



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

ANNUAL REPORT 2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Chairman

Ng Meng Kwai

Member

Tan Sri Dato' Dr. Sak Cheng Lum

Haji Mohd Isa Bin Haji Talib

REMUNERATION COMMITTEE

Chairman

Tan Sri Dato' Dr. Sak Cheng Lum

Member

Haji Mohd Isa Bin Haji Talib

Dato' Seri Cheah Eu Kiat

NOMINATING COMMITTEE

Chairman

Tan Sri Dato' Dr. Sak Cheng Lum

Member

Cheah Eu Lee

Ng Meng Kwai

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 (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

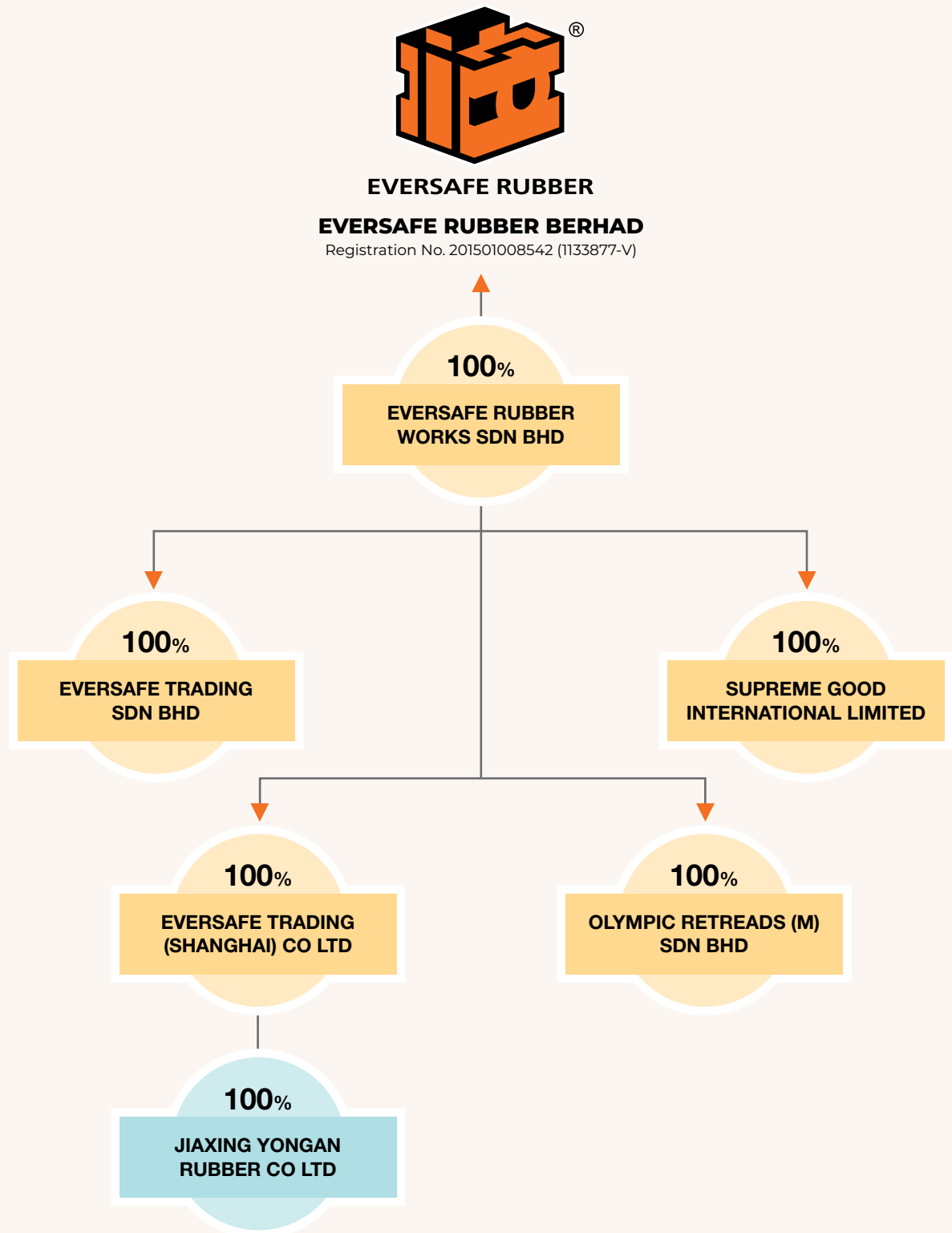
Fax : +603 2783 9222

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



GROUP FINANCIAL HIGHLIGHTS

	Financial year ended			
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Revenue	114,794	103,356	116,614	112,263
Gross profit ("GP")	17,740	18,650	18,457	15,834
Profit before taxation ("PBT")	3,604	4,138	1,993	1,344
Profit after tax ("PAT") / Profit attributable to the owners of Company	2,763	3,397	1,622	847
Earnings before interests, taxes, depreciation and amortisation	11,222	11,833	9,753	6,196
Total equity attributable to owners of the Company	65,055	62,465	61,716	60,311
Earnings per share ⁽¹⁾ (sen)	1.1	1.4	0.7	0.4
Dividends per share ⁽¹⁾ (sen)	–	1.0	–	1.8
Net assets ("NA") per share ⁽¹⁾ (sen)	27.0	26.0	25.7	25.1
GP margin ⁽²⁾ (%)	15.5	18.0	15.8	14.1
Net profit margin ⁽³⁾ (%)	2.4	3.3	1.4	0.8
Return on equity attributable to owners of Company ⁽⁴⁾ (%)	4.2	5.4	2.6	1.4
Return on total assets ⁽⁵⁾ (%)	2.4	3.1	1.5	0.9

Notes:

- (1) Calculated based on 240,593,796 ordinary shares in the Company.
- (2) Computed based on GP over revenue.
- (3) Computed based on PAT over revenue.
- (4) Computed based on PAT over total equity attributable to owners of the Company.
- (5) Computed based on 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	: 78
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 National 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.

Apart from being our Independent Non-Executive Chairman, he is also an Independent Non-Executive Director of HIL Industries Berhad since 2007. He is also appointed to the board of directors of several private corporations in Malaysia.



Dato' Seri Cheah Eu Kiat
("Dato' Seri Cheah")

Executive Director

Aged	: 72
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 : 80

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 : 46

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 Touche Tohmatsu 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	: 64
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	: 70
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.

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

PROFILE OF DIRECTORS

(CONT'D)

**Haji Mohd Isa Bin Haji Talib**

Independent Non-Executive Director

Aged : 79**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 : 50**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:

1. 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 2021.
2. None of the Directors have any conflicts of interest with the Company.
3. 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:
 - (i) 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.
 - (ii) Dato' Seri Cheah, our Executive Director, and Mr. Cheah Eu Lee, our Non-Independent Non-Executive Director, are siblings.
 - (iii) Dato' Seri Cheah, our Executive Director, is the father of Mr. Cheah Siang Tee, our Chief Executive Officer/Executive Director.
 - (iv) 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 Eu Kiat

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 72, 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 56, 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 KongGeneral Manager –
Sales & Marketing

Mr. Lee Chee Kong, Malaysian, male, aged 58, 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 45, 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 59, 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.

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 2021.
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.

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 2021.



HIGHLIGHTS

Following an unprecedented year, the beginning of 2021 witnessed the world emerging from the worst of the pandemic. Amidst the persistence of the pandemic, the arrival of the COVID-19 vaccines was a bright spot for many with business and society pushing ahead to embrace the new normal and began shifting toward sustainable, inclusive growth. As we move into the next phase, our Company reinforced our focus and efforts to seize the new opportunities emerging in the recovery to grow, and become stronger including building resilience to navigate any future shocks.

CHAIRMAN'S STATEMENT

(CONT'D)

In an environment shaped by an enduring health crisis, our growth was tempered by major disruptions in the global supply chain. Despite this, we continued to chart positive results throughout the year while serving our customers to the best of our ability.

PERFORMANCE REVIEW

For the FYE 31 December 2021, our Group recorded a revenue of approximately RM114.79 million, which is an increase of approximately RM11.44 million or 11% as compared to the preceding financial year. The increase in revenue was mainly due to the increase in sales of tyre retreading materials.

At the same time, our Group also generated a Profit Before Tax ("PBT") of approximately RM3.60 million, a decrease of approximately RM0.53 million or 13% from the previous financial year as a result of lower gross profit margin and higher distribution costs.

PROSPECTS

The on-going pandemic is expected to continue to have an adverse impact on our markets all around the world. To mitigate this, we will continue to implement safe management measures in our operations. We will also maintain our focus on our core strength namely in the development, manufacturing and distribution of tyre retreading materials.

Going forward, value-add will remain the other key focus area of our Company. We are always on the lookout and remain committed to providing timely response to the market and customers' needs, particularly during current times.

We have all the building blocks in place to further advance our growth journey; high quality products, top-notch services, and an efficient supply chain. We believe that macro trends, such as the increasing number of new vehicles, the rising adoption of electric vehicles, and increased sales of pre-owned vehicles amongst others will be the catalysts to increased demand for our products.

ACKNOWLEDGEMENTS

The duties of the Board have been increasing as regulators raise their expectations in the area of corporate governance and transparency. Therefore, I take this opportunity to thank each of them who have continuously discharged their duties with utmost care and dedication. Detailed, high quality, robust discussions and meticulous reviews have preceded our decisions.

On behalf of the Board, I would also like to extend our thanks and our appreciation to our shareholders, dedicated suppliers, and loyal customers for their continued trust in our business and potential. We are committed to working with you, our many partners in growth as we continue our business journey.

Finally, I also thank the Management and our employees. Once again, your dedication and professionalism towards delivering our business objectives and plan have been of the highest standard. The financial results that have been achieved are a tangible piece of evidence that reflects your hard work and perseverance in a volatile economic environment. I look forward to your worthy contributions in the future as we work together to take Eversafe Rubber further beyond.

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 28 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

Despite the ongoing challenges presented by the COVID-19 pandemic in 2021, we were fortunate to have been spared the worst of the pandemic fallout thanks to the business continuity plan developed and implemented since the start of the pandemic. The successful implementation of the business continuity plan has allowed us to stay on course and subsequently thrive in a period of uncertainty and continue to create long-term value for our stakeholders. Our business continuity plan will continue to be the linchpin of our growth strategy and will continue to guide us in unlocking more value from our businesses.

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 2020 and 2021:

	FYE 31 December 2021 RM'000	FYE 31 December 2020 RM'000
Revenue	114,794	103,356
Gross profit ("GP")	17,740	18,650
Profit before taxation ("PBT")	3,604	4,138
Profit after taxation ("PAT")	2,763	3,397
Net assets ("NA")	65,055	62,465
Total assets	114,620	108,836
Borrowings	29,777	26,775
Hire purchase and lease liabilities	4,493	6,178
Gearing (times)	0.4	0.4
Earnings per share ⁽¹⁾ (sen)	1.1	1.4
Dividend per share (sen)	-	1.0
NA per share ⁽¹⁾ (sen)	27.0	26.0

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 RM114.8 million from RM103.4 million in the FYE 31 December 2020, representing an increase of approximately RM11.4 million or 11%. 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 2020 and 2021 by geographical locations is illustrated below:

	FYE 31 December 2021 RM'000	FYE 31 December 2020 RM'000
Malaysia	28,280	27,576
South East Asia (excluding Malaysia)	53,497	39,270
East Asia and Oceania	21,147	25,121
South Asia, Middle East and Africa	5,301	5,648
Americas	1,754	1,596
Europe	4,815	4,145
Total	114,794	103,356

MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONT'D)

Notwithstanding the increase in revenue, our Group's GP decreased from RM18.7 million for the FYE 31 December 2020 to RM17.7 million for the FYE 31 December 2021, representing a decrease of RM1.0 million or 5.3%. The said decrease in GP was due to the overall increase in raw material costs. This had also resulted in a decrease in GP margin from 18% which was achieved in the FYE 31 December 2020 to 15.5% achieved in the financial year under review.

At the same time, our Group's PBT had decreased marginally by approximately RM0.5 million or 12.2% for the financial year under review from RM4.1 million in the previous financial year to approximately RM3.6 million for the FYE 31 December 2021. The decrease in our Group's PBT was mainly attributable to the lower gross profit margin and higher distribution costs.

As at 31 December 2021, our Group's total assets had increased to approximately RM114.6 million as compared to RM108.8 million in the previous financial year. Our Group's total assets had recorded an increase due to the increase in inventories and trade receivables of approximately RM5.6 million and RM6.1 million from RM20.9 million and RM22.7 million respectively in the previous financial year. As a result, our Group's net assets had increased from RM62.5 million to RM65.1 million as at 31 December 2021.

The Group's borrowings reported an increase of approximately RM3 million from RM26.8 million as at 31 December 2020 to RM29.8 million as at 31 December 2021. The increase was mainly due to the increase in bankers' acceptances and bank overdrafts used for our Group's operations. Notwithstanding the increase in borrowings, the management is of the opinion that based on the gearing of 0.4 times as at 31 December 2021, the debt levels of our Group remains manageable.

A summary of our Group's cash flow position for the FYE 31 December 2020 and 2021 is illustrated below:

	FYE 31 December 2021 RM'000	FYE 31 December 2020 RM'000
Net cash from operating activities	297	7,824
Net cash from/(used in) investing activities	3,372	(5,199)
Net cash used in financing activities	(1,059)	(9,464)
Net increase/(decrease) in cash and cash equivalents	2,610	(6,839)
Cash and cash equivalent at the beginning of the year	6,568	13,335
Cash and cash equivalent at the end of the year	9,501	6,568

During the financial year under review, our Group was in a positive net cash position for its operating activities of RM0.3 million as compared to RM7.8 million for the FYE 31 December 2020. This was mainly due to increase in inventories and trade receivables during the financial year under review. The increase in our Group's net cash used in investing activities for the financial year under review was due to withdrawal in placement in funds with maturity of over three months. At the same time, our Group also recorded net cash used in financing activities of RM1.1 million for the FYE 31 December 2021 as compared to RM9.5 million for the FYE 31 December 2020 was mainly attributable to the increase of term loans, bankers' acceptance and onshore foreign currency loan of RM2.1 million. This has resulted in a net increase of our cash and cash equivalents for the financial year under review which stood at RM2.6 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONT'D)

The said net current asset position of our Group for the FYE 31 December 2020 and 2021 is illustrated below:

	FYE 31 December 2021 RM'000	FYE 31 December 2020 RM'000
Current Assets		
Inventories	26,529	20,923
Trade receivables	26,555	20,892
Other receivables, deposits and prepayments	2,135	2,958
Amounts owing by related parties	374	369
Current tax assets	668	310
Placement in funds	3,708	9,080
Cash and bank balances	14,416	9,675
Total current assets	74,385	64,207
Current Liabilities		
Trade payables	6,324	5,281
Other payables and accrued expenses	3,743	3,394
Amounts owing to related parties	41	41
Amounts owing to Directors	189	222
Borrowings	26,721	22,350
Hire purchase and lease liabilities	2,502	2,225
Government grant	29	–
Total current liabilities	39,549	33,513
Net Current Assets	34,836	30,694

Our Group's net current assets position for the FYE 31 December 2021 had increased from RM30.7 million in the previous financial year to RM34.8 million, representing an increase of RM4.1 million or 13.4%. This increase was due to the increase in inventories and trade receivables. 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 2022.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONT'D)

PROSPECTS AND OUTLOOK

Moving thru this transitional period, worldwide economies have largely opened up. With this development, the global tyre market is poised for further growth after experiencing a challenging two years due to the pandemic outbreak. In 2022, it is estimated that the overall market will reach approximately 2.7 billion units, having grown at a 3.4% CAGR from 2017.

Amongst the key drivers for the industry growth is the anticipated rise in the use of smarter or electric vehicles with the emergence of companies like Tesla who has proven that electric vehicles are not only viable but might even replace traditional cars in the coming decades. In addition to this, the increase in general awareness regarding environmental issues within the society is also expected to contribute to the rise in the use of smarter or electric vehicles. Other renowned automotive manufacturers such as General Motors and Volkswagen have also jumped on board and pledged to release more hybrid and electric vehicles in the market in the coming decade.

Furthermore, another key growth driver is the anticipated rise in digital automobile sales. The pandemic outbreak in 2020 facilitated the shift to e-commerce platforms which provides hassle-free service to customers. This shift to online channels is expected to result in an even greater spike in online sales due to features like virtual tours and at-home test drives, which diminishes the need for customers' physical presence at car dealerships.

However, despite the favourable industry prospects, we remain cautious of the existing challenges due to current circumstances. We expect the automotive industry to continue facing pandemic-related disruption challenges and supply chain issues such as a new wave of COVID-19 infections, shortage of semiconductors chips as well as rising cost of freight and other raw materials which may affect Malaysia's economic growth momentum and in turn the sales of new vehicles. However, we are hopeful that these disruptions will unlikely cause major upheaval in the economy and subsequently the automotive industry given that much experience has been acquired by the authorities and the automotive industry in managing the COVID-19 pandemic over the past two years.

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 2021 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 2022 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 2021 was RM62,621.

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 2021. 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 14 April 2022.

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 2021. 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	4/5
Haji Mohd Isa Bin Haji Talib	5/5

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.

AUDIT COMMITTEE REPORT

(CONT'D)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee met 5 times during the financial year ended 31 December 2021 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.

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 27 April 2022 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 27 April 2022 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.

AUDIT COMMITTEE REPORT

(CONT'D)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)**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 2021, 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.

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 on 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 14 April 2022.

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 2021. 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (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	1
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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (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.

Our Group did not carry out any specific official programme or activities in relation to corporate social responsibility but generally, our Group endorses only actions and projects that would not have any detrimental implications to the environment and public at large.

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)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (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, 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 once, to assess the Board, Board Committees and individual Directors in relation to their performance and contribution towards meeting the needs of the Company. 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.

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)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (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				
	Fees RM'000	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits- in-kind RM'000	Others RM'000	Total RM'000
2021							
Executive Directors							
Dato' Seri Cheah Eu Kiat	30	35	216	–	28	12	321
Eu Ah Seng	30	15	180	–	17	8	250
Cheah Siang Tee	30	35	368	–	48	50	531
Non-Executive Directors							
Tan Sri Dato' Dr. Sak Cheng Lum	35	–	–	–	–	–	35
Cheah Eu Lee	30	30	–	–	–	–	60
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 MCGG, 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)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (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 2021, with details of Directors' attendance set out below:

Name of Director	Attendance
Tan Sri Dato' Dr. Sak Cheng Lum	4/5
Dato' Seri Cheah Eu Kiat	5/5
Eu Ah Seng	5/5
Cheah Siang Tee	5/5
Cheah Eu Lee	5/5
Haji Mohd Isa Bin Haji Talib	5/5
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)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (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 2021 are as follows:

Name of Director	Conferences, Seminars and/or Training
Tan Sri Dato' Dr. Sak Cheng Lum	BDO Tax Budget Webinar 2021
Dato' Seri Cheah Eu Kiat	Seminar Percukaian Kebangsaan 2021
Eu Ah Seng	BDO Tax Budget Webinar 2021
Cheah Siang Tee	BDO Tax Budget Webinar 2021
Cheah Eu Lee	Seminar Percukaian Kebangsaan 2021
Ng Meng Kwai	<ul style="list-style-type: none"> • MIA Webinar Series: Determining Materiality in Audit • Preparation of Transfer Pricing Documentation • Learn to Develop, Build Upon and/or Appreciate the Importance of the Capital Statements in Tax Audits • 2022 Budget Seminar • Case Study – Based MFRS Webinar Key Learning Points from Review of MIA's Illustrative MPERS
Haji Mohd Isa Bin Haji Talib	BDO Tax Budget Webinar 2021
Ong Beow Chieh	<ul style="list-style-type: none"> • Environmental, Social and Governance (ESG): What Matters to You • Webinar on Industrial Designs & the role of Prior Art • CPD Live – Major Changes by the Trademarks Act 2019 • National AML/CFT Compliance Programme • Webinar on E-Commerce : An Overview of the Applicable Laws and Practical Challengers • Webinar on Virtual Conference on Corporate and Commercial Law • Seminar on Copyright by Webinar via Zoom • Compliance Conference 2021 – Shifting the Tide Towards Endemic : ML/TF Risks

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:

- 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 24 to 26 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 14 April 2022.

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.

As a Group, we are committed to continuously promote good sustainability practices while simultaneously engaging openly and responsively with our stakeholders through transparent sustainability reporting. As stakeholder engagement plays an important role to ensure the businesses pursued by the Group are sustainable in the long term, we aim to provide our stakeholders with a better understanding of the Group's approach to create sustainable long-term value for our stakeholders.

SUSTAINABILITY GOVERNANCE

In ensuring the successful implementation and integration of our sustainability strategies into our business, we have developed a strong sustainability governance structure. Our commitment to sustainability comes from the top of the organisation, specifically the Board of Directors, who provides oversight and guidance in the formulation, direction and the implementation of our sustainability policies and strategies. Our Board is assisted and supported by the Management team whose roles include ensuring that the sustainability initiatives are effectively implemented and integrated across our operations.

ENVIRONMENTAL ASPECTS

We remain steadfast in our commitment to sustainable development. We continue to seek for ways to operate in a way that minimises environmental harm. Some of the ways we uphold environmental concerns is with emphasis on the application of new technologies and industry best practices that are environmentally friendly, optimising the use of resources and promoting energy efficiency initiatives in our efforts to preserve the environment for future generations whilst meeting the needs of our stakeholders.

We also acknowledge that the environmental impact of paper usage is significant. Therefore, we avoid unnecessary paper consumption and waste generation where possible and appropriate. 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. Another method to reduce consumption of paper usage is to use recycled paper to print any document where possible.

HUMAN RESOURCE ASPECTS

Recognising that the sustainability of our business is correlated to the wellbeing of our people, we maintain a safe and conducive work environment, protect their welfare, offer competitive remuneration and benefits as well as embrace the diversity of our people in the areas of gender, age, skills and experience. This, indirectly enable us to steadily attract and retain a pool of top talents.

One of the ways we protect the welfare of our employees is through the provision of a safe and conducive workplace with the aim of achieving zero work-related injuries. In compliance with legal requirements such as the Occupational Safety and Health Act and other related regulations, we have in place our 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 2021, we recorded 7 cases of work-related injuries and illnesses.

CORPORATE SUSTAINABILITY STATEMENT

(CONT'D)

HUMAN RESOURCE ASPECTS (CONT'D)

Meanwhile, in the ongoing fight against the COVID-19 virus, we have continued maintaining strict compliance of COVID-19 standard operating procedures throughout our premises. On top of that, in our effort to make vaccination as convenient as possible to aid COVID-19 vaccine adoption, we have partnered with the Malaysian Rubber Council to help secure vaccination appointments for our employees. This initiative has proven to be effective in helping to accelerate the vaccine rollout and to broaden COVID-19 workforce protection. We have also been proactive in creating structural support by granting time off to our employees on their inoculation appointment date and a one-day medical leave to manage any post-vaccination side effects. To-date, 95% of our employees have completed their vaccination which includes the booster shot.

In an effort to develop our employees for the continuing growth and success of the business, we have also advocated for ongoing learning and development opportunities which we believe is essential to upskill and reskill our people while also building their knowledge and competencies. In addition to this, we also have in place a succession planning system to prepare our people for future roles thus ensuring them career growth opportunities.

In addition, we also encourage and foster a balanced work-life culture that caters to our employees' physical and emotional needs. A balanced work-life policy helps attract better recruits and talents which in turn leads to better retention of qualified employees, better employee morale and overall productivity.

SOCIAL ASPECTS

Engaging with the local communities in which we operate enables us to meet their needs and create long-term positive impacts. We are proud to have the privilege of serving various segments of the community to provide for social empowerment and help make a positive difference for people across all walks of life. One of the significant ways we built up the local community is by providing a platform and subsequently opportunity for the upcoming generation to succeed specifically through the hiring of local talents as we strive to elevate the economic conditions of the local community. As at the end of 2021, 50% of our employees are Malaysians.

Additionally, we further provide training and development opportunities to local students for practical experience in technical knowledge and soft skills through our internship programme.

MARKETPLACE ASPECTS

We strive to adhere to the highest ethical standards in running our business and continue to promote integrity and ethical conduct amongst our employees in all aspects of our Group's business operations. Therefore, we have in place a Code of Conduct that sets the tone on how the Group's business is conducted that applies to all members of the organisation.

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	40	112	5	11
Non-audit fees				
- Fees for other services	–	4	–	4
Total	40	116	5	15

The paid amounts above are in relation to the fees incurred for the FYE 31 December 2021 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 2021, 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 14 April 2022.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

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. The principal activities and 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 during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, attributable to owners of the parent	2,762,630	1,004,262

DIVIDEND

No dividend has been proposed, declared or paid since the end of the previous financial year. The Directors do not recommend any payment of the dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

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 2021 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 1.1.2021	Bought	Sold	Balance as at 31.12.2021
Shares in the Company				
<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	1,540,000	100,000	—	1,640,000
Cheah Siang Tee	750,000	—	—	750,000
<u>Indirect interests:</u>				
Dato' Seri Cheah Eu Kiat, DGPN. DSPN. PJK. JP.	117,137,446 ⁽¹⁾	—	—	117,137,446 ⁽¹⁾
Eu Ah Seng	12,000,000 ⁽²⁾	—	—	12,000,000 ⁽²⁾

⁽¹⁾ Held through another body corporate and by daughter

⁽²⁾ Held through another body corporate

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' INTERESTS (CONT'D)

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.

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 34 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

The details of Directors' remuneration are disclosed in Note 30 to the financial statements.

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 RM1,750,000 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

Significant event during the year and subsequent to the end of the reporting period is disclosed in Note 39 to the financial statements.

AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 are disclosed in Note 29 to the financial statements.

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
14 April 2022

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 51 to 102 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 2021 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

Cheah Siang Tee
Director

Penang
14 April 2022

STATUTORY DECLARATION

I, Cheah Siang Tee (I/C No.: 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 51 to 102 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 14 April 2022)

Cheah Siang Tee

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EVERSAFE 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 2021 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 51 to 102.

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 2021, 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 of trade receivables

Gross trade receivables of the Group as at 31 December 2021 were RM34,896,057 and the associated impairment losses of trade receivables were RM6,055,305 as disclosed in Note 9 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, incorporating the impact of the COVID-19 pandemic, 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
TO THE MEMBERS OF EVERSAFE RUBBER BERHAD

(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION (CONT'D)

Key Audit Matters (cont'd)

Company

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

As at 31 December 2021, 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
TO THE MEMBERS OF EVERSAFE RUBBER BERHAD

(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION (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
TO THE MEMBERS OF EVERSAFE RUBBER BERHAD

(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION (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
LLP0018825-LCA & AF 0206
Chartered Accountants

Pang Zhi Hao
03450/09/2023 J
Chartered Accountant

Kuala Lumpur 14 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	37,948,314	42,777,820	6,529	3,360
Intangible asset	6	1	1	–	–
Investment in a subsidiary	7	–	–	53,633,995	53,633,995
Trade receivables	9	2,285,693	1,851,025	–	–
Amount owing by a subsidiary	11	–	–	4,876,006	2,641,911
		40,234,008	44,628,846	58,516,530	56,279,266
Current assets					
Inventories	8	26,529,304	20,923,098	–	–
Trade receivables	9	26,555,059	20,892,539	–	–
Other receivables, deposits and prepayments	10	2,135,426	2,957,901	1,968,229	2,000
Amount owing by a subsidiary	11	–	–	630,597	792,772
Amounts owing by related parties	12	373,584	368,801	–	–
Current tax assets		668,233	310,203	2,550	3,000
Placement in funds	13	3,708,318	9,079,678	3,171,965	7,579,678
Cash and bank balances	13	14,415,685	9,674,924	2,178,159	804,382
		74,385,609	64,207,144	7,951,500	9,181,832
TOTAL ASSETS		114,619,617	108,835,990	66,468,030	65,461,098
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	65,428,449	65,428,449	65,428,449	65,428,449
Reserves	15	(373,410)	(2,963,644)	1,018,017	13,755
TOTAL EQUITY		65,055,039	62,464,805	66,446,466	65,442,204

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	16	4,590,154	4,172,298	—	—
Borrowings	17	3,055,724	4,424,581	—	—
Hire purchase and lease liabilities	20	1,990,618	3,952,484	—	—
Government grant	25	377,858	309,157	—	—
		10,014,354	12,858,520	—	—
Current liabilities					
Trade payables	21	6,324,446	5,280,604	—	—
Other payables and accrued expenses	22	3,742,962	3,394,224	21,564	18,894
Amounts owing to related parties	23	41,004	40,804	—	—
Amounts owing to Directors	24	189,049	221,488	—	—
Borrowings	17	26,721,472	22,350,170	—	—
Hire purchase and lease liabilities	20	2,501,847	2,225,375	—	—
Government grant	25	29,444	—	—	—
		39,550,224	33,512,665	21,564	18,894
TOTAL LIABILITIES		49,564,578	46,371,185	21,564	18,894
TOTAL EQUITY AND LIABILITIES		114,619,617	108,835,990	66,468,030	65,461,098

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 2021

		2021	Group	2020	Company
	Note	RM	2020	RM	2020
			RM		RM
Revenue	26	114,794,407	103,355,966	1,966,229	2,998,500
Cost of sales		(97,054,085)	(84,705,853)	–	–
Gross profit		17,740,322	18,650,113	1,966,229	2,998,500
Other operating income		2,092,292	1,474,281	262,207	–
Distribution costs		(8,790,262)	(6,768,871)	–	–
Administrative expenses		(6,369,460)	(7,154,146)	(353,806)	(462,885)
Impairment losses on financial assets, net		(33,421)	(804,411)	(928,080)	(126,632)
Other operating expenses		(5)	(212,937)	–	–
Profit from operations		4,639,466	5,184,029	946,550	2,408,983
Finance income	28	136,938	303,216	57,908	126,054
Finance costs	28	(1,172,412)	(1,349,744)	–	–
Profit before tax	29	3,603,992	4,137,501	1,004,458	2,535,037
Tax expense	31	(841,362)	(740,166)	(196)	–
Profit for the financial year, attributable to owners of the parent		2,762,630	3,397,335	1,004,262	2,535,037

**STATEMENTS OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME**
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(CONT'D)

		Group	Company	
Note	2021 RM	2020 RM	2021 RM	2020 RM
Profit for the financial year, attributable to owners of the parent	2,762,630	3,397,335	1,004,262	2,535,037
Other comprehensive loss:				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translations, net of tax	(172,396)	(243,044)	–	–
Total comprehensive income attributable to owners of the parent	2,590,234	3,154,291	1,004,262	2,535,037
Earnings per ordinary share attributable to owners of the parent (sen):				
- Basic and diluted	32	1.15	1.41	

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2020		65,428,449	7,104	(1,087,447)	(36,914,958)	34,283,304	61,716,452
Profit for the financial year		-	-	-	-	3,397,335	3,397,335
Other comprehensive loss, net of tax		-	-	(243,044)	-	-	(243,044)
Total comprehensive (loss)/income		-	-	(243,044)	-	3,397,335	3,154,291
Transaction with owners:							
Dividend paid	33	-	-	-	-	(2,405,938)	(2,405,938)
Total transaction with owners		-	-	-	-	(2,405,938)	(2,405,938)
Balance as at 31 December 2020		65,428,449	7,104	(1,330,491)	(36,914,958)	35,274,701	62,464,805
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

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Share capital RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2020		65,428,449	(115,344)	65,313,105
Profit for the financial year		–	2,535,037	2,535,037
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	2,535,037	2,535,037
Transaction with owners:				
Dividend paid	33	–	(2,405,938)	(2,405,938)
Total transaction with owners		–	(2,405,938)	(2,405,938)
Balance as at 31 December 2020		65,428,449	13,755	65,442,204
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

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

STATEMENTS OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		2021	Group	2020	Company	2020
	Note	RM		RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		3,603,992		4,137,501	1,004,458	2,535,037
Adjustments for:						
Amortisation of government grant	25	(4,907)		–	–	–
Depreciation of property, plant and equipment	5	6,582,264		6,649,017	3,026	840
Dividend income from a subsidiary	26	–		–	(1,966,229)	(2,998,500)
Finance costs	28	1,172,412		1,349,744	–	–
Finance income	28	(136,938)		(303,216)	(57,908)	(126,054)
Gain on disposal of property, plant and equipment		(310,915)		(14,999)	–	–
Gain on reassessment and modification of lease		(1,226)		–	–	–
Impairment loss on amount owing by a subsidiary	11	–		–	928,080	126,632
Impairment losses on trade receivables	9	125,364		944,202	–	–
Impairment losses on amounts owing by related parties	12	14,351		14,325	–	–
Inventories written back	8	(80,320)		(6,055)	–	–
Lease concession		(84,459)		(131,591)	–	–
Property, plant and equipment written off	5	2,581		18,368	–	–
Reversal of impairment losses on amounts owing by related parties	12	–		(56,748)	–	–
Reversal of impairment losses on trade receivables	9	(106,294)		(97,368)	–	–
Unrealised gain on foreign exchange		(740,419)		(478,577)	–	–
Operating profit/(loss) before changes in working capital		10,035,486		12,024,603	(88,573)	(462,045)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(CONT'D)

		Group	Company	
Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Changes in working capital:				
Inventories	(5,393,505)	(2,450,815)	–	–
Trade receivables	(4,730,763)	440,688	–	–
Other receivables, deposits and prepayments	722,686	(829,999)	–	115
Trade payables	267,314	(1,353,485)	–	–
Other payables and accrued expenses	235,110	376,286	2,670	(7,874)
Amounts owing by/to related parties	(18,934)	162,339	–	–
Amounts owing to Directors	(37,903)	109,512	–	–
Cash generated from/(used in) operations	1,079,491	8,479,129	(85,903)	(469,804)
Tax paid	(787,590)	(750,866)	(2,550)	(3,000)
Tax refunded	4,950	95,999	2,804	12,750
Net cash from/(used in) operating activities	296,851	7,824,262	(85,649)	(460,054)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend received from a subsidiary	26	–	–	2,998,500
Interest received	136,938	303,216	57,908	126,054
(Advances to)/Repayment from a subsidiary	–	–	(3,000,000)	914,452
Proceeds from disposal of property, plant and equipment	936,871	15,000	–	–
Purchase of property, plant and equipment	5	(1,629,305)	(6,195)	–
Net changes in deposits with licensed banks with maturity of over three (3) months	–	1,600,000	–	–
Net changes in deposits pledged as securities	(1,072,398)	(98,991)	–	–
Net changes in placement in funds with maturity of over three (3) months	5,000,000	(5,000,000)	4,000,000	(4,000,000)
Net cash from/(used in) investing activities	3,372,106	(5,199,505)	1,051,713	39,006

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(CONT'D)

		Group	Company		
Note	2021 RM	2020 RM	2021 RM	2020 RM	
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	33	–	(2,405,938)	–	(2,405,938)
Government grant received		309,157	103,052	–	–
Interest paid		(860,510)	(944,390)	–	–
Net drawdowns/(repayments) of term loans, bankers' acceptances and onshore foreign currency loan		2,138,861	(3,741,719)	–	–
Repayments of hire purchase and lease liabilities		(2,646,775)	(2,474,580)	–	–
Net cash used in financing activities		(1,059,267)	(9,463,575)	–	(2,405,938)
Net increase/(decrease) in cash and cash equivalents		2,609,690	(6,838,818)	966,064	(2,826,986)
Effects of exchange rates changes on cash and cash equivalents		323,309	72,021	–	–
Cash and cash equivalents at beginning of financial year		6,568,339	13,335,136	4,384,060	7,211,046
Cash and cash equivalents at end of financial year	13(j)	9,501,338	6,568,339	5,350,124	4,384,060

Reconciliation of Liabilities Arising from Financing Activities

	Group	
	2021 RM	2020 RM
Term loans, bankers' acceptances and onshore foreign currency loan		
Balance as at 1 January	23,493,477	25,464,199
Cash flow	2,138,861	(3,741,719)
Non-cash flows:		
- purchase of property, plant and equipment	–	2,047,000
- effect of foreign exchange	499,580	(276,003)
Balance as at 31 December	26,131,918	23,493,477

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(CONT'D)

Reconciliation of Liabilities Arising from Financing Activities (cont'd)

	2021 RM	Group 2020 RM
Hire purchase and lease liabilities		
Balance as at 1 January	6,177,859	6,598,388
Cash flow	(2,646,775)	(2,474,580)
Non-cash flows:		
- purchase of property, plant and equipment	591,871	1,783,513
- unwinding of interest	311,902	405,354
- lease concessions	(84,459)	(131,591)
- reassessment and modification of lease	23,463	–
- effect of foreign exchange	118,604	(3,225)
Balance as at 31 December	4,492,465	6,177,859

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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 2021 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 14 April 2022.

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. The principal activities and 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 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 40(a) to the financial statements.

The Group has also early adopted Amendment to MFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases) in the current financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

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.

NOTES TO THE FINANCIAL STATEMENTS

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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.

	2021 RM	Group 2020 RM
Revenue from external customers		
Malaysia	28,280,176	27,576,319
Americas	1,753,735	1,596,369
East Asia and Oceania	21,146,797	25,120,529
Europe	4,815,764	4,144,695
South Asia, Middle East and Africa	5,300,949	5,648,245
South East Asia	53,496,986	39,269,809
	114,794,407	103,355,966
Non-current assets		
Malaysia	37,435,108	40,586,242
East Asia and Oceania	2,798,900	4,042,604
	40,234,008	44,628,846

Major customer

There is only one (2020: one) major customer contributing approximately RM37,922,000 (2020: RM27,275,000) of the revenue to the Group, which equals to ten percent (10%) or more of the revenue of the Group.

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5. PROPERTY, PLANT AND EQUIPMENT

Group 2021	Balance as at 1.1.2021 RM	Additions RM	Disposals 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 31.12.2021 RM
Carrying amount									
Right-of-use assets									
- leasehold land	2,314,476	-	-	-	-	-	(42,075)	-	2,272,401
- buildings	3,693,786	245,995	-	-	24,689	95,571	(1,578,168)	-	2,481,873
- motor vehicles	1,122,704	419,045	(180,154)	-	-	18,981	(331,109)	-	1,049,467
- plant and machinery	1,574,302	-	-	-	-	-	(173,996)	-	1,400,306
Buildings	8,996,467	-	-	-	-	-	(259,418)	-	8,737,049
Plant and machinery	18,723,016	796,360	(409,754)	(1)	-	14,426	(3,053,970)	-	16,070,077
Factory equipment	3,687,504	533,841	-	(3)	-	-	(659,111)	59,598	3,621,829
Furniture, fixtures and office equipment	398,410	44,808	-	(2,577)	-	(7,679)	(80,714)	-	352,248
Electrical installation	1,686,910	-	-	-	-	8,011	(178,481)	-	1,516,440
Factory renovation	1	-	-	-	-	-	-	-	1
Signboards	1	-	-	-	-	-	-	-	1
Motor vehicles	565,843	181,127	(36,048)	-	-	6,120	(225,222)	(59,598)	432,222
Capital work-in-progress	14,400	-	-	-	-	-	-	-	14,400
	42,777,820	2,221,176	(625,956)	(2,581)	24,689	135,430	(6,582,264)	-	37,948,314
< ----- Balance as at 31.12.2021 ----- >									
						Cost RM	Accumulated depreciation RM	Carrying amount RM	
Right-of-use assets									
- leasehold land						3,097,733	(825,332)	2,272,401	
- buildings						8,200,691	(5,718,818)	2,481,873	
- motor vehicles						1,911,548	(862,081)	1,049,467	
- plant and machinery						1,739,972	(339,666)	1,400,306	
Buildings						11,933,846	(3,196,797)	8,737,049	
Plant and machinery						45,210,820	(29,140,743)	16,070,077	
Factory equipment						8,344,692	(4,722,863)	3,621,829	
Furniture, fixtures and office equipment						2,114,803	(1,762,555)	352,248	
Electrical installation						3,149,208	(1,632,768)	1,516,440	
Factory renovation						29,506	(29,505)	1	
Signboards						13,961	(13,960)	1	
Motor vehicles						3,639,823	(3,207,601)	432,222	
Capital work-in-progress						14,400	-	14,400	
						89,401,003	(51,452,689)	37,948,314	

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

Group	Balance as at 1.1.2020	Additions	Disposal	Written off	Exchange differences	Depreciation charge for the financial year	Reclassifications	Balance as at 31.12.2020
	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount								
Right-of-use assets								
- leasehold land	2,356,552	-	-	-	-	(42,076)	-	2,314,476
- buildings	4,970,839	303,077	-	-	2,248	(1,582,378)	-	3,693,786
- motor vehicles	1,661,150	-	-	-	(6,137)	(357,795)	(174,514)	1,122,704
- plant and machinery	-	1,739,972	-	-	-	(165,670)	-	1,574,302
Buildings	9,074,952	178,552	-	-	-	(257,037)	-	8,996,467
Plant and machinery	19,036,876	2,874,467	-	(17,087)	(1,691)	(3,169,549)	-	18,723,016
Factory equipment	3,690,413	625,423	-	(25)	-	(628,307)	-	3,687,504
Furniture, fixtures and office equipment	406,481	66,652	-	(663)	199	(74,259)	-	398,410
Electrical installation	1,819,432	46,700	-	(593)	298	(178,927)	-	1,686,910
Factory renovation	1	-	-	-	-	-	-	1
Signboards	1	-	-	-	-	-	-	1
Motor vehicles	582,671	-	(1)	-	1,678	(193,019)	174,514	565,843
Capital work-in-progress	-	14,400	-	-	-	-	-	14,400
	43,599,368	5,849,243	(1)	(18,368)	(3,405)	(6,649,017)	-	42,777,820

	Balance as at 31.12.2020	
	Cost	Carrying
	RM	amount
	RM	RM
Right-of-use assets		
- leasehold land	3,097,733	2,314,476
- buildings	7,916,975	3,693,786
- motor vehicles	1,702,472	1,122,704
- plant and machinery	1,739,972	1,574,302
Buildings	11,933,846	8,996,467
Plant and machinery	45,018,393	18,723,016
Factory equipment	7,941,471	3,687,504
Furniture, fixtures and office equipment	2,075,598	398,410
Electrical installation	3,154,358	1,686,910
Factory renovation	29,506	1
Signboards	13,961	1
Motor vehicles	3,692,075	565,843
Capital work-in-progress	14,400	14,400
	88,330,760	42,777,820

NOTES TO THE FINANCIAL STATEMENTS

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

Company 2021	Balance as at 1.1.2021 RM	Addition RM	Depreciation charge for the financial year RM	Balance as at 31.12.2021 RM
Carrying amount				
Furniture, fixtures and office equipment	3,360	6,195	(3,026)	6,529
< ----- Balance as at 31.12.2021 ----- >				
		Cost RM	Accumulated depreciation RM	Carrying amount RM
Furniture, fixtures and office equipment		12,495	(5,966)	6,529
2020		Balance as at 1.1.2020 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2020 RM
Carrying amount				
Furniture, fixtures and office equipment		4,200	(840)	3,360
< ----- Balance as at 31.12.2020 ----- >				
		Cost RM	Accumulated depreciation RM	Carrying amount RM
Furniture, fixtures and office equipment		6,300	(2,940)	3,360

- (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

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(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:

	2021 RM	Group 2020 RM
Purchase of property, plant and equipment	2,221,176	5,849,243
Financed by term loans	–	(2,047,000)
Financed by hire purchase and lease liabilities	(591,871)	(1,783,513)
Cash payments on purchase of property, plant and equipment	1,629,305	2,018,730

- (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 18, Note 19 and Note 20 to the financial statements as follows:

	2021 RM	Group 2020 RM
Buildings	3,036,447	3,134,997
Plant and machinery	5,306,356	6,503,602
Right-of-use assets		
- leasehold land	1,041,733	1,060,552
- motor vehicles	984,369	1,122,704
- plant and machinery	1,400,306	1,574,302
	11,769,211	13,396,157

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6. INTANGIBLE ASSET

	2021 RM	Group 2020 RM
Computer software		
At cost		
Balance as at 1 January/31 December	72,100	72,100
Accumulated amortisation		
Balance as at 1 January/31 December	72,099	72,099
Carrying amount		
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

7. INVESTMENT IN A SUBSIDIARY

	2021 RM	Company 2020 RM
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.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENT IN A SUBSIDIARY (CONT'D)

(b) (cont'd)

The cash flow forecasts are based on budgets for the next six (6) years, with various inputs and assumptions. The cash flows were probability weighted based on the following scenarios:

	Base case	Positive case	Negative case
Weighting	50%	20%	30%
Growth rate	10%	12%	4%
Profit margin	16%	18%	14%
Pre-tax discount rate	10%	10%	10%

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 2021 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
		2021	2020	
		%	%	
Eversafe Rubber Works Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of rubber based tyre retread products and provision of related services
Subsidiaries of Eversafe Rubber Works Sdn. Bhd.				
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
Supreme Good International Limited*	Hong Kong	100	100	Investment holding and manufacturing and distribution of retreaded tyres

NOTES TO THE FINANCIAL STATEMENTS

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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
		2021 %	2020 %	
Subsidiary of Eversafe Trading (Shanghai) Co., Ltd.				
Jiaying YongAn Rubber Co., Ltd.*	People's Republic of China	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. INVENTORIES

	2021 RM	Group 2020 RM
At cost		
Raw materials	15,362,909	9,224,591
Work-in-progress	2,130,859	1,730,773
Finished goods	9,035,536	9,936,595
	26,529,304	20,891,959
At net realisable value		
Raw materials	–	22,141
Finished goods	–	8,998
	–	31,139
	26,529,304	20,923,098

- (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 RM97,054,085 (2020: RM84,705,853).
- (c) During the financial year, the Group reversed RM80,320 (2020: RM6,055) 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.

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE RECEIVABLES

	2021 RM	Group 2020 RM
Non-current		
Trade receivables	3,168,848	2,753,125
Less: Accumulated impairment losses	(883,155)	(902,100)
	2,285,693	1,851,025
Current		
Trade receivables	31,727,209	25,927,391
Less: Accumulated impairment losses	(5,172,150)	(5,034,852)
	26,555,059	20,892,539
Total trade receivables	28,840,752	22,743,564

- (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 (2020: 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:

	2021 RM	Group 2020 RM
Ringgit Malaysia ("RM")	13,224,265	10,464,246
US Dollar ("USD")	10,359,468	9,194,976
Euro ("EUR")	2,201,495	2,406,836
Singapore Dollar ("SGD")	2,764,438	1,123,842
Hong Kong Dollar ("HKD")	1,623,066	1,224,812
Australian Dollar ("AUD")	2,223,877	1,479,678
Japanese Yen ("JPY")	730,595	1,156,163
Renminbi ("RMB")	1,768,853	1,629,963
	34,896,057	28,680,516

- (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.

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE RECEIVABLES (CONT'D)

- (f) The following table demonstrates the sensitivity of the 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:

	2021 RM	Group 2020 RM
USD/RM		
- strengthen 3% (2020: 3%)	236,196	209,645
- weaken 3% (2020: 3%)	(236,196)	(209,645)
EUR/RM		
- strengthen 3% (2020: 3%)	50,194	54,876
- weaken 3% (2020: 3%)	(50,194)	(54,876)
SGD/RM		
- strengthen 3% (2020: 3%)	63,029	25,624
- weaken 3% (2020: 3%)	(63,029)	(25,624)
HKD/RM		
- strengthen 3% (2020: 3%)	37,006	27,926
- weaken 3% (2020: 3%)	(37,006)	(27,926)
AUD/RM		
- strengthen 3% (2020: 3%)	50,704	33,737
- weaken 3% (2020: 3%)	(50,704)	(33,737)
JPY/RM		
- strengthen 3% (2020: 3%)	16,658	26,361
- weaken 3% (2020: 3%)	(16,658)	(26,361)
RMB/RM		
- strengthen 3% (2020: 3%)	40,330	37,163
- weaken 3% (2020: 3%)	(40,330)	(37,163)

- (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, producer price index and unemployment rate) 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.

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE RECEIVABLES (CONT'D)

(g) (cont'd)

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information, including the effects of COVID-19 pandemic.

Lifetime expected loss provision for trade receivables are as follows:

2021	Gross carrying amount/ Maximum exposure RM	Impairment losses RM	Carrying amount RM
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
2020			
Current	19,959,486	(418,421)	19,541,065
Past due:			
1 to 30 days	1,406,659	(330,853)	1,075,806
31 to 60 days	437,102	(188,976)	248,126
61 to 90 days	176,970	(149,428)	27,542
More than 90 days	3,947,174	(3,947,174)	–
	25,927,391	(5,034,852)	20,892,539
Non-current	2,753,125	(902,100)	1,851,025

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.

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9. 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
Current			
Balance as at 1 January 2020	4,563,128	27,383	4,590,511
Charge for the financial year	457,781	17,150	474,931
Reversal of impairment losses	(97,368)	–	(97,368)
Exchange differences	66,638	140	66,778
Balance as at 31 December 2020	4,990,179	44,673	5,034,852
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
Non-current			
Balance as at 1 January 2020	432,829	–	432,829
Charge for the financial year	469,271	–	469,271
Balance as at 31 December 2020	902,100	–	902,100
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

* 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.

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10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	776,312	576,294	–	–
Refundable deposits	523,185	523,622	2,000	2,000
Dividend receivable	–	–	1,966,229	–
Total other receivables	1,299,497	1,099,916	1,968,229	2,000
Prepayments	835,929	1,857,985	–	–
	2,135,426	2,957,901	1,968,229	2,000

- (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.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia ("RM")	537,019	345,140	1,968,229	2,000
Euro ("EUR")	33,848	–	–	–
Hong Kong Dollar ("HKD")	433,860	420,888	–	–
Renminbi ("RMB")	294,770	333,888	–	–
	1,299,497	1,099,916	1,968,229	2,000

- (d) Sensitivity analysis of foreign currencies are not disclosed as they are not material to the Group.

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11. AMOUNT OWING BY A SUBSIDIARY

	Company	
	2021 RM	2020 RM
Non-current		
Non-trade	6,185,897	3,065,897
Less: Accumulated impairment loss	(1,309,891)	(423,986)
	4,876,006	2,641,911
Current		
Non-trade	800,000	920,000
Less: Accumulated impairment loss	(169,403)	(127,228)
	630,597	792,772
Total amount owing by a subsidiary	5,506,603	3,434,683

- (a) The amount owing by a subsidiary is classified as financial asset and measured at amortised cost.
- (b) Non-current amount owing by a subsidiary is unsecured, interest-free and not receivable within the next twelve (12) months in cash and cash equivalents.
- (c) Current amount owing by a subsidiary is unsecured, interest-free and receivable within the next twelve (12) months in cash and cash equivalents.
- (d) Amount owing by a subsidiary is denominated in RM.
- (e) Impairment for amount owing by a subsidiary is 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 10(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:

	Company Lifetime ECL allowance	
	2021 RM	2020 RM
Balance as at 1 January	551,214	424,582
Charge for the financial year	928,080	126,632
Balance as at 31 December	1,479,294	551,214

- (g) During the 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 is negligible to the Company.

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12. AMOUNTS OWING BY RELATED PARTIES

	2021 RM	Group 2020 RM
Current		
Trade	402,260	383,126
Less: Accumulated impairment losses	(28,676)	(14,325)
	373,584	368,801

- (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 (2020: 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 9(g) to the financial statements.
- (e) Movements in the impairment allowance for amounts owing by related parties are as follows:

	Company Lifetime ECL allowance 2021 RM	2020 RM
Balance as at 1 January	14,325	56,748
Charge for the financial year	14,351	14,325
Reversal of impairment losses	–	(56,748)
Balance as at 31 December	28,676	14,325

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13. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	9,438,298	5,769,935	2,178,159	804,382
Deposits with licensed banks	4,977,387	3,904,989	–	–
	14,415,685	9,674,924	2,178,159	804,382
Placement in funds	3,708,318	9,079,678	3,171,965	7,579,678

- (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. In previous financial year, placement in funds of the Group and of the Company which amounted to RM5,000,000 and RM4,000,000 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.
- (d) The currency exposure profile of cash and bank balances and placement in funds is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia ("RM")	14,268,165	15,914,348	5,350,124	8,384,060
US Dollar ("USD")	1,608,766	1,685,909	–	–
Euro ("EUR")	32,004	116,993	–	–
Hong Kong Dollar ("HKD")	458,587	664,124	–	–
Renminbi ("RMB")	1,377,198	328,075	–	–
Japanese Yen ("JPY")	374,061	39,955	–	–
Singapore Dollar ("SGD")	5,063	4,994	–	–
Australian Dollar ("AUD")	159	204	–	–
	18,124,003	18,754,602	5,350,124	8,384,060

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

- (e) The following table demonstrates the sensitivity of the 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:

	2021 RM	Group 2020 RM
USD/RM		
- strengthen 3% (2020: 3%)	36,680	38,439
- weaken 3% (2020: 3%)	(36,680)	(38,439)
RMB/RM		
- strengthen 3% (2020: 3%)	31,400	7,480
- weaken 3% (2020: 3%)	(31,400)	(7,480)

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 RM4,977,387 (2020: RM3,904,989) are for term loans, bankers' acceptances, onshore foreign currency loan and bank overdrafts granted to certain subsidiaries as disclosed in Note 18(b) and Note 19(b) to the financial statements.
- (g) Deposits are placed with licensed banks for varying periods of between three (3) months and one (1) year (2020: 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 1.68% (2020: 2.39%).
- (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.
- (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:

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Cash and bank balances	9,438,298	5,769,935	2,178,159	804,382
Deposits with licensed banks	4,977,387	3,904,989	-	-
Placement in funds	3,708,318	9,079,678	3,171,965	7,579,678
Bank overdrafts included in borrowings (Note 17)	(3,645,278)	(3,281,274)	-	-
	14,478,725	15,473,328	5,350,124	8,384,060
Less: Deposits pledged as securities	(4,977,387)	(3,904,989)	-	-
Placement in funds with maturity of over three (3) months	-	(5,000,000)	-	(4,000,000)
	9,501,338	6,568,339	5,350,124	4,384,060

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

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14. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Issued and fully paid:				
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.

15. RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable:				
Capital reserve	7,104	7,104	–	–
Foreign currency translation reserve	(1,502,887)	(1,330,491)	–	–
Reorganisation debit reserve	(36,914,958)	(36,914,958)	–	–
Distributable:				
Retained earnings	38,037,331	35,274,701	1,018,017	13,755
	(373,410)	(2,963,644)	1,018,017	13,755

(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.

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16. 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 2021	4,466,377	(142,441)	(128,844)	(22,794)	4,172,298
Recognised in profit or loss (Note 31)	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
Balance as at 1 January 2020	4,125,572	42,633	(16,112)	(22,794)	4,129,299
Recognised in profit or loss (Note 31)	340,657	(185,074)	(112,732)	–	42,851
Exchange differences	148	–	–	–	148
Balance as at 31 December 2020	4,466,377	(142,441)	(128,844)	(22,794)	4,172,298

- (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:

	2021 RM	Group 2020 RM
Unused tax losses		
- No expiry date	–	218,348
- Expired by 31 December 2021	–	469,199
- Expires by 31 December 2022	684,201	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	–
	4,019,121	4,051,939

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16. DEFERRED TAX LIABILITIES (CONT'D)

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.

The accumulated unrecognised deferred tax asset arising from unused tax losses amounting to RM469,199 from the financial year ended 31 December 2020 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.

17. BORROWINGS

	2021 RM	Group 2020 RM
Non-current liabilities		
Term loans (Note 18)	3,055,724	4,424,581
Current liabilities		
Bankers' acceptances (Note 18)	21,673,285	14,789,835
Onshore foreign currency loan (Note 18)	–	2,871,411
Term loans (Note 18)	1,402,909	1,407,650
Bank overdrafts (Notes 13(j) and 19)	3,645,278	3,281,274
	26,721,472	22,350,170
Total borrowings		
Bankers' acceptances (Note 18)	21,673,285	14,789,835
Onshore foreign currency loan (Note 18)	–	2,871,411
Term loans (Note 18)	4,458,633	5,832,231
Bank overdrafts (Notes 13(j) and 19)	3,645,278	3,281,274
	29,777,196	26,774,751

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

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

	2021 RM	Group 2020 RM
Ringgit Malaysia ("RM")	22,199,911	17,617,517
US Dollar ("USD")	7,577,285	9,157,234
	29,777,196	26,774,751

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17. BORROWINGS (CONT'D)

- (c) The following table demonstrates the sensitivity of the 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:

	2021 RM	Group 2020 RM
USD/RM		
- strengthen 3% (2020: 3%)	(172,762)	(208,785)
- weaken 3% (2020: 3%)	172,762	208,785

- (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.

The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

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

	2021 RM	Group 2020 RM
Profit after tax		
- increase by 0.1% (2020: 0.1%)	(22,631)	(20,349)
- decrease by 0.1% (2020: 0.1%)	22,631	20,349

- (f) Information on liquidity and cash flow risk of borrowings is disclosed in Note 38 to the financial statements.

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17. 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
31 December 2021						
Floating rates						
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
31 December 2020						
Floating rates						
Bankers' acceptances	2.45	14,789,835	—	—	—	14,789,835
Onshore foreign currency loan	4.16	2,871,411	—	—	—	2,871,411
Term loans	5.52	1,407,650	1,403,536	2,473,532	547,513	5,832,231
Bank overdrafts	6.42	3,281,274	—	—	—	3,281,274

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18. 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 13(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.

19. 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 13(f));
- (c) Corporate guarantee from the Company; and
- (d) Joint and several guarantees by certain Directors of the Company and its subsidiaries.

20. HIRE PURCHASE AND LEASE LIABILITIES

	2021 RM	Group 2020 RM
Non-current liabilities		
Hire purchase with financial institutions	920,140	1,386,440
Lease liabilities with non-financial institutions	1,070,478	2,566,044
	1,990,618	3,952,484
Current liabilities		
Hire purchase with financial institutions	641,826	587,547
Lease liabilities with non-financial institutions	1,860,021	1,637,828
	2,501,847	2,225,375
Total hire purchase and lease liabilities	4,492,465	6,177,859

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20. HIRE PURCHASE AND LEASE LIABILITIES (CONT'D)

- (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.

- (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 29 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% (2020: 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 5.77% (2020: 5.90%).

- (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:

	2021 RM	Group 2020 RM
Ringgit Malaysia ("RM")	2,264,494	2,550,618
Hong Kong Dollar ("HKD")	1,939,149	3,366,820
Renminbi ("RMB")	288,822	260,421
	4,492,465	6,177,859

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20. HIRE PURCHASE AND LEASE LIABILITIES (CONT'D)

- (h) The following table demonstrates the sensitivity of the 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:

	2021 RM	Group 2020 RM
HKD/RM		
- strengthen 3% (2020: 3%)	(44,213)	(76,763)
- weaken 3% (2020: 3%)	44,213	76,763

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 38 to the financial statements.

21. 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 (2020: one (1) month to three (3) months).
- (c) The currency exposure profile of trade payables is as follows:

	2021 RM	Group 2020 RM
Ringgit Malaysia ("RM")	5,917,766	4,947,211
US Dollar ("USD")	279,972	96,077
Japanese Yen ("JPY")	126,369	135,156
Euro ("EUR")	339	102,160
	6,324,446	5,280,604

- (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 38 to the financial statements.

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22. OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	2,769,744	1,867,935	6,964	5,194
Accrued expenses	973,218	1,526,289	14,600	13,700
	3,742,962	3,394,224	21,564	18,894

- (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:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia ("RM")	3,435,486	3,148,274	21,564	18,894
US Dollar ("USD")	13,478	—	—	—
Euro ("EUR")	35,592	—	—	—
Renminbi ("RMB")	194,546	116,531	—	—
Hong Kong Dollar ("HKD")	63,860	129,419	—	—
	3,742,962	3,394,224	21,564	18,894

- (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 38 to the financial statements.

23. 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 (2020: 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 38 to the financial statements.

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24. 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:

	2021 RM	Group 2020 RM
Ringgit Malaysia ("RM")	89,286	113,571
Renminbi ("RMB")	99,763	29,145
Hong Kong Dollar ("HKD")	–	78,772
	189,049	221,488

- (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 amounts owing to Directors is disclosed in Note 38 to the financial statements.

25. GOVERNMENT GRANT

	2021 RM	Group 2020 RM
Balance as at 1 January	309,157	–
Received during the financial year		
- cash	103,052	103,052
- receivables	–	206,105
Amortisation charge for the financial year	(4,907)	–
Balance as at 31 December	407,302	309,157
Represented by:		
Current liabilities	29,444	–
Non-current liabilities	377,858	309,157
	407,302	309,157

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.

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26. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers:				
- sale of rubber based tyre retreaded products and related charges	114,794,407	103,355,966	–	–
Other revenue:				
- dividend income from a subsidiary	–	–	1,966,229	2,998,500
	114,794,407	103,355,966	1,966,229	2,998,500

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 shareholders' right to receive payment is established.

27. EMPLOYEE BENEFITS

	2021 RM	Group 2020 RM
Wages, salaries, allowances and bonuses	10,360,359	10,982,560
Contributions to defined contribution plans	558,450	532,617
Social security contributions	102,216	99,078
Other employee benefits	859,702	1,018,456
	11,880,727	12,632,711

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM865,737 (2020: RM1,058,612) as further disclosed in Note 30 to the financial statements.

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28. FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Finance income				
Finance income from:				
- deposits with licensed banks	72,398	146,684	–	–
- placement in funds	55,921	125,153	55,921	125,153
- others	8,619	31,379	1,987	901
	136,938	303,216	57,908	126,054
Finance costs				
Interest expense in relation to:				
- bankers' acceptances, onshore foreign currency loan and bank overdrafts	607,763	686,887	–	–
- hire purchase and lease liabilities	311,902	405,354	–	–
- term loans	252,747	257,503	–	–
	1,172,412	1,349,744	–	–

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

29. PROFIT BEFORE TAX

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
After charging:				
Auditors' remuneration Statutory audit:				
- auditors of the Company				
- current year	121,000	116,000	15,500	14,600
- other auditors				
- current year	22,352	19,371	–	–
- underprovision in prior years	9,066	8,937	–	–
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	375,666	361,832	260,000	246,000
- Directors of the subsidiaries	20,333	20,416	–	–
<i>Other emoluments</i>				
- Directors of the Company	833,738	1,036,513	–	–
- Directors of the subsidiaries	31,999	32,499	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(CONT'D)

29. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
After charging (cont'd):				
Realised loss on foreign exchange	–	96,292	–	–
Property, plant and equipment written off	2,581	18,368	–	–
Variable lease payments				
- based on the usage of square feet for stored stocks	260,345	246,692	–	–
And crediting:				
Dividend received and receivable from a subsidiary	–	–	1,966,229	2,998,500
Gain on reassessment and modification of lease	1,226	–	–	–
Variable lease payments				
- arising from COVID-19 related rent concessions	84,459	131,591	–	–
Gain on disposal of property, plant and equipment	310,915	14,999	–	–
Realised gain on foreign exchange	212,647	–	–	–
Unrealised gain on foreign exchange	740,419	478,577	–	–

30. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company:				
Executive:				
Fees	175,666	175,832	90,000	90,000
Other emoluments	833,738	1,026,113	–	–
Non-executive:				
Fees	200,000	186,000	170,000	156,000
Other emoluments	–	10,400	–	–
Directors of the subsidiaries:				
Executive:				
Fees	20,333	20,416	–	–
Other emoluments	31,999	32,499	–	–
Total	1,261,736	1,451,260	260,000	246,000

Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM93,790 (2020: RM69,702).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(CONT'D)

30. 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
2021		
RM1 - RM50,000	–	4
RM50,001 - RM100,000	–	1
RM250,001 - RM300,000	1	–
RM300,001 - RM350,000	1	–
RM500,001 - RM550,000	1	–
2020		
RM1 - RM50,000	–	4
RM50,001 - RM100,000	–	1
RM300,001 - RM350,000	1	–
RM350,001 - RM400,000	1	–
RM550,001 - RM600,000	1	–

31. TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense based on profit for the financial year	520,960	833,046	–	–
(Over)/Underprovision in prior years	(96,350)	(135,731)	196	–
	424,610	697,315	196	–
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	306,257	(114,428)	–	–
Underprovision in prior years	110,495	157,279	–	–
	416,752	42,851	–	–
Tax expense	841,362	740,166	196	–

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 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

31 DECEMBER 2021

(CONT'D)

31. TAX EXPENSE (CONT'D)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	3,603,992	4,137,501	1,004,458	2,535,037
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	864,958	993,000	241,070	608,409
Tax effects in respect of:				
Non-allowable expenses	106,712	307,492	307,176	141,268
Non-taxable income	(150,124)	(56,196)	(548,246)	(749,677)
Utilisation of reinvestment allowance	(95,168)	(179,464)	–	–
Utilisation of investment tax allowance	–	(371,823)	–	–
Utilisation of previously unrecognised deferred tax assets	(36,028)	(62,620)	–	–
Different tax rates in foreign jurisdiction	(26,815)	(31,621)	–	–
Deferred tax assets not recognised	163,682	119,850	–	–
	827,217	718,618	–	–
(Over)/Underprovision of current tax expense in prior years	(96,350)	(135,731)	196	–
Underprovision of deferred tax in prior years	110,495	157,279	–	–
Total tax expense	841,362	740,166	196	–

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

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

	Before tax RM	Tax effect RM	After tax RM
At 31 December 2021			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translations	(172,396)	–	(172,396)
At 31 December 2020			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translations	(243,044)	–	(243,044)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(CONT'D)

32. EARNINGS PER ORDINARY SHARE**(a) Basic**

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

	2021 RM	Group 2020 RM
Profit for the financial year attributable to owners of the parent	2,762,630	3,397,335
Weighted average number of ordinary shares in issue (unit)	240,593,796	240,593,796
Basic earnings per ordinary share for (sen):	1.15	1.41

(b) Diluted

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

33. DIVIDEND

	Dividend per share sen	2021 Amount of dividend RM	Group and Company Dividend per share sen	2020 Amount of dividend RM
Single tier interim dividend	–	–	1.00	2,405,938

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(CONT'D)

34. 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.

- (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:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
With subsidiary:				
Eversafe Rubber Works Sdn. Bhd.				
- dividend income	–	–	1,966,229	2,998,500
With major shareholder:				
Tai Hin & Son (PG) Sdn. Bhd.				
- rental paid	240,000	222,000	–	–
With direct and indirect subsidiaries of major shareholder:				
Tayarmart (M) Sdn. Bhd.				
- sale of trading goods	1,433,040	1,466,185	–	–
- purchase of raw materials	103,665	97,614	–	–
- purchases of services	12,535	7,335	–	–
Tayarmart (Raja Uda) Sdn. Bhd.				
- sale of trading goods	126,069	120,319	–	–
- purchase of raw materials	15,091	11,704	–	–
- purchases of services	75	960	–	–
Tayarmart (T. Bagan) Sdn. Bhd.				
- purchase of raw materials	–	4,080	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(CONT'D)

34. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fees	395,999	382,248	260,000	246,000
Short term employee benefits	1,274,033	1,564,590	–	–
Contributions to defined contribution plans	112,920	109,703	–	–
	1,782,952	2,056,541	260,000	246,000

35. CAPITAL COMMITMENT

	2021 RM	Group 2020 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	3,600	3,600

36. CONTINGENT LIABILITIES

	2021 RM	Group 2020 RM
Unsecured		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	28,593,743	25,644,392

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(CONT'D)

37. 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 2021 and 31 December 2020.

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.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Borrowings	29,777,196	26,774,751	–	–
Hire purchase and lease liabilities	4,492,465	6,177,859	–	–
Less: Cash and bank balances	(14,415,685)	(9,674,924)	(2,178,159)	(804,382)
Placement in funds	(3,708,318)	(9,079,678)	(3,171,965)	(7,579,678)
Net debt/(Net cash)	16,145,658	14,198,008	(5,350,124)	(8,384,060)
Total capital	65,055,039	62,464,805	66,446,466	65,442,204
Net debt-to-equity ratio	0.25	0.23	*	*

* 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 2.0 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 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(CONT'D)

38. 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 9, Note 10, Note 13, Note 17, Note 20, Note 21, Note 22 and Note 24 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

31 DECEMBER 2021

(CONT'D)

38. 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
Group				
31 December 2021				
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
31 December 2020				
Trade payables	5,280,604	–	–	5,280,604
Other payables and accrued expenses	3,394,224	–	–	3,394,224
Amounts owing to related parties	40,804	–	–	40,804
Amounts owing to Directors	221,488	–	–	221,488
Borrowings	22,589,335	4,316,591	577,607	27,483,533
Hire purchase and lease liabilities	2,540,048	4,210,333	–	6,750,381
Total undiscounted liabilities	34,066,503	8,526,924	577,607	43,171,034

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(CONT'D)

38. 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 (cont'd):

	On demand or within one (1) year RM	One (1) to five (5) year RM	Total RM
Company			
31 December 2021			
Other payables and accrued expenses/			
Total undiscounted liabilities	21,564	–	21,564
31 December 2020			
Other payables and accrued expenses/			
Total undiscounted liabilities	18,894	–	18,894

(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, the Group has no significant concentration of credit risk. The Group does not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

(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 13, Note 17 and Note 20 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(CONT'D)

39. 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. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phase and intensity of MCO depending on the statistic and the severity of the active cases.

Based on the assessment of the Group and of the Company, 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 2021.

The Group and the Company have considered the impact of COVID-19 in their business operations and took the necessary precautions and provisions where necessary. The Group and the Company 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 and of the Company.

40. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSS**(a) New MFRSSs adopted during the financial year**

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

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concession beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021 (early adopt)

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

(b) New MFRSSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

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
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendment to MFRS 17 <i>Insurance Contracts</i>)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

(CONT'D)

40. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSS (CONT'D)**(b) New MFRSSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022 (cont'd)**

Title	Effective Date
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
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 Standards and Amendments, since the effects would only be observable for the future financial years.

ANALYSIS OF SHAREHOLDERS

AS AT 31 MARCH 2022

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	:	1,849 shareholders

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2022

(as per the Record of Depositors)

Size of Holdings	No. of holders	% of holders	No. of shares held	% of issued shares
1-99	4	0.21	100	*
100-1,000	181	9.79	100,400	0.04
1,001-10,000	845	45.70	5,467,100	2.27
10,001-100,000	675	36.51	23,926,600	9.95
100,000 to less than 5% of issued shares	142	7.68	88,817,812	36.92
5% and above issued shares	2	0.11	122,281,784	50.82
Total	1,849	100.0	240,593,796	100.00

Note:

* Negligible

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2022

(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	⁽¹⁾ 117,137,446	48.69
Eu Ah Seng	4,707,350	1.96	⁽²⁾ 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(1)(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

AS AT 31 MARCH 2022

(CONT'D)

SHAREHOLDINGS OF DIRECTORS AS AT 31 MARCH 2022

(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	⁽¹⁾ 117,137,446	48.69
Eu Ah Seng	4,707,350	1.96	⁽²⁾ 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(1)(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 31 March 2022)

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)	7,479,075	3.11
6.	Eu Ah Seng	4,707,350	1.96
7.	Goh Kim Han	2,708,500	1.13
8.	Cheah Eu Lee	2,000,000	0.83
9.	Ooi Lay See	1,700,000	0.71
10.	Chuah Meng Hing	1,604,906	0.67
11.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kong Kok Choy (8092812)	1,276,300	0.53
12.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For How Chee Keong (E-SS2)	1,126,000	0.47

ANALYSIS OF SHAREHOLDERS

AS AT 31 MARCH 2022

(CONT'D)

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

(as per the Record of Depositors as at 31 March 2022)

No.	Name of Shareholder	No. of shares	% of shares
13.	Chin Mun Fie	1,017,000	0.42
14.	LNH Holdings Sdn Bhd	1,000,000	0.42
15.	Pichet Nithivasin	1,000,000	0.42
16.	Saw Khai Phin Holdings Sdn Bhd	1,000,000	0.42
17.	Koid Lay Peng	997,400	0.41
18.	Tan Huen Man	986,211	0.41
19.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tang Way Keong (E-TMI)	973,100	0.40
20.	Saw Khai Phin	950,000	0.39
21.	Lee Chu Siong	945,864	0.39
22.	Lee Cho Mun	916,000	0.38
23.	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chew Beow Soon	859,900	0.36
24.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Julian Cheah Wai Meng	753,600	0.31
25.	Cheah Siang Tee	750,000	0.31
26.	Loh Nam Hooi	717,800	0.30
27.	Public Nominees (Asing) Sdn Bhd Pledged Securities Account for Liu, Jen-Cheng (E-TMM/BDR)	700,000	0.29
28.	Cheah Siang Gim	697,000	0.29
29.	Aishah Chuah Binti Abdullah	648,454	0.27
30.	Chuah Chin Liang	648,424	0.27
Total		182,444,668	75.85

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/-	#	1,011,165
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	6,931,267
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/-	#	1,776,036
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/-	#	1,290,978

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 7TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of **EVERSAFE RUBBER BERHAD** will be held at **Conference 1, Level 2, WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan** on **Thursday, 26 May 2022 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 2021 and the Reports of the Directors and Auditors thereon. | [Please refer to Explanatory Note 1] |
| 2. | To re-elect the following Directors who retire by rotation pursuant to Clause 127 of the Company's Constitution:- | |
| | i) Tan Sri Dato' Dr. Sak Cheng Lum | (Resolution 1) |
| | ii) Tuan Haji Mohd Isa Bin Talib | (Resolution 2) |
| | iii) Mr. Cheah Siang Tee | (Resolution 3) |
| 3. | To approve the Directors' fees of RM260,000.00 for the financial year ending 31 December 2022. | (Resolution 4) |
| 4. | To approve the Directors' benefits of up to RM1,500,000.00 for the period from 1 July 2022 to 30 June 2023. | (Resolution 5) |
| 5. | To re-appoint BDO PLT as Auditors of the Company and authorise the Directors to fix their remuneration. | (Resolution 6) |

SPECIAL BUSINESS

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

- | | | |
|----|---|-----------------------|
| 6. | AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | (Resolution 7) |
|----|---|-----------------------|

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

NOTICE OF 7TH ANNUAL GENERAL MEETING

(CONT'D)

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

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

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

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

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

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

(Resolution 8)

“THAT subject to the Listing Requirements of Bursa Securities, 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 the Shareholders dated 27 April 2022 (“the Circular”), subject further to the following:-

- (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;
- (ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
 - (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;
 - (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 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting;

NOTICE OF 7TH ANNUAL GENERAL MEETING

(CONT'D)

whichever is the earlier;

ND 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: 27 April 2022
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 Seventh Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd to issue a General Meeting Record of Depositors (“ROD”) as at 18 May 2022. 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 7TH ANNUAL GENERAL MEETING

(CONT'D)

8. Shareholders are advised to check the Company's website at www.eversafe.com.my and announcements from time to time for any changes to the administration of the Seventh 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

Tan Sri Dato' Dr. Sak Cheng Lum, Tuan Haji Mohd Isa Bin Talib and Mr. Cheah Siang Tee are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Seventh Annual General Meeting.

The Board of Directors ("the Board") has through the Nomination 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 Tan Sri Dato' Dr. Sak Cheng Lum and Tuan Haji Mohd Isa Bin Talib 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 2021 at pages 6 to 9.

3. Proposed Resolution 4

The Directors' Fees proposed for the financial year ending 31 December 2022 are calculated based on the 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 2022 until 30 June 2023. In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size etc.), approval will be sought for the shortfall at the next Annual General Meeting of the Company to be held in 2023.

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 Seventh Annual General Meeting are disclosed in the Corporate Governance Overview Statement of the Annual Report 2021.

NOTICE OF 7TH ANNUAL GENERAL MEETING

(CONT'D)

6. Proposed Resolution 7

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed General Mandate").

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

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

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

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the Sixth AGM held on 25 May 2021 and will lapse at the conclusion of the Seventh AGM to be held on 26 May 2022. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

7. Proposed Resolution 8

The proposed Ordinary Resolution 8 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 27 April 2022 accompanying the Company's Annual Report for the financial year ended 31 December 2021.

**STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING**

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

ADMINISTRATIVE GUIDE FOR THE CONDUCT OF SEVENTH ANNUAL GENERAL MEETING (“7TH AGM”)

Day and Date : Thursday, 26 May 2022
Time : 11.00 a.m.
Venue : Conference 1, Level 2, WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan

Dear Shareholders of Eversafe Rubber Berhad (the “Company”)

Pursuant to the Guidance Note on the Conduct of General Meetings for Listed Issuers by the Securities Commission Malaysia, please find the guidance below on the requirements and method of participating in the 7th AGM:

A. Public Health Precautions and Preventive Measures

- In light of the COVID-19 outbreak, we appreciate if all shareholders, proxies and invited guests/attendees could take all the necessary preventive measures and precautionary practices as issued by the Ministry of Health Malaysia when attending the 7th AGM.
- Members/proxies/corporate representatives who wish to attend the 7th 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 Tuesday, 24 May 2022 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.
- If you have travelled overseas in the past fourteen (14) days prior to the date of the 7th AGM or have been in contact with a COVID-19 affected person or if you are unwell with sore throat, flu, fever, cough, aches and pains, nasal congestion, diarrhea or shortness of breath or any symptoms of the COVID-19, you are required to quarantine yourself or seek medical advice and may not allowed to attend the 7th AGM. You are hereby strongly advised and encouraged to appoint a proxy or the Chairman of the meeting to attend and vote at the 7th AGM on your behalf.
- The Company takes the well-being of all stakeholders seriously and to protect the safety and health of shareholders, proxies, invited guests and other attendees who may be attending the 7th AGM in person, the Company will carry out the following safety measures for the 7th AGM:
 - (a) Upon arrival at the 7th AGM venue, all attendees will have to go through a compulsory temperature check and show their fully vaccinated status through their MySejahtera App during the registration process. Any person with a body temperature of above 37.5 degree celsius or is experiencing any symptoms of being unwell as specified above or not fully vaccinated, will **be denied** entry into the venue of the 7th AGM.
 - (b) All attendees are required to sanitise their hands before the 7th AGM and to wear a mask before and throughout the meeting as well as to adhere to social distancing rules of at least one (1) meter between each attendee throughout the 7th AGM.
 - (c) The seats allocated for attendees at the 7th AGM venue will be maintained at a physical distance of at least one (1) meter between each attendees at all times.

Due to the constant evolving COVID-19 situation in Malaysia, we may have to change the arrangement of our 7th AGM at short notice. Kindly check the Company’s website at www.eversafe.com.my or announcements released to Bursa Malaysia from time to time for the latest updates on the status of the 7th AGM. The Company will continue to observe the directives and guidelines issued by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities and will take all relevant precautionary measures as advised.

ADMINISTRATIVE GUIDE FOR THE CONDUCT OF
SEVENTH ANNUAL GENERAL MEETING ("7TH AGM")

(CONT'D)

B. Eligibility to Attend based on the Record of Depositors

Only a shareholder whose name appears on the Record of Depositor as at **18 May 2022** shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

C. Pre-Register Procedure

Members/proxies/corporate representatives/attorneys who wish to attend and vote at the 7th AGM are to follow the procedure as summarised below:

	Procedure	Action
BEFORE THE 7th AGM DAY		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	PRE-REGISTER to attend AGM	<ul style="list-style-type: none"> Registration is open from 11.00 a.m. Wednesday, 27 April 2022 up to 11.00 a.m. Tuesday, 24 May 2022. Login with your user ID and password and select the corporate event: "(REGISTRATION) EVERS SAFE 7TH AGM". Read and agree to the Terms & Conditions and confirm the Declaration. Insert the CDS account number and indicate the number of shares. Submit to register your physical attendance. System will send an e-mail to notify you that your registration to attend the AGM physically is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 18 May 2022, the system will send you an e-mail after 24 May 2022 to approve or reject your registration for pre-register to attend the 7th AGM.

D. Appointment of Proxy

A shareholder who is unable to attend the 7th AGM on 26 May 2022 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 7th 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 FOR THE CONDUCT OF SEVENTH ANNUAL GENERAL MEETING (“7TH AGM”)

(CONT'D)

E. Electronic Lodgment of Form of Proxy

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

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: EVERSAFE 7TH AGM - “Submission of Form of Proxy”. Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(s) appointment. Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online website at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <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"> Login to TIIH Online website at https://tiih.online. Select the corporate exercise name: “EVERSAFE 7TH AGM - Submission of Form of Proxy”. Agree to the Terms & Conditions and Declaration. Proceed to download the file format for “Submission of Form of Proxy” in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Login to TIIH Online, select corporate exercise name: “EVERSAFE 7TH AGM: - Submission of Form of Proxy”. Proceed to upload the duly completed proxy appointment file. Select “Submit” to complete your submission. Print the confirmation report of your submission for your record.

The last date and time for lodging the form of proxy is Tuesday, 24 May 2022 at 11.00 a.m.

ADMINISTRATIVE GUIDE FOR THE CONDUCT OF
SEVENTH ANNUAL GENERAL MEETING (“7TH AGM”)

(CONT'D)

F. Registration on the day of the 7th AGM

Registration will start at 10.00 a.m. at Conference 1, 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):

Tricor Investor & Issuing House Services Sdn Bhd 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. Christine Cheng Mr. Ang Wai Meng	603-27839265 603-27839281
	Fax Number:	603-2783 9222
	Email:	is.enquiry@my.tricorglobal.com

FORM OF PROXY

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

CDS Account No.	No. of Shares Held

*I/We _____ Tel: _____
(Full name in block, NRIC/Passport/Company No)

of _____

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

Full Name (in Block as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or* (*delete as appropriate)

Full Name (in Block as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
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 Seventh Annual General Meeting ("7th AGM") of the Company which will be held at Conference 1, Level 2, WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on **26 May 2022, Thursday at 11.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Ordinary Resolution	Description of Resolution	FOR	AGAINST
1	Re-election of Tan Sri Dato' Dr. Sak Cheng Lum as Director		
2	Re-election of Tuan Haji Mohd Isa Bin Talib as Director		
3	Re-election of Mr. Cheah Siang Tee as Director		
4	Approval of Directors' fees for the financial year ending 31 December 2022		
5	Approval of Directors' benefits for the period from 1 July 2022 to 30 June 2023		
6	Re-appointment of BDO PLT as Auditors		
7	Authority for Directors to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8	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 _____ 2022.

Signature/ Common Seal of Shareholder(s)

* Delete whichever is inapplicable

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.
- 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 TIH Online website at <https://tiah.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.
- For the purpose of determining a member who shall be entitled to attend the Seventh Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd to issue a General Meeting Record of Depositors ("ROD") as at 18 May 2022. 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.
- Shareholders are advised to check the Company's website at www.eversafe.com.my and announcements from time to time for any changes to the administration of the Seventh 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
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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

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