade receivables	3,508,541	3,168,848
Less: Accumulated impairment losses	(1,194,358)	(883,155)
	2,314,183	2,285,693
<b>Current</b>		
Trade receivables	38,830,443	31,727,209
Less: Accumulated impairment losses	(5,658,837)	(5,172,150)
	33,171,606	26,555,059
<b>Total trade receivables</b>	35,485,789	28,840,752

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**10. TRADE RECEIVABLES (CONT'D)**

- (a) Trade receivables are classified as financial assets and measured at amortised cost.
- (b) Non-current trade receivables are unsecured, interest-free and not receivable within the next twelve (12) months.
- (c) Current trade receivables are non-interest bearing and the trade credit terms of trade receivables granted by the Group range from 0 to 90 days (2021: 0 to 90 days). Other credit terms are assessed and approved by the Group on a case-by-case basis up to 180 days. They are recognised at original invoice amounts, which represent their fair values on initial recognition.
- (d) The currency exposure profile of gross trade receivables is as follows:

	2022 RM	Group 2021 RM
Ringgit Malaysia ("RM")	12,314,586	13,224,265
US Dollar ("USD")	12,723,301	10,359,468
Euro ("EUR")	3,411,762	2,201,495
Singapore Dollar ("SGD")	6,468,145	2,764,438
Hong Kong Dollar ("HKD")	1,989,252	1,623,066
Australian Dollar ("AUD")	2,374,272	2,223,877
Japanese Yen ("JPY")	1,172,148	730,595
Renminbi ("RMB")	1,885,518	1,768,853
	42,338,984	34,896,057

- (e) Subsidiaries operating in China and Hong Kong have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.
- (f) The following table demonstrates the sensitivity of the (loss)/profit net of tax of the Group to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant:

	2022 RM	Group 2021 RM
USD/RM		
- strengthen 3% (2021: 3%)	290,091	236,196
- weaken 3% (2021: 3%)	(290,091)	(236,196)
EUR/RM		
- strengthen 3% (2021: 3%)	77,788	50,194
- weaken 3% (2021: 3%)	(77,788)	(50,194)
SGD/RM		
- strengthen 3% (2021: 3%)	147,474	63,029
- weaken 3% (2021: 3%)	(147,474)	(63,029)
HKD/RM		
- strengthen 3% (2021: 3%)	45,355	37,006
- weaken 3% (2021: 3%)	(45,355)	(37,006)

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**10. TRADE RECEIVABLES (CONT'D)**

- (f) The following table demonstrates the sensitivity of the (loss)/profit net of tax of the Group to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant (cont'd):

	2022 RM	Group 2021 RM
AUD/RM		
- strengthen 3% (2021: 3%)	54,133	50,704
- weaken 3% (2021: 3%)	(54,133)	(50,704)
JPY/RM		
- strengthen 3% (2021: 3%)	26,725	16,658
- weaken 3% (2021: 3%)	(26,725)	(16,658)
RMB/RM		
- strengthen 3% (2021: 3%)	42,990	40,330
- weaken 3% (2021: 3%)	(42,990)	(40,330)

- (g) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the common credit risk characteristics of geographic region and type of product sold.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected credit loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (e.g. consumer price index, Gross Domestic Product growth and producer price index) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivables would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**10. TRADE RECEIVABLES (CONT'D)**

(g) (cont'd)

Lifetime expected loss provision for trade receivables are as follows:

<b>2022</b>	<b>Gross carrying amount/ Maximum exposure RM</b>	<b>Impairment losses RM</b>	<b>Carrying amount RM</b>
Current	29,110,506	(331,623)	28,778,883
Past due:			
1 to 30 days	2,000,986	(305,721)	1,695,265
31 to 60 days	1,492,653	(416,634)	1,076,019
61 to 90 days	1,875,824	(989,980)	885,844
More than 90 days	4,350,474	(3,614,879)	735,595
	38,830,443	(5,658,837)	33,171,606
Non-current	3,508,541	(1,194,358)	2,314,183
<b>2021</b>			
Current	24,419,305	(432,613)	23,986,692
Past due:			
1 to 30 days	1,251,835	(211,598)	1,040,237
31 to 60 days	1,154,041	(391,963)	762,078
61 to 90 days	1,080,132	(682,259)	397,873
More than 90 days	3,821,896	(3,453,717)	368,179
	31,727,209	(5,172,150)	26,555,059
Non-current	3,168,848	(883,155)	2,285,693

During the financial year, the Company renegotiated the credit terms with certain trade receivables, which led to changes in the timing of the payment. The impact arising from the renegotiation is negligible to the Company.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**10. TRADE RECEIVABLES (CONT'D)**

(h) Movements in the impairment allowance for trade receivables are as follows:

	Lifetime ECL* allowance RM	Credit impaired RM	Total allowance RM
<b>Current</b>			
Balance as at 1 January 2021	4,990,179	44,673	5,034,852
Charge for the financial year	125,364	–	125,364
Reversal of impairment losses	(69,250)	(18,099)	(87,349)
Exchange differences	98,474	809	99,283
Balance as at 31 December 2021	5,144,767	27,383	5,172,150
Balance as at 1 January 2022	5,144,767	27,383	5,172,150
Charge for the financial year	579,783	–	579,783
Reversal of impairment losses	(35,032)	(548)	(35,580)
Exchange differences	(57,516)	–	(57,516)
Balance as at 31 December 2022	5,632,002	26,835	5,658,837
<b>Non-current</b>			
Balance as at 1 January 2021	902,100	–	902,100
Reversal of impairment losses	(18,945)	–	(18,945)
Balance as at 31 December 2021	883,155	–	883,155
Balance as at 1 January 2022	883,155	–	883,155
Charge for the financial year	311,203	–	311,203
Balance as at 31 December 2022	1,194,358	–	1,194,358

\* Expected credit losses

Credit impaired refers to individually determined debtors who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**10. TRADE RECEIVABLES (CONT'D)**

- (h) Movements in the impairment allowance for trade receivables are as follows: (cont'd)

As at the end of each reporting period, the credit risks exposures relating to trade receivables of the Group are summarised in the table below:

	2022 RM	Group 2021 RM
Maximum exposure	35,485,789	28,840,752
Collateral obtained	(997,305)	(2,542,830)
Net exposure to credit risk	34,488,484	26,297,922

The above collaterals are letters of undertaking from financial institutions for trade receivables.

**11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
Other receivables	3,502,346	776,312	–	–
Refundable deposits	547,545	523,185	2,000	2,000
Dividend receivable	77,500	–	77,500	1,966,229
Total other receivables	4,127,391	1,299,497	79,500	1,968,229
Prepayments	1,401,520	835,929	–	–
	5,528,911	2,135,426	79,500	1,968,229

- (a) Total other receivables are classified as financial assets and measured at amortised cost.
- (b) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk as twenty percent (20%) on relative basis.

The probability of non-payment by other receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables.

No expected credit loss is recognised arising from other receivables as it is negligible.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)**

(c) The currency exposure profile of total other receivables is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Ringgit Malaysia ("RM")	198,192	537,019	79,500	1,968,229
Euro ("EUR")	2,724,493	33,848	–	–
Hong Kong Dollar ("HKD")	457,220	433,860	–	–
Renminbi ("RMB")	747,486	294,770	–	–
	<b>4,127,391</b>	<b>1,299,497</b>	<b>79,500</b>	<b>1,968,229</b>

(d) The following table demonstrates the sensitivity of the (loss)/profit net of tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

	<b>Group</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
EUR/RM		
- strengthen 3% (2021: 3%)	62,118	772
- weaken 3% (2021: 3%)	(62,118)	(772)

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

**12. AMOUNT OWING BY A SUBSIDIARY**

	<b>Company 2021 RM</b>
<b>Non-current</b>	
Non-trade	6,185,897
Less: Accumulated impairment loss	(1,309,891)
	<b>4,876,006</b>
<b>Current</b>	
Non-trade	800,000
Less: Accumulated impairment loss	(169,403)
	<b>630,597</b>
<b>Total amount owing by a subsidiary</b>	<b>5,506,603</b>

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**12. AMOUNT OWING BY A SUBSIDIARY (CONT'D)**

- (a) In the previous financial year, the amount owing by a subsidiary was classified as financial asset and measured at amortised cost.
- (b) In the previous financial year, non-current amount owing by a subsidiary was unsecured, interest-free and not receivable within the next twelve (12) months in cash and cash equivalents.
- (c) In the previous financial year, current amount owing by a subsidiary was unsecured, interest-free and receivable within the next twelve (12) months in cash and cash equivalents.
- (d) In the previous financial year, amount owing by a subsidiary was denominated in RM.
- (e) Impairment for amount owing by a subsidiary was recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly as defined in Note 11(b), lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.
- (f) Movement in the impairment allowance for amount owing by a subsidiary is as follows:

	<b>Company Lifetime ECL allowance</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Balance as at 1 January	1,479,294	551,214
Charge for the financial year	–	928,080
Reversal for the financial year	(1,479,294)	–
Balance as at 31 December	–	1,479,294

- (g) In the previous financial year, the Company renegotiated its amount owing by a subsidiary, which led to changes in the timing of the payments. The impact arising from the renegotiation was negligible to the Company.

**13. AMOUNTS OWING BY RELATED PARTIES**

	<b>2022 RM</b>	<b>Group 2021 RM</b>
<b>Current</b>		
Trade	450,417	402,260
Less: Accumulated impairment losses	(23,534)	(28,676)
	426,883	373,584

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**13. AMOUNTS OWING BY RELATED PARTIES (CONT'D)**

- (a) Amounts owing by related parties are classified as financial assets and measured at amortised cost.
- (b) Amounts owing by related parties arose from trade transactions and the normal trade credit terms granted by the Group is 90 days (2021: 90 days).
- (c) Amounts owing by related parties are denominated in RM.
- (d) Impairment for the amounts owing by related parties are recognised based on the simplified approach using the lifetime expected credit losses within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 10(g) to the financial statements.
- (e) Movements in the impairment allowance for amounts owing by related parties are as follows:

	<b>Group Lifetime ECL allowance</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Balance as at 1 January	28,676	14,325
Charge for the financial year	–	14,351
Reversal of impairment losses	(5,142)	–
Balance as at 31 December	23,534	28,676

**14. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS**

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Cash and bank balances	15,058,110	9,438,298	4,498,474	2,178,159
Deposits with licensed banks	5,867,563	4,977,387	–	–
	20,925,673	14,415,685	4,498,474	2,178,159
Placement in funds	7,832,229	3,708,318	6,273,050	3,171,965

- (a) Cash and bank balances are classified as financial assets and measured at amortised cost.
- (b) Placement in funds represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. During the current financial year, placement in funds of the Group and of the Company which amounted to RM2,502,768 (2021: RM Nil) and RM2,005,200 (2021: RM Nil) respectively were not readily convertible to known amounts of cash and subject to a maturity period of more than three (3) months.
- (c) Placement in funds are classified as financial assets and measured at fair value through profit or loss. The fair value is categorised as Level 1 in fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**14. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS (CONT'D)**

- (d) The currency exposure profile of cash and bank balances and placement in funds is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Ringgit Malaysia ("RM")	20,533,802	14,268,165	10,771,524	5,350,124
US Dollar ("USD")	3,926,934	1,608,766	–	–
Euro ("EUR")	50,172	32,004	–	–
Hong Kong Dollar ("HKD")	324,096	458,587	–	–
Renminbi ("RMB")	1,496,417	1,377,198	–	–
Japanese Yen ("JPY")	2,420,936	374,061	–	–
Singapore Dollar ("SGD")	5,388	5,063	–	–
Australian Dollar ("AUD")	157	159	–	–
	<b>28,757,902</b>	<b>18,124,003</b>	<b>10,771,524</b>	<b>5,350,124</b>

- (e) The following table demonstrates the sensitivity of the (loss)/profit net of tax of the Group to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant:

	<b>Group</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
USD/RM		
- strengthen 3% (2021: 3%)	89,534	36,680
- weaken 3% (2021: 3%)	(89,534)	(36,680)
JPY/RM		
- strengthen 3% (2021: 3%)	55,197	8,529
- weaken 3% (2021: 3%)	(55,197)	(8,529)
RMB/RM		
- strengthen 3% (2021: 3%)	34,118	31,400
- weaken 3% (2021: 3%)	(34,118)	(31,400)

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

- (f) Deposits pledged to licensed banks amounting to RM5,367,563 (2021: RM4,977,387) are for term loans, bankers' acceptances, onshore foreign currency loan and bank overdrafts granted to certain subsidiaries as disclosed in Note 19(b) and Note 20(b) to the financial statements.
- (g) Deposits are placed with licensed banks for varying periods of between three (3) months and one (1) year (2021: between three (3) month and one (1) year) depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates.
- (h) Weighted average effective interest rate of deposits with licensed banks of the Group as at the end of each reporting period is 2.02% (2021: 1.68%).
- (i) Sensitivity analysis for fixed rate cash and bank balances at the end of the reporting period is not presented as fixed rate instrument is not affected by changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**14. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS (CONT'D)**

- (j) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Cash and bank balances	15,058,110	9,438,298	4,498,474	2,178,159
Deposits with licensed banks	5,867,563	4,977,387	–	–
Placement in funds	7,832,229	3,708,318	6,273,050	3,171,965
Bank overdrafts included in borrowings (Note 18)	(4,449,737)	(3,645,278)	–	–
	24,308,165	14,478,725	10,771,524	5,350,124
Less: Deposits pledged as securities	(5,367,563)	(4,977,387)	–	–
Placement in deposits with licensed banks with maturity of over three (3) months	(500,000)	–	–	–
Placement in funds with maturity of over three (3) months	(2,502,768)	–	(2,005,200)	–
	15,937,834	9,501,338	8,766,324	5,350,124

- (k) No expected credit losses are recognised arising from deposits with financial institutions because the probability of default by these financial institutions is negligible.

**15. SHARE CAPITAL**

	<b>Group and Company</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Number of ordinary shares</b>	<b>RM</b>	<b>Number of ordinary shares</b>	<b>RM</b>
<b>Issued and fully paid:</b>				
Balance as at				
1 January/31 December	240,593,796	65,428,449	240,593,796	65,428,449

Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**16. RESERVES**

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
<b>Non-distributable:</b>				
Capital reserve	7,104	7,104	–	–
Foreign currency translation reserve	(1,061,911)	(1,502,887)	–	–
Reorganisation debit reserve	(36,914,958)	(36,914,958)	–	–
<b>Distributable:</b>				
Retained earnings	31,648,276	38,037,331	379,415	1,018,017
	(6,321,489)	(373,410)	379,415	1,018,017

(a) Capital reserve

Pursuant to applicable People's Republic of China ("PRC") regulations, subsidiaries of the Company incorporated in the PRC are required to allocate ten percent (10%) of their net profit for the financial year (after offsetting prior financial year losses, if any) to the statutory surplus reserve until it reaches fifty percent (50%) of their registered capital respectively. The transfer to the reserve shall be made before distribution of dividends to equity holders. The statutory surplus reserve could be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the respective subsidiaries, provided that the balance after such issue is not less than twenty-five percent (25%) of its registered capital.

(b) Foreign currency translation reserve

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

(c) Reorganisation debit reserve

Reorganisation debit reserve arose as a result of the difference between consideration paid over the share capital and reserves of Supreme Good International Limited, Olympic Retreads (M) Sdn. Bhd. and Eversafe Rubber Works Sdn. Bhd. and its subsidiaries pursuant to business combinations under common control.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**17. DEFERRED TAX LIABILITIES**

- (a) Components and movements of the deferred tax liabilities and (assets) during the financial year are as follows:

Deferred tax liabilities/(assets) of the Group

	Property, plant and equipment RM	Trade receivables RM	Inventories RM	Unused tax losses RM	Total RM
Balance as at					
1 January 2022	4,740,447	(44,410)	(75,464)	(30,419)	4,590,154
Recognised in profit or loss (Note 32)	569,013	269,696	6,993	(1,004,146)	(158,444)
Exchange differences	2,831	–	–	–	2,831
Balance as at					
31 December 2022	5,312,291	225,286	(68,471)	(1,034,565)	4,434,541
Balance as at					
1 January 2021	4,466,377	(142,441)	(128,844)	(22,794)	4,172,298
Recognised in profit or loss (Note 32)	272,966	98,031	53,380	(7,625)	416,752
Exchange differences	1,104	–	–	–	1,104
Balance as at					
31 December 2021	4,740,447	(44,410)	(75,464)	(30,419)	4,590,154

- (b) The amount of temporary differences for which no deferred tax asset has been recognised in the consolidated statement of financial position is as follows:

	2022 RM	Group 2021 RM
Unused tax losses		
- No expiry date	878,600	639,936
- Expires by 31 December 2022	–	684,201
- Expires by 31 December 2023	859,164	859,164
- Expires by 31 December 2024	1,341,627	1,341,627
- Expires by 31 December 2025	479,400	479,400
- Expires by 31 December 2026	654,728	654,728
- Expires by 31 December 2027	154,360	–
	4,367,879	4,659,057

Deferred tax asset of certain subsidiaries has not been recognised as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**17. DEFERRED TAX LIABILITIES (CONT'D)**

(b) (cont'd)

The accumulated unrecognised deferred tax asset arising from unused tax losses amounting to RM684,201 from the financial year ended 31 December 2021 has expired in the current financial year.

The unused tax losses of the Group which are derived from People's Republic of China and Hong Kong operations are available for offsetting against future taxable profits of the subsidiaries in People's Republic of China and Hong Kong respectively, subject to the agreement with the tax authorities in the foreign jurisdictions.

**18. BORROWINGS**

	2022 RM	Group 2021 RM
<b>Non-current liabilities</b>		
Term loans (Note 19)	18,529,284	3,055,724
<b>Current liabilities</b>		
Bankers' acceptances (Note 19)	22,460,408	21,673,285
Onshore foreign currency loan (Note 19)	3,908,391	–
Term loans (Note 19)	4,486,909	1,402,909
Bank overdrafts (Notes 14(j) and 20)	4,449,737	3,645,278
	35,305,445	26,721,472
<b>Total borrowings</b>		
Bankers' acceptances (Note 19)	22,460,408	21,673,285
Onshore foreign currency loan (Note 19)	3,908,391	–
Term loans (Note 19)	23,016,193	4,458,633
Bank overdrafts (Notes 14(j) and 20)	4,449,737	3,645,278
	53,834,729	29,777,196

(a) Borrowings are classified as financial liabilities and measured at amortised cost.

(b) The currency exposure profile of borrowings is as follows:

	2022 RM	Group 2021 RM
Ringgit Malaysia ("RM")	38,415,999	22,199,911
US Dollar ("USD")	15,418,730	7,577,285
	53,834,729	29,777,196

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

- (c) The following table demonstrates the sensitivity of the (loss)/profit net of tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

	2022 RM	Group 2021 RM
USD/RM		
- strengthen 3% (2021: 3%)	(351,547)	(172,762)
- weaken 3% (2021: 3%)	351,547	172,762

- (d) The carrying amounts of the current position of borrowings are reasonable approximation of fair values due to insignificant impact of discounting.

The carrying amounts of the non-current borrowings are reasonable approximation of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

- (e) Sensitivity analysis of interest rate as at the end of the reporting period assuming that all other variables remain constant are as follows:

	2022 RM	Group 2021 RM
(Loss)/Profit after tax		
- increase by 0.1% (2021: 0.1%)	(40,914)	(22,631)
- decrease by 0.1% (2021: 0.1%)	40,914	22,631

- (f) Information on liquidity and cash flow risk of borrowings is disclosed in Note 39 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 18. BORROWINGS (CONT'D)

(g) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk:

Group	Weighted average effective interest rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
<b>31 December 2022</b>						
<b>Floating rates</b>						
Bankers' acceptances	4.34	22,460,408	-	-	-	22,460,408
Onshore foreign currency loan	4.34	3,908,391	-	-	-	3,908,391
Term loans	4.80	4,486,909	6,189,277	4,267,440	8,072,567	23,016,193
Bank overdrafts	7.02	4,449,737	-	-	-	4,449,737
<b>31 December 2021</b>						
<b>Floating rates</b>						
Bankers' acceptances	2.49	21,673,285	-	-	-	21,673,285
Term loans	5.52	1,402,909	1,464,965	1,313,410	277,349	4,458,633
Bank overdrafts	6.40	3,645,278	-	-	-	3,645,278

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**19. TERM LOANS, BANKERS' ACCEPTANCES AND ONSHORE FOREIGN CURRENCY LOAN**

Term loans, bankers' acceptances and onshore foreign currency loan of the Group are secured by the following:

- (a) Legal charges over certain property, plant and equipment of subsidiaries (Note 5(d));
- (b) Pledge of short-term deposits of a subsidiary (Note 14(f));
- (c) Corporate guarantee from the Company and its subsidiary; and
- (d) Joint and several guarantees by certain Directors of the Company and its subsidiaries.

**20. BANK OVERDRAFTS**

Bank overdrafts of the Group are secured by the following:

- (a) Legal charges over certain property, plant and equipment of subsidiaries (Note 5(d));
- (b) Pledge of short-term deposits of subsidiaries (Note 14(f));
- (c) Corporate guarantee from the Company; and
- (d) Joint and several guarantees by certain Directors of the Company and its subsidiaries.

**21. HIRE PURCHASE AND LEASE LIABILITIES**

	2022 RM	Group 2021 RM
<b>Non-current liabilities</b>		
Hire purchase with financial institutions	704,777	920,140
Lease liabilities with non-financial institutions	314,241	1,070,478
	1,019,018	1,990,618
<b>Current liabilities</b>		
Hire purchase with financial institutions	512,968	641,826
Lease liabilities with non-financial institutions	815,299	1,860,021
	1,328,267	2,501,847
<b>Total hire purchase and lease liabilities</b>	<b>2,347,285</b>	<b>4,492,465</b>

- (a) The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the respective Group entities' incremental borrowing rate.

After initial recognition, lease liabilities are measured by increasing the carrying amounts to reflect interest on the lease liabilities, reducing the carrying amounts to reflect the lease payments made and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**21. HIRE PURCHASE AND LEASE LIABILITIES (CONT'D)**

- (b) The Group has lease contract for a warehouse that contains variable payments based on the usage of square feet for stored stocks. Variable lease payments are recognised in profit or loss as disclosed in Note 30 to the financial statements when the condition that triggers those payments occur.

A 10% increase in square feet used for stored stocks would increase total lease payments by 1% (2021: 1%).

- (c) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the operations of the Group.

There are no potential future rental payments that are not included in the lease term.

- (d) Hire purchase and lease liabilities of the Group were secured by the financial institutions' charge over the assets under hire purchase as disclosed in Note 5(d) to the financial statements. Certain hire purchase and lease liabilities of the Group were also guaranteed by certain Directors of the Company.

- (e) The weighted average effective interest rate per annum of the hire purchase liabilities is 5.25% (2021: 5.77%).

- (f) Sensitivity analysis for fixed rate hire purchase as at the end of the reporting period is not presented as they are not affected by changes in interest rates.

- (g) The currency exposure profile of hire purchase and lease liabilities is as follows:

	2022 RM	Group 2021 RM
Ringgit Malaysia ("RM")	1,680,462	2,264,494
Hong Kong Dollar ("HKD")	608,502	1,939,149
Renminbi ("RMB")	58,321	288,822
	2,347,285	4,492,465

- (h) The following table demonstrates the sensitivity of the (loss)/profit net of tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

	2022 RM	Group 2021 RM
HKD/RM		
- strengthen 3% (2021: 3%)	(13,874)	(44,213)
- weaken 3% (2021: 3%)	13,874	44,213

Sensitivity analysis of other foreign currency is not disclosed as it is not material to the Group.

- (i) Information on liquidity and cash flow risk of hire purchase and lease liabilities is disclosed in Note 39 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**22. TRADE PAYABLES**

- (a) Trade payables are classified as financial liabilities and measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one (1) month to three (3) months (2021: one (1) month to three (3) months).
- (c) The currency exposure profile of trade payables is as follows:

	<b>2022</b>	<b>Group</b>	<b>2021</b>
	<b>RM</b>		<b>RM</b>
Ringgit Malaysia ("RM")	3,649,208		5,917,766
US Dollar ("USD")	292,302		279,972
Japanese Yen ("JPY")	–		126,369
Euro ("EUR")	7,404		339
	<b>3,948,914</b>		<b>6,324,446</b>

- (d) Sensitivity analysis of foreign currencies are not disclosed as they are not material to the Group.
- (e) Information on liquidity and cash flow risk of trade payables is disclosed in Note 39 to the financial statements.

**23. OTHER PAYABLES AND ACCRUED EXPENSES**

	<b>2022</b>	<b>Group</b>	<b>2021</b>	<b>Company</b>	<b>2021</b>
	<b>RM</b>		<b>RM</b>	<b>RM</b>	<b>RM</b>
Other payables	4,903,529		2,769,744	20,700	6,964
Accrued expenses	1,734,766		973,218	16,300	14,600
	<b>6,638,295</b>		<b>3,742,962</b>	<b>37,000</b>	<b>21,564</b>

- (a) Other payables and accrued expenses are classified as financial liabilities and measured at amortised cost.
- (b) The currency exposure profile of other payables and accrued expenses is as follows:

	<b>2022</b>	<b>Group</b>	<b>2021</b>	<b>Company</b>	<b>2021</b>
	<b>RM</b>		<b>RM</b>	<b>RM</b>	<b>RM</b>
Ringgit Malaysia ("RM")	5,925,845		3,435,486	37,000	21,564
US Dollar ("USD")	–		13,478	–	–
Euro ("EUR")	35,592		35,592	–	–
Renminbi ("RMB")	484,168		194,546	–	–
Hong Kong Dollar ("HKD")	192,690		63,860	–	–
	<b>6,638,295</b>		<b>3,742,962</b>	<b>37,000</b>	<b>21,564</b>

- (c) Sensitivity analysis of foreign currencies are not disclosed as they are not material to the Group.
- (d) Information on liquidity and cash flow risk of other payables and accrued expenses is disclosed in Note 39 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**24. AMOUNTS OWING TO RELATED PARTIES**

- (a) Amounts owing to related parties are classified as financial liabilities and measured at amortised cost.
- (b) Amounts owing to related parties arose from trade transactions and the normal trade credit term granted to the Group is 180 days (2021: 180 days).
- (c) Amounts owing to related parties are denominated in RM.
- (d) Information on liquidity and cash flow risk of amounts owing to related parties is disclosed in Note 39 to the financial statements.

**25. AMOUNTS OWING TO DIRECTORS**

- (a) Amounts owing to Directors are classified as financial liabilities and measured at amortised cost.
- (b) Amounts owing to Directors mainly arose from unpaid remunerations, which are interest-free and payable within next twelve (12) months in cash and cash equivalents.
- (c) The currency exposure profile of amounts owing to Directors is as follows:

	2022 RM	Group 2021 RM
Ringgit Malaysia ("RM")	124,906	89,286
Renminbi ("RMB")	–	99,763
	124,906	189,049

- (d) Sensitivity analysis of foreign currency is not disclosed as it is not material to the Group.
- (e) Information on liquidity and cash flow risk of amounts owing to Directors is disclosed in Note 39 to the financial statements.

**26. GOVERNMENT GRANT**

	2022 RM	Group 2021 RM
Balance as at 1 January	407,302	309,157
Received during the financial year		
- cash	–	103,052
Amortisation charge for the financial year	(29,447)	(4,907)
Balance as at 31 December	377,855	407,302
Represented by:		
Current liabilities	29,444	29,444
Non-current liabilities	348,411	377,858
	377,855	407,302

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grants will be received and the Group will comply with the attached conditions.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**27. REVENUE**

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Revenue from contracts with customers:				
- sale of rubber based tyre retreaded products and related charges	144,863,683	114,794,407	–	–
Other revenue:				
- dividend income from a subsidiary	–	–	–	1,966,229
	144,863,683	114,794,407	–	1,966,229

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on geographical location from which the sale transactions originated.

- (a) Revenue from sale of products is recognised at a point in time when the products have been transferred to the customers and coincides with the delivery of products and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of products.

There is no significant financing component in the revenue arising from sale of products as the sales are made on the normal credit terms not exceeding twelve months.

- (b) Dividend income is recognised when the right to receive payment is established.

**28. EMPLOYEE BENEFITS**

	<b>Group</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Wages, salaries, allowances and bonuses	12,855,723	10,360,359
Contributions to defined contribution plans	615,555	558,450
Social security contributions	116,707	102,216
Other employee benefits	1,076,489	859,702
	14,664,474	11,880,727

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM1,194,267 (2021: RM865,737) as further disclosed in Note 31 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**29. FINANCE INCOME AND FINANCE COSTS**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Finance income</b>				
Finance income from:				
- deposits with licensed banks	90,629	72,398	–	–
- placement in funds	10,542	57,908	10,542	57,908
- others	23,104	6,632	2,182	–
	124,275	136,938	12,724	57,908
<b>Finance costs</b>				
Interest expense in relation to:				
- bankers' acceptances, onshore foreign currency loan and bank overdrafts	776,426	607,763	–	–
- hire purchase and lease liabilities	224,409	311,902	–	–
- term loans	1,143,823	252,747	–	–
	2,144,658	1,172,412	–	–

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

**30. (LOSS)/PROFIT BEFORE TAXATION**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
After charging:				
Auditors' remuneration				
Statutory audit:				
- auditors of the Company				
- current year	131,000	121,000	16,500	15,500
- other auditors				
- current year	31,592	22,352	–	–
- underprovision in prior years	–	9,066	–	–
Non-statutory audit	4,000	4,000	4,000	4,000
Directors' remuneration				
paid and payable to:				
<i>Directors' fees</i>				
- Directors of the Company	376,238	375,666	260,000	260,000
- Directors of the subsidiaries	35,619	20,333	–	–
<i>Other emoluments</i>				
- Directors of the Company	1,170,552	833,738	–	–
- Directors of the subsidiaries	33,715	31,999	–	–
Realised loss on foreign exchange	915,258	–	–	–
Property, plant and equipment written off	650	2,581	–	–
Variable lease payments				
- based on the usage of square feet for stored stocks	401,661	260,345	–	–

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**30. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
And crediting:				
Dividend received and receivable from a subsidiary	–	–	–	1,966,229
Dividend income on other investments	84,588	–	33,600	–
Dividend income on placement in funds	96,731	–	77,500	–
Gain on reassessment and modification of lease	73,948	1,226	–	–
Variable lease payments - arising from COVID-19 related rent concessions	70,802	84,459	–	–
Gain on disposal of property, plant and equipment	493,570	310,915	–	–
Realised gain on foreign exchange	–	212,647	–	–
Unrealised gain on foreign exchange	922,491	740,419	–	–

Dividend income is recognised when the right to receive payment is established.

**31. DIRECTORS' REMUNERATION**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company:				
Executive:				
Fees	176,238	175,666	90,000	90,000
Other emoluments	1,160,552	833,738	–	–
Non-executive:				
Fees	200,000	200,000	170,000	170,000
Other emoluments	10,000	–	–	–
Directors of the subsidiaries:				
Executive:				
Fees	35,619	20,333	–	–
Other emoluments	33,715	31,999	–	–
Total	1,616,124	1,261,736	260,000	260,000

Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM107,439 (2021: RM93,790).

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	Executive	Non-Executive
<b>2022</b>		
RM1 - RM50,000	–	4
RM50,001 - RM100,000	–	1
RM300,001 - RM350,000	1	–
RM400,001 - RM450,000	1	–
RM650,001 - RM700,000	1	–
<b>2021</b>		
RM1 - RM50,000	–	4
RM50,001 - RM100,000	–	1
RM250,001 - RM300,000	1	–
RM300,001 - RM350,000	1	–
RM500,001 - RM550,000	1	–

**32. TAXATION**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax expense based on profit for the financial year	29,759	520,960	–	–
(Over)/Underprovision in prior years	(18,837)	(96,350)	403	196
	10,922	424,610	403	196
Deferred tax (Note 17):				
Relating to origination and reversal of temporary differences	(526,485)	306,257	–	–
Underprovision in prior years	368,041	110,495	–	–
	(158,444)	416,752	–	–
<b>Taxation</b>	<b>(147,522)</b>	<b>841,362</b>	<b>403</b>	<b>196</b>

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**32. TAXATION (CONT'D)**

- (c) Numerical reconciliation between the taxation and the product of accounting (loss)/profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
(Loss)/Profit before taxation	(4,611,827)	3,603,992	1,286,551	1,004,458
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	(1,106,839)	864,958	308,772	241,070
Tax effects in respect of:				
Non-allowable expenses	722,801	106,712	100,361	307,176
Non-taxable income	(114,995)	(150,124)	(409,133)	(548,246)
Utilisation of reinvestment allowance	(69,183)	(95,168)	–	–
Utilisation of previously unrecognised deferred tax assets	–	(36,028)	–	–
Different tax rates in foreign jurisdiction	(6,480)	(26,815)	–	–
Deferred tax assets not recognised	77,970	163,682	–	–
	(496,726)	827,217	–	–
(Over)/Underprovision of current tax expense in prior years	(18,837)	(96,350)	403	196
Underprovision of deferred tax in prior years	368,041	110,495	–	–
<b>Total taxation</b>	<b>(147,522)</b>	<b>841,362</b>	<b>403</b>	<b>196</b>

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

- (d) Tax effect on each component of other comprehensive income/(loss) is as follows:

	<b>Before tax RM</b>	<b>Tax effect RM</b>	<b>After tax RM</b>
<b>At 31 December 2022</b>			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translations	440,976	–	440,976
<b>At 31 December 2021</b>			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translations	(172,396)	–	(172,396)

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**33. (LOSS)/EARNING PER ORDINARY SHARE**

(a) Basic

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

	2022 RM	Group 2021 RM
(Loss)/Profit for the financial year attributable to owners of the parent	(4,464,305)	2,762,630
Weighted average number of ordinary shares in issue (unit)	240,593,796	240,593,796
Basic (loss)/earning per ordinary share for (sen):	(1.86)	1.15

(b) Diluted

The diluted earnings per ordinary share equals basic (loss)/earning per ordinary share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

**34. DIVIDEND**

	Group and Company			
	2022		2021	
	Dividend per share sen	Amount of dividend RM	Dividend per share sen	Amount of dividend RM
Single tier interim dividend	0.80	1,924,750	–	–

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

**35. RELATED PARTY DISCLOSURES**

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Tai Hin & Son (PG) Sdn. Bhd., major shareholder;
- (ii) Direct and indirect subsidiaries of the major shareholder;
- (iii) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements; and
- (iv) The key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**35. RELATED PARTY DISCLOSURES (CONT'D)**

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
<b>With subsidiary:</b>				
Eversafe Rubber Works Sdn. Bhd.				
- dividend income	–	–	–	1,966,229
<b>With major shareholder:</b>				
Tai Hin & Son (PG) Sdn. Bhd.				
- rental paid	250,000	240,000	–	–
<b>With direct and indirect subsidiaries of major shareholder:</b>				
Tayarmart (M) Sdn. Bhd.				
- sale of trading goods	1,389,795	1,433,040	–	–
- purchase of raw materials	78,404	103,665	–	–
- purchases of services	13,790	12,535	–	–
Tayarmart (Raja Uda) Sdn. Bhd.				
- sale of trading goods	118,709	126,069	–	–
- purchase of raw materials	14,532	15,091	–	–
- purchases of services	93	75	–	–

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and of the Company.

- (c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Fees	411,857	395,999	260,000	260,000
Short term employee benefits	1,866,401	1,274,033	–	–
Contributions to defined contribution plans	128,160	112,920	–	–
	2,406,418	1,782,952	260,000	260,000

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**36. CAPITAL COMMITMENT**

	2022 RM	Group 2021 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	–	3,600

**37. CONTINGENT LIABILITIES**

	2022 RM	Company 2021 RM
<b>Unsecured</b>		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	50,879,757	28,593,743

The Company designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Company recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate could be made of the amount of the obligation.

The Directors are of the view that the fair value of such corporate guarantees given by the Company is negligible as it is unlikely that the financial institutions will call upon the corporate guarantees in view of the financial strength of the subsidiaries.

**38. CAPITAL MANAGEMENT**

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The overall strategy of the Group remains unchanged from the previous financial year.

Capital structure of the Group is represented by the equity of the Group.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

The Group monitors capital utilisation on the basis of net debt-to-equity ratio, which is net debt divided by total capital. The Group includes within net debt, borrowings including hire purchase and lease liabilities less cash and bank balances and placement in funds. Capital represents equity attributable to the owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**38. CAPITAL MANAGEMENT (CONT'D)**

The net debt-to-equity ratios as at the end of the reporting period are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Borrowings	53,834,729	29,777,196	–	–
Hire purchase and lease liabilities	2,347,285	4,492,465	–	–
Less: Cash and bank balances	(20,925,673)	(14,415,685)	(4,498,474)	(2,178,159)
Placement in funds	(7,832,229)	(3,708,318)	(6,273,050)	(3,171,965)
<b>Net debt/(Net cash)</b>	<b>27,424,112</b>	<b>16,145,658</b>	<b>(10,771,524)</b>	<b>(5,350,124)</b>
<b>Total capital</b>	<b>59,106,960</b>	<b>65,055,039</b>	<b>65,807,864</b>	<b>66,446,466</b>
<b>Net debt-to-equity ratio</b>	<b>0.46</b>	<b>0.25</b>	<b>*</b>	<b>*</b>

\* No net debt-to-equity ratio is presented as the Company is in net cash position.

The Group is subject to the following externally imposed capital requirements:

- (i) Gearing ratio of not more than 1.25 times;
- (ii) Current ratio of not less than 1.1 times;
- (iii) Trade advances to related companies should not exceed 10% of revenue or net trade advances to related companies shall not exceed 6% of revenue; and
- (iv) The borrower shall not declare any dividends in excess of 50% of its current financial year's profit after tax provided always any such permissible declaration of dividends may only be made if debt servicing is current.

The Group has complied with these externally imposed capital requirements as at the end of the reporting period.

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital. The Group has complied with this requirement for the financial year ended 31 December 2022.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer/Executive Director. The audit committee provides independent oversight to the effectiveness of the risk management process. The Group is exposed mainly to foreign currency risk, liquidity and cash flow risk, credit risk and interest rate risk. Information on the management of the related exposures is detailed below.

#### (a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales, purchase and borrowings that are denominated in a currency other than the functional currency of the Group.

Subsidiaries operating in overseas have assets and liabilities together with expected cash flows from anticipated transactions denominated in those foreign currencies.

The sensitivity analysis for foreign currency risk has been disclosed in Note 10, Note 11, Note 14, Note 18, Note 21, Note 22, Note 23 and Note 25 to the financial statements respectively.

#### (b) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group will encounter difficulty in meeting their financial obligation due to shortage of funds. The exposure of the Group to liquidity and cash flow risk arises primarily from mismatches of maturity of financial assets and financial liabilities.

It is the policy of the Group to ensure its ability to service its cash obligation in the future by way of measures and forecasts of its cash commitments, monitoring and maintaining a level of cash and bank balances deemed adequate to the operations and development activities of the Group. The Group also maintains flexibility in funding by keeping committed credit lines available.

In order to mitigate the potential risk exposure due to COVID-19 pandemic, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY (CONT'D)**

(b) Liquidity and cash flow risk (cont'd)

The table below summarises the maturity profile of the financial liabilities and lease liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

	On demand or within one (1) year RM	One (1) to five (5) year RM	More than five (5) year RM	Total RM
<b>Group</b>				
<b>31 December 2022</b>				
Trade payables	3,948,914	–	–	3,948,914
Other payables and accrued expenses	6,638,295	–	–	6,638,295
Amounts owing to related parties	45,000	–	–	45,000
Amounts owing to Directors	124,906	–	–	124,906
Borrowings	36,366,023	19,319,891	850,000	56,535,914
Hire purchase and lease liabilities	1,432,737	1,114,507	6,700	2,553,944
Total undiscounted liabilities	48,555,875	20,434,398	856,700	69,846,973
<b>31 December 2021</b>				
Trade payables	6,324,446	–	–	6,324,446
Other payables and accrued expenses	3,742,962	–	–	3,742,962
Amounts owing to related parties	41,004	–	–	41,004
Amounts owing to Directors	189,049	–	–	189,049
Borrowings	26,931,243	3,032,359	284,164	30,247,766
Hire purchase and lease liabilities	2,700,312	2,096,936	–	4,797,248
Total undiscounted liabilities	39,929,016	5,129,295	284,164	45,342,475
		On demand or within one (1) year RM	One (1) to five (5) year RM	Total RM
<b>Company</b>				
<b>31 December 2022</b>				
Other payables and accrued expenses/Total undiscounted liabilities		37,000	–	37,000
<b>31 December 2021</b>				
Other payables and accrued expenses/Total undiscounted liabilities		21,564	–	21,564

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY (CONT'D)

#### (c) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

#### Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount recognised of each class of financial assets in the statements of financial position.

#### Credit risk concentration profile

As at the end of the reporting period, two (2) (2021: one (1)) largest customers accounted for RM8,613,000 or 24.27% (2021: RM2,003,000 or 6.95%) of the net trade receivables, after taken in collateral obtained, representing the Group's significant concentration of credit risks.

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group will fluctuate because of changes in market interest rates. The exposure to market risk of the Group for changes in interest rates relates primarily to the bank borrowings including hire purchase and lease liabilities and deposits placed with licensed banks of the Group.

#### Sensitivity analysis for interest rate risk

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 14, Note 18 and Note 21 to the financial statements respectively.

### 40. SIGNIFICANT EVENT DURING THE YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. Hong Kong and China implemented zero-COVID policy as an attempt to prevent any community spread of COVID-19. This resulted in strict, targeted lockdowns in the country. However, in January 2023, the Government decided to reverse the zero-COVID policy to minimise the economic impact of the various lockdowns and travel bans imposed in the country.

Based on the assessment of the Group, there are no significant impact arising from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 December 2022.

The Group has considered the impact of COVID-19 in their business operations and took the necessary precautions and provisions where necessary. The Group will continue to monitor and manage their funds and operations to minimise any impact arising from COVID-19 pandemic. However, there can be no assurance that the COVID-19 pandemic can be effectively controlled and could persist for a substantial period, and this may materially and adversely affect the operations and financial performance of the Group.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**41. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSS**

**(a) New MFRSs adopted during the financial year**

The Group and the Company adopted the following Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

Adoption of the Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

**(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023**

The following are Standard and Amendments to the MFRS Framework that have been issued by MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendment to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendment to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standard and Amendments, since the effects would only be observable for the future financial years.

# ANALYSIS OF SHAREHOLDERS

AS AT 24 MARCH 2023

## SHARE CAPITAL

Total number of issued shares	:	240,593,796
Issued share capital	:	RM65,428,449
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote for each ordinary share held on a poll
No. of shareholders	:	1,683 shareholders

## DISTRIBUTION OF SHAREHOLDINGS AS AT 24 MARCH 2023

(as per the Record of Depositors)

Size of Holdings	No. of holders	% of holders	No. of shares held	% of issued shares
1-99	4	0.24	100	*
100-1,000	172	10.22	92,700	0.04
1,001-10,000	742	44.09	4,805,200	2.00
10,001-100,000	627	37.25	22,110,300	9.19
100,000 to less than 5% of issued shares	136	8.08	91,303,712	37.95
5% and above issued shares	2	0.12	122,281,784	50.82
Total	1,683	100.0	240,593,796	100.00

Note:

\* Negligible

## SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 24 MARCH 2023

(as per Register of Substantial Shareholders)

Name of substantial shareholder	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of shares held	%	No. of shares held	%
Tai Hin & Son (PG) Sdn Bhd	116,893,546	48.59	—	—
Dato' Seri Cheah Eu Kiat	15,388,238	6.40	<sup>(1)</sup> 117,137,446	48.69
Eu Ah Seng	4,707,350	1.96	<sup>(2)</sup> 12,000,000	4.99

Note:

(1) Deemed interested by virtue of his interest in Tai Hin & Son (PG) Sdn Bhd (116,893,546 ordinary shares) pursuant to Section 8 of the Companies Act 2016, and the indirect interest of his daughter, Ms Cheah Siang Huay (243,900 ordinary shares) pursuant to Section 59(11)(c) of the Companies Act 2016.

(2) Deemed interested by virtue of his interest in EAS & Sons Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

# ANALYSIS OF SHAREHOLDERS (CONT'D)

## SHAREHOLDINGS OF DIRECTORS AS AT 24 MARCH 2023

(as per Register of Directors' Shareholdings)

Name of Directors	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of shares held	%	No. of shares held	%
Tan Sri Dato' Dr. Sak Cheng Lum	–	–	–	–
Dato' Seri Cheah Eu Kiat	15,388,238	6.40	<sup>(1)</sup> 117,137,446	48.69
Eu Ah Seng	4,707,350	1.96	<sup>(2)</sup> 12,000,000	4.99
Cheah Siang Tee	750,000	0.31	–	–
Cheah Eu Lee	2,000,000	0.83	–	–
Haji Mohd Isa Bin Haji Talib	–	–	–	–
Ng Meng Kwai	–	–	–	–
Ong Beow Chieh	–	–	–	–

### Notes:

- (1) Deemed interested by virtue of his interest in Tai Hin & Son (PG) Sdn Bhd (116,893,546 ordinary shares) pursuant to Section 8 of the Companies Act 2016, and the indirect interest of his daughter, Ms Cheah Siang Huay (243,900 ordinary shares) pursuant to Section 59(11)(c) of Companies Act 2016.
- (2) Deemed interested by virtue of his interest in EAS & Sons Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

## LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

(as per the Record of Depositors as at 24 March 2023)

No.	Name of Shareholder	No. of shares	% of shares
1.	Tai Hin & Son (PG) Sdn Bhd	106,893,546	44.43
2.	Cheah Eu Kiat	15,388,238	6.40
3.	EAS & Sons Sdn Bhd	12,000,000	4.99
4.	Tai Hin & Son (PG) Sdn Bhd	10,000,000	4.16
5.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sang Ah Weng (E-MLB)	7,611,575	3.16
6.	Eu Ah Seng	4,707,350	1.96
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kong Kok Choy (8092812)	2,800,000	1.16
8.	Goh Kim Han	2,708,500	1.13
9.	Cheah Eu Lee	2,000,000	0.83
10.	Ooi Lay See	1,700,000	0.71
11.	Chuah Meng Hing	1,604,906	0.67
12.	Lim See Lian	1,210,000	0.50

ANALYSIS OF SHAREHOLDERS  
(CONT'D)

**LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)**

(as per the Record of Depositors as at 24 March 2023)

No.	Name of Shareholder	No. of shares	% of shares
13.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For How Chee Keong (E-SS2)	1,126,000	0.47
14.	Esmond Sit Bo Sheng	1,049,000	0.44
15.	Chin Mun Fie	1,017,000	0.42
16.	LNH Holdings Sdn Bhd	1,000,000	0.42
17.	Pichet Nithivasin	1,000,000	0.42
18.	Saw Khai Phin Holdings Sdn Bhd	1,000,000	0.42
19.	Koid Lay Peng	997,400	0.41
20.	Tan Huen Man	986,211	0.41
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tang Way Keong (E-TMI)	973,100	0.40
22.	Lee Chu Siong	945,864	0.39
23.	Lee Cho Mun	906,000	0.38
24.	Loh Nam Hooi	787,800	0.33
25.	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chew Beow Soon	779,400	0.32
26.	Cheah Siang Tee	750,000	0.31
27.	Sit Peng Chok	715,000	0.30
28.	Kong Kok Choy	700,000	0.29
29.	Public Nominees (Asing) Sdn Bhd Pledged Securities Account For Liu, Jen-Cheng (E-TMM/BDR)	700,000	0.29
30.	Cheah Siang Gim	697,000	0.29
<b>Total</b>		<b>184,753,890</b>	<b>76.81</b>

## PROPERTIES HELD BY THE GROUP

Location/ Postal address	Registered/ beneficial owner	Description/ existing use	Tenure	Land/ Built-up area	Year of acquisition/ revaluation	Date of issuance of certificate	Carrying amount (RM)
Lot 69531, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  <i>(also referred to as Lot 82, Tasek Industrial Estate, Ipoh)</i>	Eversafe Rubber Works Sdn Bhd	A detached single-storey factory building/ Manufacturing facility	99-year leasehold, expiring on 31 October 2075	43,751 sq. ft./ 40,146 sq. ft.	1989/-	#	978,904
Lot 70070, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  <i>(also referred to as Lot 90, Tasek Industrial Estate, Ipoh)</i>	Eversafe Rubber Works Sdn Bhd	Two (2) detached single-storey factory buildings/ Manufacturing facility and warehouse	99-year leasehold, expiring on 1 September 2075	102,511 sq. ft./ 38,508 sq. ft.	2012/-	CCC: 09.07.2015	6,781,478
Lot 70074, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  <i>(also referred to as Lot 93, Tasek Industrial Estate, Ipoh)</i>	Eversafe Trading Sdn Bhd	A detached double-storey factory building with a single-storey warehouse and laboratory/ Manufacturing facility and warehouse	99-year leasehold, expiring on 30 June 2076	41,790 sq. ft./ 33,782 sq. ft.	1980/-	#	1,727,391
Lot 76187, Kawasan Perindustrian Tasek, Mukim Haulu Kinta, Perak Darul Ridzuan  <i>(also referred to as Lot 94, Tasek Industrial Estate, Ipoh)</i>	Eversafe Rubber Works Sdn Bhd	A detached single-storey warehouse with an annexed double-storey office lot and warehouse	99-year leasehold, expiring on 17 March 2079	41,968 sq. ft./ a23,513 sq. ft.	2000/-	#	1,254,517

**Note:**

- (#) We do not have a copy of the CF for Lots 82, 93 and 94 and have requested for a copy from Majlis Bandaraya Ipoh ("MBI"). As indicated by MBI in its letter dated 2 March 2015, MBI is unable to provide us with a copy of the CF as MBI does not have a copy in its records as these premises are old buildings. MBI has informed us in the same letter that it has no objection for us to occupy these premises. In addition, we had submitted the redrawn building plans to MBI for its assessment and MBI had subsequently approved the building plans on 16 June 2015.

# NOTICE OF 8TH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Eighth Annual General Meeting of **EVERSAFE RUBBER BERHAD** will be held at **Conference 2, Level 2, WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan** on **Tuesday, 23 May 2023 at 11.00 a.m.** to transact the following business:-

## AGENDA

### ORDINARY BUSINESS

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon.  | <b>[Please refer to Explanatory Note 1]</b>                                     |
| 2. | To re-elect the following Directors who retire by rotation pursuant to Clause 127 of the Company's Constitution:-<br><br>i) Dato' Seri Cheah Eu Kiat<br>ii) Mr. Ng Meng Kwai<br>iii) Ms. Ong Beow Chieh | <br><br><b>(Resolution 1)</b><br><b>(Resolution 2)</b><br><b>(Resolution 3)</b> |
| 3. | To approve the Directors' fees of RM300,000.00 for the financial year ending 31 December 2023.  | <b>(Resolution 4)</b>   |
| 4. | To approve the Directors' benefits of up to RM1,500,000.00 for the period from 1 July 2023 to 30 June 2024.   | <b>(Resolution 5)</b>   |
| 5. | To re-appoint BDO PLT as Auditors of the Company and authorise the Directors to fix their remuneration.   | <b>(Resolution 6)</b>   |

### SPECIAL BUSINESS

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

- |    |  |                       |
|----|--|-----------------------|
| 6. | <b>PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE</b>   | <b>(Resolution 7)</b> |
|    | <p>"THAT subject to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiary(ies) to enter into recurrent related party transactions of revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.2 of the Circular to Shareholders dated 21 April 2023 (the "Circular"), subject further to the following:-</p> <p>(i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on transaction prices and terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;</p> <p>(ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:</p> <p>(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which this shareholders' mandate was passed, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;</p> <p>(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (the "Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or</p> |                       |

NOTICE OF 8TH ANNUAL GENERAL MEETING  
(CONT'D)

- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution."

8. To transact any other business of which due notice shall have been 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)  
WONG YEE LENG (SSM PC NO. 202108000545) (LS 0010568)  
Company Secretaries

Date: 21 April 2023  
Ipoh

**NOTES:**

1. A member of a company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company.
2. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. A Member of the Company, including an Authorised Nominee or an Exempt Authorised Nominee, who is entitled to attend and vote at meeting of the Company, or at a meeting of any class of members of the Company, may appoint one or more proxies to attend and vote instead of the member at the meeting.
4. Where a member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the 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 or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposed to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid .
7. For the purpose of determining a member who shall be entitled to attend the Eighth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd to issue a General Meeting Record of Depositors ("ROD") as at 15 May 2023. Only a depositor whose name appears on the ROD therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his/her stead.

## NOTICE OF 8TH ANNUAL GENERAL MEETING (CONT'D)

### NOTES: (CONT'D)

8. Shareholders are advised to check the Company's website at [www.eversafe.com.my](http://www.eversafe.com.my) and announcements from time to time for any changes to the administration of the Eighth Annual General Meeting 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.

### EXPLANATORY NOTES:

#### 1. Agenda item no. 1

This item 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 Resolutions 1, 2 and 3

Dato' Seri Cheah Eu Kiat, Mr. Ng Meng Kwai and Ms. Ong Beow Chieh are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Eighth Annual General Meeting.

The Board of Directors (the "Board") has through the Nominating Committee ("NC"), considered the assessment of the Directors and collectively agreed that they meet the criteria prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") on character, experience, integrity, competence and time to effectively discharge their role as Directors.

The Board has also through the NC considered the assessment on the independence of Dato' Seri Cheah Eu Kiat, Mr. Ng Meng Kwai and Ms. Ong Beow Chieh and is satisfied that they have met the criteria of independence as prescribed in the Listing Requirements.

The profiles of Directors seeking re-election are set out in the Directors' Profiles section of the Company's Annual Report 2022 at pages 6,8 and 9.

#### 3. Proposed Resolution 4

The Directors' Fees proposed for the financial year ending 31 December 2023 are calculated based on the current Board size and in accordance to the Company's policy and guidelines.

#### 4. Proposed Resolution 5

This ordinary resolution is to facilitate payment of Directors' benefits on Directors' and Officers' insurance for the period from 1 July 2023 until 30 June 2024. In the event the Directors' benefits proposed are insufficient (e.g. due to enlarged Board size etc.), approval will be sought for the shortfall at the next Annual General Meeting of the Company to be held in 2024.

#### 5. Proposed Resolution 6

The Board has through the Audit Committee, considered the re-appointment of BDO 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 Eighth Annual General Meeting are disclosed in the Corporate Governance Overview Statement of the Annual Report 2022.

NOTICE OF 8TH ANNUAL GENERAL MEETING  
(CONT'D)

**6. Proposed Resolution 7**

The proposed Ordinary Resolution 7 if passed, will enable the Company and/or its subsidiary company(ies) to enter into recurrent transactions involving the interest of Related Parties, which are necessary for the Group's day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on transaction prices and terms not to the detriment of the minority shareholders of the Company.

For further information, please refer to the Circular to Shareholders dated 21 April 2023 accompanying the Company's Annual Report for the financial year ended 31 December 2022.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

# ADMINISTRATIVE GUIDE

FOR THE CONDUCT OF EIGHTH ANNUAL GENERAL MEETING (“8TH AGM”)

Day and Date : Tuesday, 23 May 2023  
Time : 11.00 a.m.  
Venue : Conference 2, Level 2, WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan

## DEAR SHAREHOLDERS OF EVERSAFE RUBBER BERHAD (THE “COMPANY”)

### A. Precautionary Measures

In transitioning to the endemic phase of COVID-19, the following steps will be taken for shareholders, proxies and others who will be attending the 8th AGM in order to minimise the risks of spreading the COVID-19 virus:

- If you are unwell with sore throat/fever/flu/cough/shortness of breath or any symptoms of the COVID-19, you will not be allowed to attend the 8th AGM. You are strongly advised to appoint a proxy of the Chairman of the meeting to attend and vote at the 8th AGM on your behalf.
- All persons must practice proper hygiene including the use of hand sanitizer and must wear a face mask before entering the meeting venue and throughout the meeting as well as maintain social distancing throughout the meeting.
- Members are advised to check the Company’s website at [www.eversafe.com.my](http://www.eversafe.com.my) or announcements released to Bursa Malaysia Securities Berhad from time to time for any changes to the administration of the 8th 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.
- Members/proxies/corporate representatives who wish to attend the 8th AGM in person **ARE REQUIRED TO PRE-REGISTER** with the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. via TIIH Online website at <https://tiih.online> no later than Sunday, 21 May 2023 at 11.00 a.m. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at this AGM. You may refer to the Pre-Register Procedure below.

### B. Eligibility to Attend based on the Record of Depositors

Only a shareholder whose name appears on the Record of Depositor as at **15 May 2023** shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

## ADMINISTRATIVE GUIDE (CONT'D)

### C. Pre-Register Procedure

Members/proxies/corporate representatives/attorneys who wish to attend and vote at the 8th AGM are to follow the procedure as summarised below:

Procedure	Action
<b>BEFORE THE 8<sup>th</sup> AGM DAY</b>	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” select “<b>Create Account by Individual Holder</b>”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an <b>e-mail to notify</b> you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b) PRE-REGISTER to attend AGM	<ul style="list-style-type: none"> <li><b>Registration is open from 11.00 a.m. Friday, 21 April 2023 up to 11.00 a.m. Sunday, 21 May 2023.</b></li> <li>Login with your user ID and password and select the corporate event: “<b>(REGISTRATION) EVERS SAFE 8TH AGM</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Insert the CDS account number and indicate the number of shares.</li> <li>Submit to register your physical attendance.</li> <li>System will send an <b>e-mail to notify</b> you that your registration to attend the AGM physically is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at <b>15 May 2023</b>, the system will send you an <b>e-mail after 21 May 2023 to approve or reject</b> your registration for pre-register to attend the 8<sup>th</sup> AGM.</li> </ul>

### D. Appointment of Proxy

A shareholder who is unable to attend the 8th AGM on 23 May 2023 may appoint proxy and indicate the voting instructions in the form of proxy. Please deposit the form of proxy 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.

You may also submit the form of proxy electronically via TIIH Online website at <https://tiih.online>, not less than forty-eight (48) hours before the time appointed for holding the 8th AGM or any adjournment thereof, otherwise the form of proxy shall not be treated as valid. Please do read and follow the procedures below to submit form of proxy electronically.

## ADMINISTRATIVE GUIDE (CONT'D)

### E. Electronic Lodgment of Form of Proxy

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

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User with TIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIH Online, you are not required to register again.</li> </ul>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: <b>EVERSAFE 8TH AGM - "Submission of Form of Proxy"</b>.</li> <li>Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li> <li>Review and confirm your proxy(s) appointment.</li> <li>Print the form of proxy for your record.</li> </ul>
<b>ii. Steps for corporation or institutional shareholders</b>	
Register as a User with TIH Online	<ul style="list-style-type: none"> <li>Access TIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects <b>"Create Account by Representative of Corporate Holder"</b>.</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>Note: The representative of a corporation or institutional shareholder 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.</i></p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>Login to TIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Select the corporate exercise name: <b>"EVERSAFE 8TH AGM - Submission of Form of Proxy"</b></li> <li>Agree to the Terms &amp; Conditions and Declaration.</li> <li>Proceed to download the file format for "Submission of Form of Proxy" in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxies by inserting the required data.</li> <li>Login to TIH Online, select corporate exercise name: <b>"EVERSAFE 8TH AGM: - Submission of Form of Proxy"</b>.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select "Submit" to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>

The last date and time for lodging the form of proxy is Sunday, 21 May 2023 at 11.00 a.m.

## ADMINISTRATIVE GUIDE (CONT'D)

### F. Registration on the day of the 8th AGM

Registration will start at 10.00 a.m. at Conference 2, Level 2, WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan.

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.

### G. 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):

<b>Tricor Investor &amp; Issuing House Services Sdn Bhd</b> Unit 32-01, Level 32, Tower A Vertical Business Suite, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia	General Line:	603-2783 9299
	Contact person:	
	Ms. Wong Pang Yi	603-27839242
	Mr. Ludwig Wong	603-27839244
	Ms. Stephanie Wee	603-27839265
	Fax Number:	603-2783 9222
	Email:	<a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>

# FORM OF PROXY

**EVERSAFE RUBBER BERHAD** [201501008542 (1133877-V)]  
(Incorporated in Malaysia)

CDS Account No.	No. of Shares Held

\*I/We \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

NRIC No./Company Registration No./Passport No. : \_\_\_\_\_ Tel: \_\_\_\_\_

of \_\_\_\_\_  
(FULL ADDRESS)

being a Member(s) of **EVERSAFE RUBBER BERHAD**, hereby appoint:

Name of Proxy	NRIC/Passport No.	% of Shareholdings to be Represented	
Address			

and/or failing him/her

Name of Proxy	NRIC/Passport No.	% of Shareholdings to be Represented	
Address			

or failing him/her, THE CHAIRPERSON OF THE MEETING, as \*my/our proxy/proxies to vote for \*me/us and on \*my/our behalf at the Eighth Annual General Meeting ("8th AGM") of the Company which will be held at Conference 2, Level 2, WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on **Tuesday, 23 May 2023 at 11.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Resolution	Agenda	FOR	AGAINST
<b>Ordinary Business</b>			
1	Re-election of Dato' Seri Cheah Eu Kiat as Director		
2	Re-election of Mr. Ng Meng Kwai as Director		
3	Re-election of Ms. Ong Beow Chieh as Director		
4	Approval of Directors' fees for the financial year ending 31 December 2023		
5	Approval of Directors' benefits for the period from 1 July 2023 to 30 June 2024		
6	Re-appointment of BDO PLT as Auditors		
<b>Special Business</b>			
7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

\_\_\_\_\_  
Signature/ Common Seal of Member^

^ Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your company (if any) and executed by:
  - at least two (2) authorised officers, of whom one shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

- A member of a company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company.
- A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- A Member of the Company, including an Authorised Nominee or an Exempt Authorised Nominee, who is entitled to attend and vote at meeting of the Company, or at a meeting of any class of members of the Company, may appoint one or more proxies to attend and vote instead of the member at the meeting.
- Where a member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.



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6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the 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 or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposed to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. For the purpose of determining a member who shall be entitled to attend the Eighth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd to issue a General Meeting Record of Depositors ("ROD") as at 15 May 2023. Only a depositor whose name appears on the ROD therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his/her stead.
8. Shareholders are advised to check the Company's website at [www.eversafe.com.my](http://www.eversafe.com.my) and announcements from time to time for any changes to the administration of the Eighth Annual General Meeting 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

**EVERSAFE RUBBER BERHAD**  
**[201501008542 (1133877-V)]**

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

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**EVERSAFE RUBBER BERHAD**

Registration No. 201501008542 (1133877-V)

Lot 94, Portland Avenue, Tasek Industrial Estate, 31400 Ipoh, Perak, Malaysia

**Tel :** +605 291 0599 **Fax :** +605 291 1699 **Email :** [enquiry@eversafe.com.my](mailto:enquiry@eversafe.com.my)

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