



**EVERSAFE RUBBER BERHAD**

[201501008542 (1133877-V)]



ANNUAL  
REPORT  
**2023**



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# CORPORATE INFORMATION

## Tan Sri Dato' Dr. Sak Cheng Lum

(Independent Non-Executive Chairman)

## Dato' Seri Cheah Eu Kiat

(Executive Director)

## Cheah Eu Lee

(Non-Independent Non-Executive Director)

## Eu Ah Seng

(Executive Director)

## Ng Meng Kwai

(Senior Independent Non-Executive Director)

## Cheah Siang Tee

(Chief Executive Officer / Executive Director)

## Haji Mohd Isa Bin Haji Talib

(Independent Non-Executive Director)

## Ong Beow Chieh

(Independent Non-Executive Director)

# BOARD OF DIRECTORS

### AUDIT COMMITTEE

Ng Meng Kwai  
(Chairman)

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

Haji Mohd Isa Bin Haji Talib  
(Member)

### REMUNERATION COMMITTEE

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

Haji Mohd Isa Bin Haji Talib  
(Member)

Dato' Seri Cheah Eu Kiat  
(Member)

### NOMINATING COMMITTEE

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

Cheah Eu Lee  
(Member)

Ng Meng Kwai  
(Member)

### COMPANY SECRETARIES

Mastura Binti Muhamad  
(SSM PC No. 202308000517)  
(MACS 01875)

Law Mee Poo  
(SSM PC No. 201908002275)  
(MAICSA 7033423)

### REGISTERED OFFICE

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

Tel : +605 548 0888  
Fax : +605 545 9222

### HEAD OFFICE

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

Tel : +605 291 0599

Fax : +605 291 1699

Email : enquiry@eversafe.com.my

Website: www.eversafe.com.my

### AUDITORS

BDO PLT 201906000013  
(LLP0018825-LCA & AF0206)  
Level 8, Menara CentARA  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Malaysia

Tel : +603 2616 2888

Fax : +603 2616 3190/3191

### SOLICITORS

Teh & Lee  
A-3-3 & A-3-4, Northpoint Offices  
Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur  
Malaysia

Tel : +603 2283 2800

Fax : +603 2283 2500

### PRINCIPAL BANKERS

Public Bank Berhad  
46-52, Jalan Yang Kalsom  
30250 Ipoh  
Perak  
Malaysia

Hong Leong Bank Berhad  
Lot A-G-2 (Ground Floor)  
No. 1, Persiaran Greentown 2  
Greentown Business Center  
30450 Ipoh  
Perak  
Malaysia

OCBC Bank (Malaysia) Berhad  
2, Jalan Dato Maharajalela  
30000 Ipoh  
Perak  
Malaysia

Malayan Banking Berhad  
No. 5, Jalan Todak 2  
Bandar Baru Seberang Jaya  
13700 Seberang Jaya  
Pulau Pinang  
Malaysia

### SHARE REGISTRAR

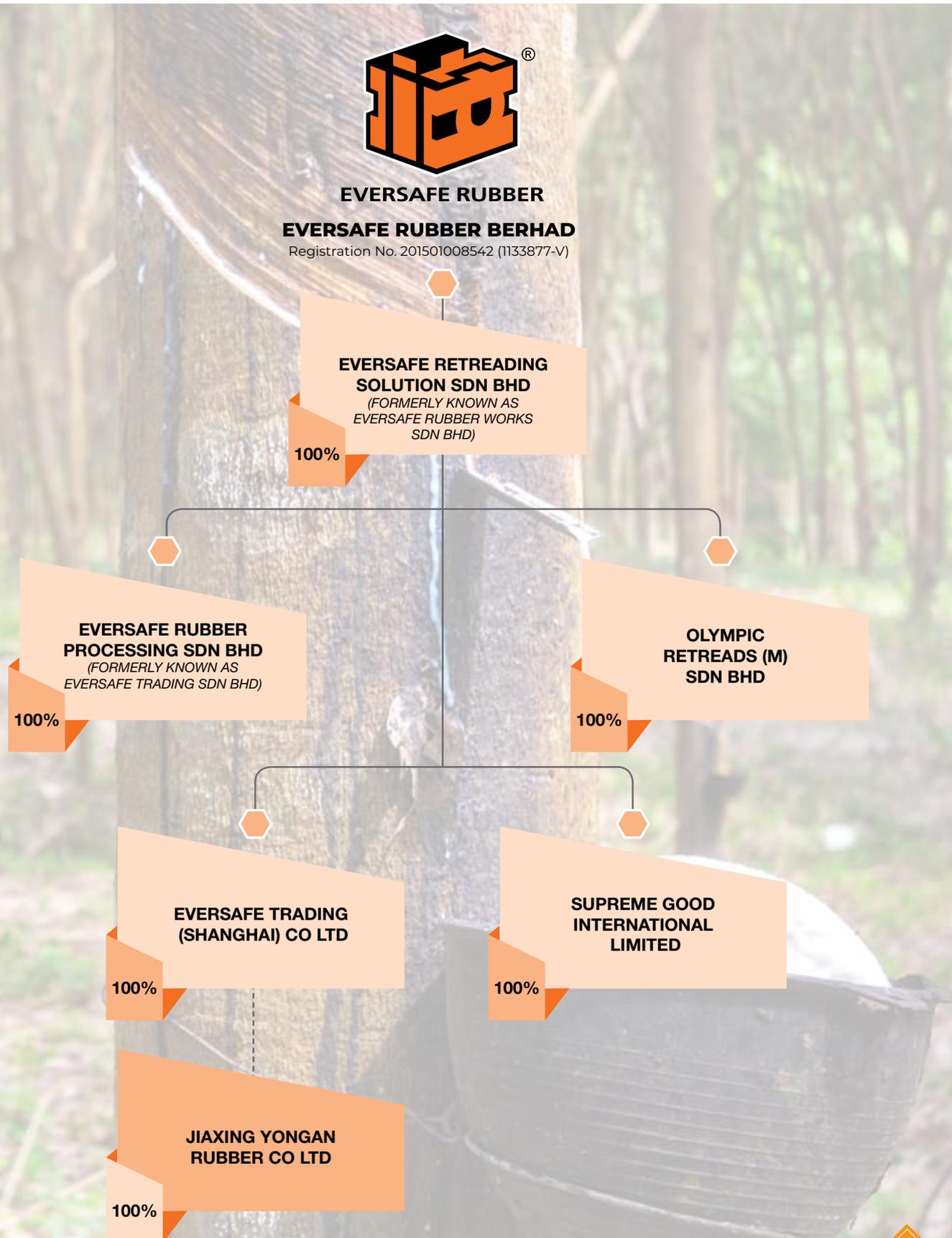
Tricor Investor & Issuing House  
Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia  
Tel : +603 2783 9299  
Fax : +603 2783 9222

Tricor Customer Service Centre  
Unit G-3, Ground Floor  
Vertical Podium  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Code: 0190  
Stock Name: ESAFE

# CORPORATE STRUCTURE



## GROUP FINANCIAL HIGHLIGHTS

Group	Financial year ended			
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Revenue	116,329	144,864	114,794	103,356
Gross profit ("GP")	14,154	15,720	17,740	18,650
Profit/(Loss) before taxation ("PBT/LBT")	2,190	(4,612)	3,604	4,138
Profit/(Loss) after tax ("PAT/LAT")/ Profit/(Loss) attributable to the owners of Company	1,245	(4,464)	2,763	3,397
Earnings before interests, taxes, depreciation and amortisation	11,486	3,878	11,222	11,833
Total equity attributable to owners of the Company	60,447	59,107	65,055	62,465
Earning/(Loss) per share <sup>(1)</sup> (sen)	0.5	(1.9)	1.1	1.4
Dividends per share <sup>(1)</sup> (sen)	–	0.8	–	1.0
Net assets ("NA") per share <sup>(1)</sup> (sen)	25.1	24.6	27.0	26.0
GP margin <sup>(2)</sup> (%)	12.2	10.9	15.5	18.0
Net profit/(loss) margin <sup>(3)</sup> (%)	1.1	(3.1)	2.4	3.3
Return on equity attributable to owners of Company <sup>(4)</sup> (%)	2.1	(7.6)	4.2	5.4
Return on total assets <sup>(5)</sup> (%)	1.0	(3.4)	2.4	3.1

### 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/LAT over revenue.
- (4) Computed based on PAT/LAT over total equity attributable to owners of the Company.
- (5) Computed based on PAT/LAT 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	Nationality	Gender
80		

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

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

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

Currently, he serves as chairman of the University Tunku Abdul Rahman Foundation Board of Trustees since 2010 and also as a member of the Board of Trustees for ECM Libra Foundation and Neoh Foundation. He is also appointed to the board of directors of several private corporations in Malaysia.

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

## PROFILE OF DIRECTORS (CONT'D)



### DATO' SERI CHEAH EU KIAT

("Dato' Seri Cheah")  
Executive Director

Aged	Nationality	Gender
74		

**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 Retreading Solution Sdn Bhd (formerly known as Eversafe Rubber Works Sdn Bhd ("**Retreading Solution**"). 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 Retreading Solution since 1982, Eversafe Rubber Processing Sdn Bhd (formerly known as Eversafe Trading Sdn Bhd ("**Eversafe Rubber Processing**") 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 companies and he does not sit on any other boards.

PROFILE OF DIRECTORS  
(CONT'D)



**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 Retreading Solution with Dato’ Seri Cheah.

Mr. Eu is presently an Executive Director of Retreading Solution since 1980, Eversafe Rubber Processing 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 companies and he does not sit on any other boards.

## PROFILE OF DIRECTORS (CONT'D)



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

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

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

Mr. Cheah is presently an Executive Director for Retreading Solution since 2014, Eversafe Rubber Processing since 2014, Eversafe Shanghai since 2005, Jiaxing YongAn Rubber Co Ltd ("**Jiaxing**") 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 companies and he does not sit on any other boards.

## PROFILE OF DIRECTORS (CONT'D)



**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 Retreading Solution since 2008, Eversafe Rubber Processing since 2008 and Olympic since 1979. Apart from the Eversafe Group, he is not a director of any other public companies and he does not sit on any other boards.

## PROFILE OF DIRECTORS (CONT'D)



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

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

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

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

## PROFILE OF DIRECTORS (CONT'D)

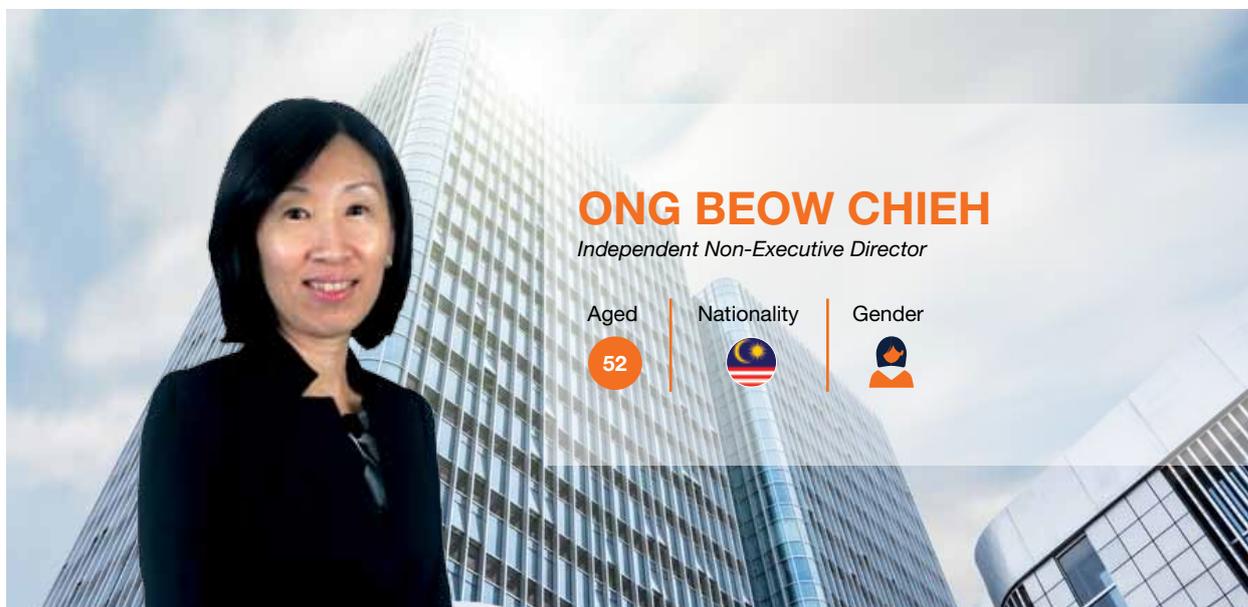


**Tuan Haji Mohd Isa** was appointed as an Independent Non-Executive Director of Eversafe Rubber on 30 May 2016. He is also a member of the Audit Committee and Remuneration Committee.

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 companies and he does not sit on any other boards.

## PROFILE OF DIRECTORS (CONT'D)



**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 public sanction or penalty by the relevant authorities or regulatory bodies during the financial year ended 31 December 2023.
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

Executive Director

Please refer to page 7 of the Annual Report for the profile of Dato' Seri Cheah.

### EU AH SENG

Executive Director

Please refer to page 8 of the Annual Report for the profile of Mr. Eu Ah Seng.

### CHEAH SIANG TEE

Chief Executive Officer /  
Executive Director

Please refer to page 9 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 74, 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 58, is our Group Finance Manager. She oversees the overall finance and treasury functions within our Group, including the preparation of financial statements and liaising with the auditors, tax agents, lawyers and bankers.

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

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

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

**Lee Chee Kong**

General Manager – Sales &amp; Marketing

Mr. Lee Chee Kong, Malaysian, male, aged 60, 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 Retreading Solution 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.

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

### Eu Hong Lim

Export Sales Manager

Mr. Eu Hong Lim, Malaysian, male, aged 47, 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 Retreading Solution 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.

### ANUAR BIN ATAN

General Manager - Production

Anuar bin Atan, Malaysian, male, aged 61, 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 Retreading Solution 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 public sanction or penalty by the relevant authorities or regulatory bodies during the financial year ended 31 December 2023.
2. None of the key senior management have any conflicts of interest with the Company.
3. Save as disclosed on page 13 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 Mr. Eu Hong Lim, our Export Sales Manager.

# CHAIRMAN'S STATEMENT

## Dear Valued Shareholders,

On behalf of the Board of Directors (“**Board**”) of Eversafe Rubber Berhad (“**Eversafe Rubber**” or our “**Company**”), I am privileged to present to you the Annual Report and audited financial statements for the financial year ended (“**FYE**”) 31 December 2023.



## CHAIRMAN'S STATEMENT (CONT'D)

### HIGHLIGHTS

The Malaysian economy normalised to 3.7% in 2023 following strong growth of 8.7% in 2022. Growth moderated amidst a challenging external environment that included slower global trade, the global tech downcycle, geo-political tensions, and tighter monetary policies.

Consequently, our business was also impacted to an extent by these challenges. Despite the headwinds, we maintained a consistent performance and continue doing so in FY2023.

### PERFORMANCE REVIEW

For the FYE 31 December 2023, our Group recorded a revenue of approximately RM116.33 million, a decrease of approximately RM28.53 million or 20% as compared to FYE 31 December 2022. The decrease in revenue was mainly due to the decrease in sales of tyre retreading materials.

Nevertheless, we recorded a Profit Before Tax amounting to RM2.19 million for FYE 31 December 2023 as opposed to the Loss Before Tax of RM4.61 million in the preceding year. This reflects a profit of approximately RM6.80 million due to several factors such as higher gross profit margin and other operating income as well as lower distribution costs.

### PROSPECTS

The Malaysian automotive industry has historically been a significant contributor to the country's economy. At present, the industry contributes an estimated 4% of Malaysia's annual Gross Domestic Product or around USD8.4 billion and employs a workforce of over 700,000 people. The Malaysian automotive sector is the third largest in Southeast Asia and 23rd largest globally with an annual output of over 740,000 vehicles.

After experiencing a decline for two years in a row due to the COVID-19 pandemic, the automotive sector grew by 11% in 2023. Despite the recovery, the Malaysian Automotive Association, following record sales of 799,731 units in 2023, has forecasted a decline of new motor vehicles by 7.5% in 2024.

Against this background, we remain cautious of our prospects for FY2024. We believe factors such as improved supply chains and ongoing new model launches, including many new electrified vehicles, at affordable and competitive prices, will entice and sustain buying interest amongst consumers. On top of that, Bank Negara's decision to maintain the benchmark overnight policy rate at 3% will also be favourable in keeping loan borrowing costs stable, boding well for the industry.

However, we anticipate a slow-down in consumer spending due to concerns over targeted subsidy rationalisation, the high cost of living, the implementation of the proposed high-value goods tax, and higher service tax rates for some services, including motor vehicle repair and maintenance.

### ACKNOWLEDGEMENTS

As always, I would like to acknowledge our shareholders for your trust in our ability to deliver; our business partners, and suppliers for sharing our vision and value and being there with us on our journey, and our customers for your consistent support over the years.

It is also with heartfelt gratitude that I would like to thank the entire Eversafe Rubber family. It is because of your unfailing commitment to the Group that we have been able to get to where we are today. Thank you to my fellow Board members for your steady guidance and confidence in the team. Let's continue to uphold our Vision and Mission as we move forward together into what promises to be a very exciting future.

# 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 polymer products and tyre retreading operations.

## BUSINESS AND OPERATIONS

Our subsidiaries, namely Eversafe Retreading Solution Sdn Bhd (formerly known as Eversafe Rubber Works Sdn Bhd), Eversafe Rubber Processing Sdn Bhd (formerly known as 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 and polymer products whilst Olympic Retreads (M) Sdn Bhd and Supreme Good International Limited carries out tyre retreading operations.

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

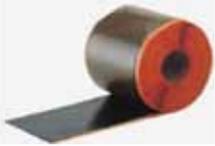
Our tyre retreading materials primarily comprise rubber compounds which are developed and formulated in-house, using a combination of raw materials blended to achieve qualities that are appropriate to the specific performance requirements of each type of tyre, according to customer requirements. Our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

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

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

<p><b>1. Masterbatch</b></p> 	<p>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.</p>
<p><b>2. Pre-cured tread liners</b></p> 	<p>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.</p>
<p><b>3. Camelbacks</b></p> 	<p>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.</p>

MANAGEMENT’S DISCUSSION AND ANALYSIS  
(CONT’D)

<p><b>4. Cushion gums</b></p> 	<p>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.</p>
<p><b>5. Repair ropes</b></p> 	<p>Repair ropes are rubber compounds extruded in a rope form. Repair ropes are used in the process of repairing tyres.</p>
<p><b>6. Sidewall veneers</b></p> 	<p>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.</p>
<p><b>7. Orbitreads</b></p> 	<p>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.</p>

**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**

We started the year with expectations of the ongoing headwinds such as rising labour, energy and raw material costs impacting our profit margin. Due to this, we kept our head down and continued deploying mitigative actions to protect the Group from any potential impacts.

Such actions include employing a cautious approach while remaining flexible in executing strategic plans to expand our existing business as well as identifying new business opportunities to ensure a sustainable business and long-term shareholder value.

## 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 2022 and 2023:

	FYE 31 December 2023 RM'000	FYE 31 December 2022 RM'000
Revenue	116,329	144,864
Gross profit ("GP")	14,154	15,720
Profit/(Loss) before taxation ("PBT/LBT")	2,190	(4,612)
Profit/(Loss) after taxation ("PAT/LAT")	1,245	(4,464)
Net assets ("NA")	60,447	59,107
Total assets	130,487	130,858
Borrowings	41,701	53,835
Hire purchase and lease liabilities	4,810	2,347
Gearing (times)	0.5	0.5
Earning/(Loss) per share <sup>(1)</sup> (sen)	0.5	(1.9)
Dividend per share (sen)	-	0.8
NA per share <sup>(1)</sup> (sen)	25.1	24.6

**Note:**

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

For the financial year under review, our Group's revenue decreased to approximately RM116.3 million from RM144.9 million in the FYE 31 December 2022, representing a decrease of approximately RM28.6 million or 20%. The decrease in our Group's revenue was mainly attributable to the decrease in sales of tyre retreading materials. Further analysis of our Group's revenue for the FYE 31 December 2022 and 2023 by geographical locations is illustrated below:

	FYE 31 December 2023 RM'000	FYE 31 December 2022 RM'000
Malaysia	31,415	33,919
South East Asia (excluding Malaysia)	50,818	69,945
East Asia and Oceania	22,285	28,649
South Asia, Middle East and Africa	4,126	4,446
Americas	1,193	1,626
Europe	6,492	6,279
<b>Total</b>	<b>116,329</b>	<b>144,864</b>

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

Meanwhile, our Group's GP recorded a slight decrease of approximately RM1.5 million or 10% to approximately RM14.2 million from RM15.7 million in FYE 31 December 2022. The decrease in GP was due to the overall decrease in revenue.

At the same time, our Group recorded a Profit Before Tax of approximately RM2.2 million, reflecting a profit of approximately RM6.8 million or 148% for the financial year under review from a Loss Before Tax of RM4.6 million in the previous financial year. The recorded Profit Before Tax was a result of a combination of factors including a higher profit margin and other operating income as well as lower distribution costs.

As at 31 December 2023, our Group's total assets had decreased to approximately RM130.5 million as compared to RM130.9 million in the previous financial year. Our Group's total assets had recorded an decrease due to the decrease in inventories and cash and bank balances of approximately RM1.6 million and RM6.1 million from RM22.5 million and RM20.9 million respectively in the previous financial year.

The Group's borrowings reported an decrease of approximately RM12.1 million from RM53.8 million as at 31 December 2022 to RM41.7 million as at 31 December 2023. The decrease was mainly due to the decrease in bankers' acceptances and term loans used for our Group's operations. Notwithstanding the decrease in borrowings, the management is of the opinion that based on the gearing of 0.5 times as at 31 December 2023, the debt levels of our Group remains manageable.

A summary of our Group's cash flow position for the FYE 31 December 2022 and 2023 is illustrated below:

	FYE 31 December 2023 RM'000	FYE 31 December 2022 RM'000
Net cash from/(used in) operating activities	15,607	(3,320)
Net cash used in investing activities	(2,893)	(5,208)
Net cash (used in)/ from financing activities	(18,616)	17,334
Net (decrease)/increase in cash and cash equivalents	(5,902)	8,806
Cash and cash equivalents at the beginning of the year	18,441	9,501
Cash and cash equivalents at the end of the year	12,850	18,441

During the financial year under review, our Group was in a positive net cash position for its operating activities of RM15.6 million as compared to RM3.3 million negative net cash used in operating activities in the FYE 31 December 2022. This was mainly due to the increase in our Group's PBT. The decrease in our Group's net cash used in investing activities for the financial year under review was due to the acquisition of other investments. At the same time, our Group also expensed net cash used in financing activities of RM18.6 million for the FYE 31 December 2023 as compared to net cash from financing activities of RM17.3 million for the FYE 31 December 2022 was mainly attributable to the repayment of term loans, bankers' acceptance and onshore foreign currency loan of RM13.5 million. This has resulted in a net decrease of our cash and cash equivalents for the financial year under review which stood at RM5.9 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 2022 and 2023 is illustrated below:

	FYE 31 December 2023 RM'000	FYE 31 December 2022 RM'000
<b>Current Assets</b>		
Inventories	20,857	22,517
Trade receivables	26,377	33,172
Other receivables, deposits and prepayments	13,933	5,529
Amounts owing by related parties	327	427
Current tax assets	763	1,028
Placement in funds	7,909	7,832
Cash and bank balances	14,772	20,926
<b>Total current assets</b>	<b>84,938</b>	<b>91,431</b>
<b>Current Liabilities</b>		
Trade payables	3,007	3,949
Other payables and accrued expenses	14,917	6,638
Amounts owing to related parties	45	45
Amounts owing to Directors	163	125
Borrowings	27,817	35,305
Hire purchase and lease liabilities	2,537	1,328
Government grant	29	29
<b>Total current liabilities</b>	<b>48,515</b>	<b>47,419</b>
<b>Net Current Assets</b>	<b>36,423</b>	<b>44,012</b>

Our Group's net current assets position for the FYE 31 December 2023 had decreased from RM44.0 million in the previous financial year to RM36.4 million, representing a decrease of RM7.6 million or 17.3%. This decrease was due to the decrease in trade receivables and cash and bank balances. Based on the above, our Board believes that our Group has sufficient working capital resources for our existing and foreseeable requirements for the financial year ending 31 December 2024.

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

### PROSPECTS AND OUTLOOK

The domestic automotive industry had a great year with sales of new motor vehicles rising 11% to a new all-time high of 799,731 units in 2023, surpassing 721,177 units in 2022. The stellar performance was due to the passenger cars sub-segment, amidst a resilient domestic economy and a more stable socio-political environment.

Despite the stellar performance in 2023, we remain cautious of the 2024 industry outlook given the many uncertainties at play after taking numerous economic and environmental factors into account. This includes the global economic outlook, which remains largely uncertain and exacerbated by geo-political tensions.

Against this background, and taking into consideration other factors like the slow-down of consumer spending, rising cost of living, implementation of the proposed high-value goods tax, we remain cautious of our prospects for FY2024.

# 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 2023 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 2024 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 2023 was RM25,266.

### 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 2023. 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 18 April 2024.

# 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 2023. The details of attendance of each member at the Audit Committee meetings held during the tenure of office of the members are as follows:-

Name	Attendance
Ng Meng Kwai	5/5
Tan Sri Dato’ Dr. Sak Cheng Lum	5/5
Haji Mohd Isa Bin Haji Talib	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](http://www.eversafe.com.my).

## AUDIT COMMITTEE REPORT (CONT'D)

### Summary of works of the Audit Committee

The Audit Committee carried out the following works during the financial year ended 31 December 2023.

#### 1. Financial Reporting

The Audit Committee reviewed and deliberated the unaudited quarterly results before recommending to the Board for approval for announcement to Bursa Malaysia Securities Berhad.

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 on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

#### 4. Conflict of Interest

The Audit Committee reviewed and recommended the policy on the framework and governance conflict of interest of the Group to the Board for adoption.

There was no conflict of interest or potential conflict of interest situation arose during the year under review.

AUDIT COMMITTEE REPORT  
(CONT'D)**Summary of works of the Audit Committee (Cont'd)**

## 5. 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.

## 6. 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 2023, 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.

## 7. Others

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

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

This Audit Committee Report was approved by the Board of Eversafe Rubber on 18 April 2024.

# 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 2023. Where a specific Recommendation of the MCCG has not been observed during the financial year, the non-observation, including reasons thereof, and the alternative practice adopted, if any, is mentioned in this Statement.

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

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

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

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

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

## BOARD CHARTER

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. The Board has in place a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Board 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 Board 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 Board Charter is available on the Company’s website at [www.eversafe.com.my](http://www.eversafe.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### BOARD CHARTER (CONT'D)

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

Types of Meetings	Number of Meetings
Board of Directors	5
Audit Committee	5
Nominating Committee	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, WHISTLEBLOWING AND CONFLICT OF INTEREST POLICY

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

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### CODE OF CONDUCT, WHISTLEBLOWING AND CONFLICT OF INTEREST POLICY (CONT'D)

The Conflict of interest policy was approved by the Board on 16 November 2023.

The Group outlines how they identify and manage Conflicts of Interest to avoid any conflict or potential conflict between their personal interests and the Group's interest. The policy is intended to provide guidance on how to deal with situations involving conflict of interest to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively. Directors, Key Senior Management, and Employees of the Group are expected to disclose any potential conflicts that arise.

### 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.

### SUPPLY OF, AND ACCESS TO, INFORMATION

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

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

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

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

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

### COMPOSITION OF THE BOARD

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### NOMINATING COMMITTEE

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

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

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

The final decision on the appointment of Director in respect of a candidate recommended by the Nominating Committee rests with the Board. The Company Secretaries ensure that all appointments are properly made upon obtaining all necessary information from the Director. During the financial year under review, the Nominating Committee met 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.

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

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

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### REMUNERATION COMMITTEE

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

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

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

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

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

2023	Company	Subsidiaries					Total RM'000	
	Fees RM'000	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits- in-kind RM'000	Others RM'000		
<b>Executive Directors</b>								
	Dato' Seri Cheah Eu Kiat	30	36	234	–	28	12	340
	Eu Ah Seng	30	15	204	–	17	7	273
	Cheah Siang Tee	30	36	428	–	61	56	611
<b>Non-Executive Directors</b>								
	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 MCCG, the Company should disclose the remuneration components of 5 highest remunerated key senior management, on a named basis, including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. Notwithstanding the above, the Board is of the view that such disclosure should not be made publicly available as it will give rise to conflict as well as recruitment and talent retention issues.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### REINFORCE INDEPENDENCE OF THE BOARD

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

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

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

### FOSTER COMMITMENT OF DIRECTORS

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

### BOARD MEETINGS

There were 5 Board meetings held during the financial year ended 31 December 2023, with details of Directors' attendance set out below:

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

### 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 2023 are as follows:

Name of Director	Conferences, Seminars and/or Training
Tan Sri Dato' Dr. Sak Cheng Lum	Budget 2024 & Key Insights on E-Invoicing for Manufacturers
Dato' Seri Cheah Eu Kiat	Seminar Percukaian Kebangsaan 2023
Eu Ah Seng	Seminar Percukaian Kebangsaan 2023
Cheah Siang Tee	Budget 2024 & Key Insights on E-Invoicing for Manufacturers
Cheah Eu Lee	Seminar Percukaian Kebangsaan 2023
Ng Meng Kwai	<ul style="list-style-type: none"> <li>• 2023 Budget Seminar</li> <li>• KPMG Asia Pacific Board Leadership Center Webinar 2023 – Board and Audit Committee Priorities</li> <li>• Complimentary Webinar on ISQM 1: Challenges Faced, Obstacles Overcome and Lesson Learnt</li> <li>• MIA Webinar Series: The Essentials on Impairment, Intangibles, Provisions and Accounting Estimates</li> <li>• Case Study – Based MFRS Webinar: Technical Update 2023 on IFRS Accounting Standards Including IFRS Sustainability Standards</li> <li>• E-Invoicing: Is Your Business Ready for New Regulations</li> <li>• 2024 Budget Seminar</li> <li>• KPMG Webinar: MFRS Updates 2023</li> </ul>
Haji Mohd Isa Bin Haji Talib	Budget 2024 & Key Insights on E-Invoicing for Manufacturers
Ong Beow Chieh	<ul style="list-style-type: none"> <li>• Metaverse – The New Frontier for Intellectual Property</li> <li>• Trademarks and the Internet &amp; Social Media, Protection of Trade Secrets during Civil Proceedings</li> <li>• Trademark Seminar Series</li> <li>• Corporate and Commercial Law (HCCLC) by Bar Council Malaysia</li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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

### AUDIT COMMITTEE

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

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

The detailed composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report of pages 27 to 29 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)

### 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 18 April 2024.

# CORPORATE SUSTAINABILITY STATEMENT

We are deeply committed to supporting Malaysians to build a healthier, greener, and more resilient economy and society. As we continue our sustainability journey, we remain committed to balancing our economic performance with social and environmental considerations. We strive to continue incorporating sound environmental, social, and governance (“ESG”) considerations into our business and operations while delivering long-term value creation, sustainable performance, and good stakeholder value.

## SUSTAINABILITY GOVERNANCE

We have established a clear governance structure to ensure utmost compliance and optimal performance across our business operations. Our sustainability directives come from our Board of Directors who set the tone and maintain responsibility for our overall business conduct. They are supported by our key management team who oversee the implementation and enforcement of our sustainability strategies while also guiding the formulation and direction of our corporate strategies and policies.

## ENVIRONMENTAL ASPECTS

We are committed to protecting the environment and ensuring that our commitment is shared by our business partners and our supply chain. Every year, all our business operations strive to reduce pollution and the amount of waste we generate, maintain sustainable consumption of electricity and water, and reduce carbon emissions.

In FY2023, we continued to promote the efficient use of energy throughout our operations as a means of climate mitigation and to reduce greenhouse gas emissions. We adopted renewable energy technologies by way of solar panels at our factory to reduce the consumption of fossil fuel-based energy.

We have also continued making greater use of several technology applications to where possible avoid unnecessary waste generation and further wastage. Some of the ways we have undertaken to reduce paper usage across the Group is by encouraging the use of electronic platforms such as instant messaging applications and voice-over-Internet Protocol systems such as WhatsApp, Telegram, Skype, and Facebook Messenger as efficient alternative modes of communication with our suppliers, customers, and for day-to-day internal operations.

Our employees have also been mandated to exercise prudence in our consumption of electricity. Employees are required to turn off computers or set workstations to hibernate mode, turn off printers, monitors, and any other office equipment when not in use, especially overnight and on weekends. We have also posted reminder notices to turn off office and building lights at the end of the day throughout the office premises.

## HUMAN RESOURCE ASPECTS

People are the core of our business and our people-centric approach starts with our employees, who are the most valuable asset in Eversafe. We build and grow our human capital by equipping them with skills and knowledge that are essential for contribution to the socio-economy of the nation alongside Eversafe’s business growth. Upholding fair labour practices, we are committed to nurturing a positive work culture and creating a safe, healthy, and conducive work environment for our workforce.

### Health & Safety

We have in place health and safety practices that every employee, contractor, and consultant performing their duties at our premises are mandated to comply with. In line with this, an Emergency Response Team has also been set up 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 FY2023, we recorded 0 cases of work-related injuries and illnesses.

## CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

### HUMAN RESOURCE ASPECTS (CONT'D)

#### Diversity

The diversity of our employees allows us to tap into creativity and experience on multi-fronts subsequently enriching our workforce environment. Regardless of our employees’ background in terms of age, gender, and beliefs, we recognise the contribution that each employee brings to our Group. We rely on all our employees to be inter-dependable and interconnectable to each other in driving our Group towards success.

As of 31 December 2023, Eversafe has a total of 291 employees.

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

Our current employee profile is further illustrated through the diagrams below.

#### Breakdown of Employees by Gender



*Male*  
91%



*Female*  
9%

#### Breakdown of Employees by Age Range



*<30 years old*  
30%



*31 - 50 years old*  
49%



*>50 years old*  
21%

CORPORATE SUSTAINABILITY STATEMENT  
(CONT'D)

**HUMAN RESOURCE ASPECTS (CONT'D)**

In terms of age, 21% (60 people) are above 50 years of age whilst 30% (88 people) of our workforce are under 30 years of age.

Meanwhile, out of 291 people, 47% (137 people) are from other ethnicities demonstrating our commitment to embrace diversity and providing equal opportunities at the workplace.

Breakdown of Employees by Ethnicity (%)	
Malay	30
Chinese	20
Indian	3
Others	47

Concerning the diversity of our Board of Directors, the below segment illustrates the breakdown by gender and age for the Directors.

**Breakdown of Board of Directors by Gender**



Male  
87%



Female  
13%

**Breakdown of Board of Directors by Age Range**



<50 years old  
13%



50 - 59 years old  
13%



60 - 69 years old  
13%



>70 years old  
61%

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

## CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

### **SOCIAL ASPECTS**

One of the most important pillars in our sustainability efforts, community involvement, has played a huge role in our growth. The support from the community has allowed us to form a mutually beneficial relationship which includes developing shared trust with each other. As with past years, we have been conscientious in our focus on giving back to the local communities where we operate by providing gainful employment. On top of that, in the interest of building a sustainable talent pipeline, we have been working with colleges and institutions of higher learning to offer internship placements for soon-to-be graduates.

### **MARKETPLACE ASPECTS**

High standards of integrity, accountability, transparency, and fairness are the bedrock of good corporate governance practices. Anchored by our company policies, and Code of Conduct, we continuously enhance and embed a culture of sound corporate governance practices. This enables us to build confidence while further strengthening the trust of our stakeholders, which in turn contribute to shared value creation through the effective discharge of the Board's duties in safeguarding the interests of our stakeholders.

In addition to this, we also have in place a Whistleblowing Policy to ensure high standards of integrity and to uphold ethical behaviours in the workplace. The Whistleblowing Policy provides employees and external parties with a safe and confidential avenue to report any unethical or illicit activities to the Group.

## 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	–	188	–	20
Non-audit fees				
- Fees for other services	–	5	–	5
<b>Total</b>	–	193	–	25

The paid amounts above are in relation to the fees incurred for the FYE 31 December 2023 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, which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

# 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 2023, 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 18 April 2024.



# FINANCIAL STATEMENTS

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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 2023.

## 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 and polymer products. The principal activities of the subsidiaries are mainly manufacturing, distribution, trading and sale of rubber based tyre retread products and polymer products, provision of related services, investment holding and production and sales of rubber products and service of after sale of self-produced products. Further details of the subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit for the financial year, attributable to owners of the parent	1,245,259	693,006

## DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any other 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 2023 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 1.1.2023	Bought	Sold	
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Dato' Seri Cheah Eu Kiat, DGPN. DSPN. PJK. JP.	15,388,238	-	-	15,388,238
Eu Ah Seng	4,707,350	-	-	4,707,350
Cheah Eu Lee	2,000,000	-	-	2,000,000
Cheah Siang Tee	750,000	-	-	750,000
<u>Indirect interests:</u>				
Dato' Seri Cheah Eu Kiat, DGPN. DSPN. PJK. JP.	117,137,446 <sup>(1)</sup>	-	-	117,137,446 <sup>(1)</sup>
Eu Ah Seng	12,000,000 <sup>(2)</sup>	-	-	12,000,000 <sup>(2)</sup>

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

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

## 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 35 to the financial statements.

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

### DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Fees	412,496	260,000
Short-term employee benefits	910,680	-
Defined contribution plan	64,770	-
Benefits-in-kind	106,632	-
	1,494,578	260,000

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

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

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

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

DIRECTORS' REPORT  
(CONT'D)**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY****(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been 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 render the amounts written off for bad debts or 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)

### AUDITORS

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

### AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	<b>Group RM</b>	<b>Company RM</b>
Statutory audit	187,933	19,500
Non-statutory audit	5,000	5,000
	<hr/> 192,933	<hr/> 24,500

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

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

Penang  
18 April 2024

**Cheah Siang Tee**  
Director



# 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 2023 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 material accounting policy information, as set out on pages 56 to 106.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("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 2023 were RM37,327,472 and the associated impairment losses of trade receivables were RM7,011,960 as disclosed in Note 10 to the financial statements.

We determined this to be a 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.

INDEPENDENT AUDITORS' REPORT  
(CONT'D)**Key Audit Matters (cont'd)****Group (cont'd)****(a) Impairment of trade receivables (cont'd)*****Audit response***

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (ii) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- (iv) Challenged management on the basis for determining cash flows recoverable in worst-case scenarios, where applicable.

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

As at 31 December 2023, 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;
- (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.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

### 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.

### 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, IFRS Accounting Standards, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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.

INDEPENDENT AUDITORS' REPORT  
(CONT'D)**Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

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 (cont'd):

- (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.

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

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

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

**Pang Zhi Hao**  
03450/09/2025 J  
Chartered Accountant

Kuala Lumpur  
18 April 2024

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

	Note	2023 RM	Group 2022 RM	Company 2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	37,352,925	33,995,643	5,756	4,030
Intangible asset	6	1	1	-	-
Investment in a subsidiary	7	-	-	53,633,995	53,633,995
Other investments	8	4,257,412	3,118,272	2,513,143	1,351,500
Trade receivables	10	3,938,655	2,314,183	-	-
		45,548,993	39,428,099	56,152,894	54,989,525
<b>Current assets</b>					
Inventories	9	20,856,561	22,516,853	-	-
Trade receivables	10	26,376,857	33,171,606	-	-
Other receivables, deposits and prepayments	11	13,932,591	5,528,911	226,402	79,500
Amount owing by a subsidiary	12	-	-	2,999,388	-
Amounts owing by related parties	13	327,348	426,883	-	-
Current tax assets		763,454	1,028,231	-	4,315
Placement in funds	14	7,909,562	7,832,229	6,369,630	6,273,050
Cash and bank balances	14	14,771,693	20,925,673	816,849	4,498,474
		84,938,066	91,430,386	10,412,269	10,855,339
<b>TOTAL ASSETS</b>		<b>130,487,059</b>	<b>130,858,485</b>	<b>66,565,163</b>	<b>65,844,864</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	15	65,428,449	65,428,449	65,428,449	65,428,449
Reserves	16	(4,981,018)	(6,321,489)	1,072,421	379,415
<b>TOTAL EQUITY</b>		<b>60,447,431</b>	<b>59,106,960</b>	<b>66,500,870</b>	<b>65,807,864</b>

STATEMENTS OF FINANCIAL POSITION  
(CONT'D)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	17	5,047,940	4,434,541	-	-
Borrowings	18	13,884,018	18,529,284	-	-
Hire purchase and lease liabilities	21	2,273,277	1,019,018	-	-
Government grant	26	318,964	348,411	-	-
		21,524,199	24,331,254	-	-
<b>Current liabilities</b>					
Trade payables	22	3,007,146	3,948,914	-	-
Other payables and accrued expenses	23	14,916,641	6,638,295	27,200	37,000
Amounts owing to related parties	24	45,000	45,000	-	-
Amounts owing to Directors	25	163,516	124,906	-	-
Borrowings	18	27,816,797	35,305,445	-	-
Hire purchase and lease liabilities	21	2,536,885	1,328,267	-	-
Government grant	26	29,444	29,444	-	-
Current tax liabilities		-	-	37,093	-
		48,515,429	47,420,271	64,293	37,000
<b>TOTAL LIABILITIES</b>		<b>70,039,628</b>	<b>71,751,525</b>	<b>64,293</b>	<b>37,000</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>130,487,059</b>	<b>130,858,485</b>	<b>66,565,163</b>	<b>65,844,864</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	Group 2022 RM	Company 2023 RM	2022 RM
Revenue	27	116,329,016	144,863,683	–	–
Cost of sales		(102,175,377)	(129,143,288)	–	–
Gross profit		14,153,639	15,720,395	–	–
Other operating income		4,256,589	1,612,079	1,349,036	212,702
Distribution costs		(6,225,634)	(11,081,644)	–	–
Administrative expenses		(7,020,144)	(7,905,590)	(377,822)	(368,312)
(Impairment losses)/Reversal of impairment losses on financial assets, net		(160,727)	(850,264)	–	1,479,294
Other operating expenses		(260,676)	(86,420)	(238,169)	(49,857)
Profit/(Loss) from operations		4,743,047	(2,591,444)	733,045	1,273,827
Finance income	29	176,298	124,275	1,065	12,724
Finance costs	29	(2,729,787)	(2,144,658)	–	–
Profit/(Loss) before taxation	30	2,189,558	(4,611,827)	734,110	1,286,551
Taxation	32	(944,299)	147,522	(41,104)	(403)
Profit/(Loss) for the financial year, attributable to owners of the parent		1,245,259	(4,464,305)	693,006	1,286,148
<i>Other comprehensive income:</i>					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translations, net of tax		95,212	440,976	–	–
Total comprehensive income/(loss) attributable to owners of the parent		1,340,471	(4,023,329)	693,006	1,286,148
Earning/(Loss) per ordinary share attributable to owners of the parent (sen):					
- Basic and diluted	33	0.52	(1.86)		

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Group	Share capital RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2023	65,428,449	7,104	(1,061,911)	(36,914,958)	31,648,276	59,106,960
Profit for the financial year	-	-	-	-	1,245,259	1,245,259
Other comprehensive income, net of tax	-	-	95,212	-	-	95,212
Total comprehensive income	-	-	95,212	-	1,245,259	1,340,471
Balance as at 31 December 2023	65,428,449	7,104	(966,699)	(36,914,958)	32,893,535	60,447,431

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

## STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Note	Share capital RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2022		65,428,449	1,018,017	66,446,466
Profit for the financial year		–	1,286,148	1,286,148
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	1,286,148	1,286,148
<b>Transaction with owners:</b>				
Dividend paid	34	–	(1,924,750)	(1,924,750)
Total transaction with owners		–	(1,924,750)	(1,924,750)
Balance as at 31 December 2022		65,428,449	379,415	65,807,864
Balance as at 1 January 2023		65,428,449	379,415	65,807,864
Profit for the financial year		–	693,006	693,006
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	693,006	693,006
Balance as at 31 December 2023		65,428,449	1,072,421	66,500,870

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before taxation		2,189,558	(4,611,827)	734,110	1,286,551
Adjustments for:					
Amortisation of government grant	26	(29,447)	(29,447)	-	-
Bad debts written off - third parties		51,625	-	-	-
Depreciation of property, plant and equipment	5	6,742,549	6,469,220	1,674	2,499
Dividend income from:					
- other investments		(219,047)	(84,588)	(116,200)	(33,600)
- placement in funds		(297,232)	(96,731)	(194,400)	(77,500)
Accretion of loss/(income) on financial assets at amortised cost		16,809	(70,772)	-	-
Fair value (gain)/loss on other investments		(696,696)	60,951	(702,390)	40,057
Finance costs	29	2,729,787	2,144,658	-	-
Finance income	29	(176,298)	(124,275)	(1,065)	(12,724)
Gain on disposal of property, plant and equipment		(12,915)	(493,570)	-	-
Gain on reassessment and modification of lease		(316)	(73,948)	-	-
Net impairment losses/(reversal) on trade receivables	10	121,908	855,406	-	-
Net impairment losses/(reversal) on amount owing by related parties	13	38,819	(5,142)	-	-
(Reversal)/Impairment losses on property, plant and equipment	5	(2,116)	15,669	-	-
Lease concessions		-	(70,802)	-	-
Property, plant and equipment written off	5	14,414	650	-	-
Reversal of impairment loss on amount owing by a subsidiary	12	-	-	-	(1,479,294)
Unrealised gain on foreign exchange		(1,013,617)	(922,491)	-	-
Operating profit/(loss) before changes in working capital		9,457,785	2,962,961	(278,271)	(274,011)

STATEMENTS OF CASH FLOWS  
(CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)</b>					
Changes in working capital:					
Inventories		1,743,740	4,020,576	-	-
Trade receivables		5,234,144	(7,756,987)	-	-
Other receivables, deposits and prepayments		(8,298,969)	(3,245,963)	(146,902)	1,966,229
Trade payables		(606,933)	(1,771,436)	-	-
Other payables and accrued expenses		8,052,475	2,943,018	(9,800)	15,436
Amounts owing by/to related parties		60,716	(44,161)	-	-
Amounts owing to Directors		34,621	(56,756)	-	-
Cash generated from/(used in) operations		15,677,579	(2,948,748)	(434,973)	1,707,654
Tax refunded		(335,430)	-	2,147	-
Tax paid		265,244	(370,920)	(1,843)	(2,168)
Net cash from/(used in) operating activities		15,607,393	(3,319,668)	(434,669)	1,705,486
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of other investments		(459,253)	(3,108,451)	(459,253)	(1,391,557)
Dividend received from:					
- other investments		219,047	84,588	116,200	33,600
- placement in funds		297,232	19,231	194,400	-
Interest received		176,298	124,275	1,065	12,724
(Advances to)/Repayment from a subsidiary		-	-	(2,999,388)	6,985,897
Proceeds from disposal of property, plant and equipment		12,916	605,721	-	-
Purchase of property, plant and equipment	5	(2,577,044)	(2,043,402)	(3,400)	-
Net changes in deposits with licensed banks with maturity of over three (3) months		(14,998)	(500,000)	-	-
Net changes in deposits pledged as securities		(547,407)	(390,176)	-	-
Net cash (used in)/from investing activities		(2,893,209)	(5,208,214)	(3,150,376)	5,640,664

STATEMENTS OF CASH FLOWS  
(CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid	34	–	(1,924,750)	–	(1,924,750)
Interest paid		(2,254,758)	(1,920,249)	–	–
Net (repayments)/drawdowns of term loans, bankers' acceptances and onshore foreign currency loan		(13,520,430)	23,984,179	–	–
Repayments of hire purchase and lease liabilities		(2,841,458)	(2,804,836)	–	–
Net cash (used in)/from financing activities		(18,616,646)	17,334,344	–	(1,924,750)
Net (decrease)/increase in cash and cash equivalents		(5,902,462)	8,806,462	(3,585,045)	5,421,400
Effects of exchange rates changes on cash and cash equivalents		312,075	132,802	–	–
Cash and cash equivalents at beginning of financial year		18,440,602	9,501,338	10,771,524	5,350,124
Cash and cash equivalents at end of financial year	14(j)	12,850,215	18,440,602	7,186,479	10,771,524

**Reconciliation of Liabilities Arising from Financing Activities**

	2023 RM	Group 2022 RM
<b>Term loans, bankers' acceptances and onshore foreign currency loan</b>		
Balance as at 1 January	49,384,992	26,131,918
Cash flow	(13,520,430)	23,984,179
Non-cash flows:		
- purchase of property, plant and equipment	2,521,481	–
- effect of foreign exchange	(86,300)	(731,105)
Balance as at 31 December	38,299,743	49,384,992

STATEMENTS OF CASH FLOWS  
(CONT'D)**Reconciliation of Liabilities Arising from Financing Activities (cont'd)**

	2023 RM	Group 2022 RM
<b>Hire purchase and lease liabilities</b>		
Balance as at 1 January	2,347,285	4,492,465
Cash flow	(2,841,458)	(2,804,836)
Non-cash flows:		
- purchase of property, plant and equipment	4,937,713	1,094,488
- unwinding of interest	322,200	224,409
- lease concessions	-	(70,802)
- reassessment and modification of lease	(4,722)	(636,823)
- disposal	-	(51,040)
- effect of foreign exchange	49,144	99,424
Balance as at 31 December	4,810,162	2,347,285

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 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 2023 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 18 April 2024.

## 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 and polymer products. The principal activities of the subsidiaries are mainly manufacturing, distribution, trading and sale of rubber based tyre retread products and polymer products, provision of related services, investment holding and production and sales of rubber products and service of after sale of self-produced products. Further details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards 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 38(a) to the financial statements.

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

## 4. OPERATING SEGMENTS

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

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

### Geographical information

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 4. OPERATING SEGMENTS (CONT'D)

	2023 RM	Group 2022 RM
<b>Revenue from external customers</b>		
Malaysia	31,414,748	33,918,982
Americas	1,192,836	1,625,560
East Asia and Oceania	22,285,426	28,649,121
Europe	6,492,287	6,278,566
South Asia, Middle East and Africa	4,125,806	4,446,338
South East Asia	50,817,913	69,945,116
	116,329,016	144,863,683
<b>Non-current assets</b>		
Malaysia	41,204,507	38,029,305
East Asia and Oceania	4,344,486	1,398,794
	45,548,993	39,428,099

**Major customer**

There is only one (2022: one) major customer contributing approximately RM30,707,762 (2022: RM44,008,000) of the revenue to the Group, which more than ten percent (10%) of the revenue of the Group.





NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

Company 2023	Balance as at 1.1.2023 RM	Addition RM	Depreciation charge for the financial year RM	Balance as at 31.12.2023 RM
<b>Carrying amount</b>				
Furniture, fixtures and office equipment	4,030	3,400	(1,674)	5,756
		← Balance as at 31.12.2023 →		
		Cost RM	Accumulated depreciation RM	Carrying amount RM
Furniture, fixtures and office equipment		15,895	(10,139)	5,756
		Balance as at 1.1.2022 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2022 RM
<b>Carrying amount</b>				
Furniture, fixtures and office equipment		6,529	(2,499)	4,030
		← Balance as at 31.12.2022 →		
		Cost RM	Accumulated depreciation RM	Carrying amount RM
Furniture, fixtures and office equipment		12,495	(8,465)	4,030

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

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

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

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

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

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

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

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

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

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

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

	2023 RM	Group 2022 RM
Purchase of property, plant and equipment	10,036,238	3,137,890
Financed by term loans	(2,521,481)	-
Financed by hire purchase and lease liabilities	(4,937,713)	(1,094,488)
<b>Cash payments on purchase of property, plant and equipment</b>	<b>2,577,044</b>	<b>2,043,402</b>

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

	2023 RM	Group 2022 RM
Buildings	2,839,346	2,767,676
Plant and machinery	6,584,765	4,781,732
Right-of-use assets		
- leasehold land	1,004,092	1,022,912
- motor vehicles	630,433	817,214
- plant and machinery	1,052,311	1,226,309
<b>Total</b>	<b>12,110,947</b>	<b>10,615,843</b>

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

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

- (e) In the previous financial year, management reviewed the property, plant and equipment and right-of-use assets for impairment when there was an indication of impairment. The recoverable amount of the property, plant and equipment and right-of-use assets was determined based on the value-in-use of the property, plant and equipment and right-of-use assets. The value-in-use was 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 was made when the carrying amount of the property, plant and equipment and right-of-use assets exceed its recoverable amount.

In the previous financial year, the sensitivity analysis of the impairment assessment to a reasonably possible change in each of the key inputs with all other variables held constant was not presented as it was not material to the Group.

During the current financial year, reversal of impairment losses on property, plant and equipment of the Group amounted to RM2,116 was recognised as a result of the recoverable amount exceeding the carrying amount of the property, plant and equipment.

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

### 6. INTANGIBLE ASSET

	2023 RM	Group 2022 RM
<b>Computer software</b>		
<b>At cost</b>		
Balance as at 1 January/31 December	72,100	72,100
<b>Accumulated amortisation</b>		
Balance as at 1 January/31 December	72,099	72,099
<b>Carrying amount</b>		
Balance as at 31 December	1	1

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

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

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

Computer software 3 years

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 7. INVESTMENT IN A SUBSIDIARY

	Company	
	2023 RM	2022 RM
<b>At cost</b>		
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. Details of the key assumptions are as follows:

	2023 %	2022 %
Operating profit margin	5 - 11	5 - 8
Growth rates	12	10 - 13
Pre-tax discount rates	8	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 2023 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
		2023 %	2022 %	
Eversafe Retreading Solution Sdn. Bhd. ("ERSSB") (formerly known as Eversafe Rubber Works Sdn. Bhd.)	Malaysia	100	100	Manufacturing and sale of rubber based tyre retread products and provision of related services

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

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

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
<b>Subsidiaries of ERSSB</b>				
Eversafe Rubber Processing Sdn. Bhd. (formerly known as Eversafe Trading Sdn. Bhd.)	Malaysia	100	100	Manufacturing of rubber and polymer products
Olympic Retreads (M) Sdn. Bhd. ("ORMSB")	Malaysia	100	100	Manufacturing and distribution of retreaded tyres
Eversafe Trading (Shanghai) Co., Ltd. ("ETSCL")*	People's Republic of China	100	100	Trading in rubber based tyre retreading products
Supreme Good International Limited ("SGIL")*	Hong Kong	100	100	Investment holding and manufacturing and distribution of retreaded tyres
<b>Subsidiary of ETSCCL</b>				
Jiaxing 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.

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

### 8. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current</b>				
<b>Equity security:</b>				
- Quoted shares in Malaysia	3,203,449	2,047,500	2,513,143	1,351,500
- Unquoted bond in Malaysia	1,053,963	1,070,772	-	-
	4,257,412	3,118,272	2,513,143	1,351,500

- (a) The quoted shares are classified as financial asset at fair value through profit or loss and the unquoted bond is classified as financial asset at amortised cost pursuant to MFRS 9 *Financial Instruments*.
- (b) Quoted shares of the Group and of the Company are categorised as Level 1 in the fair value hierarchy. The fair value of the investment in quoted shares in Malaysia are determined by reference to exchange quoted market bid prices at the close of the business at the end of each reporting period. There is no transfer between levels in the hierarchy during the financial year.
- (c) 5.58% p.a. (2022: 5.58% p.a.) Malaysia unquoted bond is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (d) Other investments are denominated in RM.
- (e) At the reporting date, if the market price of the quoted shares had been 5% higher/lower, with all other variables held constant, the net assets of the Group and of the Company would have been RM122,000 (2022: RM78,000) and RM96,000 (2022: RM51,000) higher/lower respectively, arising as a result of higher/lower fair value in quoted shares.
- (f) The carrying amount of the financial assets at amortised cost is reasonable approximation of its fair value.
- (g) Sensitivity analysis for fixed rate bonds at the end of the reporting period is not presented as it is not affected by changes in interest rates.

### 9. INVENTORIES

	Group	
	2023 RM	2022 RM
<b>At cost</b>		
Raw materials	10,658,970	10,573,118
Work-in-progress	2,288,852	2,518,680
Finished goods	7,908,739	9,425,055
	20,856,561	22,516,853

- (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 RM102,175,377 (2022: RM129,143,288).

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

### 10. TRADE RECEIVABLES

	2023 RM	Group 2022 RM
<b>Non-current</b>		
Trade receivables	5,262,502	3,508,541
Less: Accumulated impairment losses	(1,323,847)	(1,194,358)
	3,938,655	2,314,183
<b>Current</b>		
Trade receivables	32,064,970	38,830,443
Less: Accumulated impairment losses	(5,688,113)	(5,658,837)
	26,376,857	33,171,606
<b>Total trade receivables</b>	<b>30,315,512</b>	<b>35,485,789</b>

- (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 up to 90 days (2022: up 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:

	2023 RM	Group 2022 RM
Ringgit Malaysia ("RM")	13,319,738	12,314,586
US Dollar ("USD")	10,709,051	12,723,301
Euro ("EUR")	3,011,864	3,411,762
Singapore Dollar ("SGD")	3,667,394	6,468,145
Hong Kong Dollar ("HKD")	1,393,312	1,989,252
Australian Dollar ("AUD")	2,428,443	2,374,272
Japanese Yen ("JPY")	1,003,472	1,172,148
Renminbi ("RMB")	1,791,274	1,885,518
Great British Pound ("GBP")	2,924	-
	37,327,472	42,338,984

- (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 (CONT'D)

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

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

	2023 RM	Group 2022 RM
USD/RM		
- strengthen 3% (2022: 3%)	244,166	290,091
- weaken 3% (2022: 3%)	(244,166)	(290,091)
EUR/RM		
- strengthen 3% (2022: 3%)	68,670	77,788
- weaken 3% (2022: 3%)	(68,670)	(77,788)
SGD/RM		
- strengthen 3% (2022: 3%)	83,617	147,474
- weaken 3% (2022: 3%)	(83,617)	(147,474)
HKD/RM		
- strengthen 3% (2022: 3%)	31,768	45,355
- weaken 3% (2022: 3%)	(31,768)	(45,355)
AUD/RM		
- strengthen 3% (2022: 3%)	55,369	54,133
- weaken 3% (2022: 3%)	(55,369)	(54,133)
JPY/RM		
- strengthen 3% (2022: 3%)	22,879	26,725
- weaken 3% (2022: 3%)	(22,879)	(26,725)
RMB/RM		
- strengthen 3% (2022: 3%)	40,841	42,990
- weaken 3% (2022: 3%)	(40,841)	(42,990)

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

- (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.

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

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

(g) (cont'd)

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

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

Lifetime expected loss provision for trade receivables are as follows:

<b>2023</b>	<b>Gross carrying amount/ Maximum exposure RM</b>	<b>Impairment losses RM</b>	<b>Carrying amount RM</b>
Current	23,338,222	(522,632)	22,815,590
Past due:			
1 to 30 days	2,404,316	(406,509)	1,997,807
31 to 60 days	797,581	(346,388)	451,193
61 to 90 days	197,317	(102,872)	94,445
More than 90 days	5,327,534	(4,309,712)	1,017,822
	<b>32,064,970</b>	<b>(5,688,113)</b>	<b>26,376,857</b>
Non-current	5,262,502	(1,323,847)	3,938,655
<b>2022</b>			
Current	29,110,506	(331,623)	28,778,883
Past due:			
1 to 30 days	2,000,986	(305,721)	1,695,265
31 to 60 days	1,492,653	(416,634)	1,076,019
61 to 90 days	1,875,824	(989,980)	885,844
More than 90 days	4,350,474	(3,614,879)	735,595
	<b>38,830,443</b>	<b>(5,658,837)</b>	<b>33,171,606</b>
Non-current	3,508,541	(1,194,358)	2,314,183

During the financial year, the Group renegotiated the credit terms with certain trade receivables and reclassified as non-current trade receivables, which led to changes in the timing of the payment.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 10. TRADE RECEIVABLES (CONT'D)

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

	Lifetime ECL* allowance RM	Credit impaired RM	Total allowance RM
<b>Current</b>			
Balance as at 1 January 2022	5,144,767	27,383	5,172,150
Charge for the financial year	579,783	–	579,783
Reversal of impairment losses	(35,032)	(548)	(35,580)
Exchange differences	(57,516)	–	(57,516)
<b>Balance as at 31 December 2022</b>	<b>5,632,002</b>	<b>26,835</b>	<b>5,658,837</b>
Balance as at 1 January 2023	5,632,002	26,835	5,658,837
Charge for the financial year	127,314	–	127,314
Reversal of impairment losses	(134,492)	(403)	(134,895)
Exchange differences	36,857	–	36,857
<b>Balance as at 31 December 2023</b>	<b>5,661,681</b>	<b>26,432</b>	<b>5,688,113</b>
	<b>Lifetime ECL* allowance RM</b>	<b>Credit impaired RM</b>	<b>Total allowance RM</b>
<b>Non-current</b>			
Balance as at 1 January 2022	883,155	–	883,155
Charge for the financial year	311,203	–	311,203
<b>Balance as at 31 December 2022</b>	<b>1,194,358</b>	<b>–</b>	<b>1,194,358</b>
Balance as at 1 January 2023	1,194,358	–	1,194,358
Charge for the financial year	129,489	–	129,489
<b>Balance as at 31 December 2023</b>	<b>1,323,847</b>	<b>–</b>	<b>1,323,847</b>

\* Expected credit losses

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

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

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

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

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

	Group	
	2023 RM	2022 RM
Maximum exposure	30,315,512	35,485,789
Collateral obtained	(1,576,512)	(997,305)
Net exposure to credit risk	28,739,000	34,488,484

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

### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	1,136,509	777,853	224,402	–
Refundable deposits	721,207	547,545	2,000	2,000
Dividend receivable	–	77,500	–	77,500
Advance payments to third party suppliers	11,724,216	2,724,493	–	–
Total other receivables	13,581,932	4,127,391	226,402	79,500
Prepayments	350,659	1,401,520	–	–
	13,932,591	5,528,911	226,402	79,500

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

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

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

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

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

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

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia ("RM")	252,120	198,192	2,000	79,500
US Dollar ("USD")	560,620	-	224,402	-
Euro ("EUR")	11,387,998	2,724,493	-	-
Hong Kong Dollar ("HKD")	745,138	457,220	-	-
Renminbi ("RMB")	636,056	747,486	-	-
	13,581,932	4,127,391	226,402	79,500

(d) The following table demonstrates the sensitivity of the profit/(loss) 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:

	Group	
	2023 RM	2022 RM
EUR/RM		
- strengthen 3% (2022: 3%)	259,646	62,118
- weaken 3% (2022: 3%)	(259,646)	(62,118)

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

### 12. AMOUNT OWING BY A SUBSIDIARY

	Company 2023 RM
<b>Current</b>	
Non-trade	2,999,388
Less: Accumulated impairment loss	-
	2,999,388

- (a) Amount owing by a subsidiary is classified as financial asset and measured at amortised cost.
- (b) Amount owing by a subsidiary is unsecured, interest-free and receivable within the next twelve (12) months in cash and cash equivalents.
- (c) Amount owing by a subsidiary is denominated in RM.

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

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

- (d) 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 11(b), lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.
- (e) Movement in the impairment allowance for amount owing by a subsidiary is as follows:

	Company	
	Lifetime ECL allowance 2023 RM	2022 RM
Balance as at 1 January	–	1,479,294
Reversal of impairment losses	–	(1,479,294)
Balance as at 31 December	–	–

### 13. AMOUNTS OWING BY RELATED PARTIES

	Group	
	2023 RM	2022 RM
<b>Current</b>		
Trade	389,701	450,417
Less: Accumulated impairment losses	(62,353)	(23,534)
	327,348	426,883

- (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 (2022: 90 days).
- (c) Amounts owing by related parties are denominated in RM.
- (d) Impairment for the amounts owing by related parties are recognised based on the simplified approach using the lifetime expected credit losses within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 10(g) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

(e) Movements in the impairment allowance for amounts owing by related parties are as follows:

	Group Lifetime ECL allowance	
	2023 RM	2022 RM
Balance as at 1 January	23,534	28,676
Charge for the financial year	38,819	–
Reversal of impairment losses	–	(5,142)
Balance as at 31 December	62,353	23,534

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	8,341,725	15,058,110	816,849	4,498,474
Deposits with licensed banks	6,429,968	5,867,563	–	–
	14,771,693	20,925,673	816,849	4,498,474
Placement in funds	7,909,562	7,832,229	6,369,630	6,273,050

- (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.
- (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	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia ("RM")	16,987,555	20,533,802	7,186,479	10,771,524
US Dollar ("USD")	331,464	3,926,934	–	–
Euro ("EUR")	809,299	50,172	–	–
Hong Kong Dollar ("HKD")	662,859	324,096	–	–
Renminbi ("RMB")	1,471,879	1,496,417	–	–
Japanese Yen ("JPY")	2,413,612	2,420,936	–	–
Singapore Dollar ("SGD")	4,422	5,388	–	–
Australian Dollar ("AUD")	165	157	–	–
	22,681,255	28,757,902	7,186,479	10,771,524

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

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

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

	Group	
	2023 RM	2022 RM
USD/RM		
- strengthen 3% (2022: 3%)	7,557	89,534
- weaken 3% (2022: 3%)	(7,557)	(89,534)
JPY/RM		
- strengthen 3% (2022: 3%)	55,030	55,197
- weaken 3% (2022: 3%)	(55,030)	(55,197)
RMB/RM		
- strengthen 3% (2022: 3%)	33,559	34,118
- weaken 3% (2022: 3%)	(33,559)	(34,118)

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

- (f) Deposits pledged to licensed banks amounting to RM5,914,970 (2022: RM5,367,563) are for term loans, bankers' acceptances, onshore foreign currency loan and bank overdrafts granted to certain subsidiaries as disclosed in Note 19(b) and Note 20(b) to the financial statements.
- (g) Deposits are placed with licensed banks for varying periods of between three (3) months and one (1) year (2022: between three (3) month and one (1) year) depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates.
- (h) Weighted average effective interest rate of deposits with licensed banks of the Group as at the end of each reporting period is 2.87% (2022: 1.86%).
- (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:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	8,341,725	15,058,110	816,849	4,498,474
Deposits with licensed banks	6,429,968	5,867,563	-	-
Placement in funds	7,909,562	7,832,229	6,369,630	6,273,050
Bank overdrafts included in borrowings (Note 18)	(3,401,072)	(4,449,737)	-	-
	19,280,183	24,308,165	7,186,479	10,771,524
Less: Deposits pledged as securities	(5,914,970)	(5,367,563)	-	-
Placement in deposits with licensed banks with maturity of over three (3) months	(514,998)	(500,000)	-	-
	12,850,215	18,440,602	7,186,479	10,771,524

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

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

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

### 15. SHARE CAPITAL

	Number of ordinary shares	Group and Company		2022 RM
		2023	Number of RM ordinary shares	
<b>Issued and fully paid:</b>				
Balance as at 1 January/31 December	240,593,796	65,428,449	240,593,796	65,428,449

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

### 16. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-distributable:</b>				
Capital reserve	7,104	7,104	-	-
Foreign currency translation reserve	(966,699)	(1,061,911)	-	-
Reorganisation debit reserve	(36,914,958)	(36,914,958)	-	-
<b>Distributable:</b>				
Retained earnings	32,893,535	31,648,276	1,072,421	379,415
	(4,981,018)	(6,321,489)	1,072,421	379,415

- (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.

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

### 16. RESERVES (CONT'D)

- (c) Reorganisation debit reserve

Reorganisation debit reserve arose as a result of the difference between consideration paid over the share capital and reserves of SGIL, ORMSB and ERSSB and its subsidiaries pursuant to business combinations under common control.

### 17. DEFERRED TAX LIABILITIES

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

#### Deferred tax liabilities/(assets) of the Group

	Property, plant and equipment RM	Trade receivables RM	Inventories RM	Others RM	Total RM
Balance as at 1 January 2023	5,312,291	225,286	(68,471)	(1,034,565)	4,434,541
Recognised in profit or loss (Note 32)	(670,857)	539,305	(13,148)	754,036	609,336
Exchange differences	4,063	–	–	–	4,063
Balance as at 31 December 2023	4,645,497	764,591	(81,619)	(280,529)	5,047,940
Balance as at 1 January 2022	4,740,447	(44,410)	(75,464)	(30,419)	4,590,154
Recognised in profit or loss (Note 32)	569,013	269,696	6,993	(1,004,146)	(158,444)
Exchange differences	2,831	–	–	–	2,831
Balance as at 31 December 2022	5,312,291	225,286	(68,471)	(1,034,565)	4,434,541

- (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:

	2023 RM	Group 2022 RM
Unused tax losses		
- No expiry date	852,572	878,600
- Expires by 31 December 2023	–	859,164
- Expires by 31 December 2024	1,341,627	1,341,627
- Expires by 31 December 2025	479,400	479,400
- Expires by 31 December 2026	654,728	654,728
- Expires by 31 December 2027	213,245	213,245
- Expires by 31 December 2028	1,222,507	–
	4,764,079	4,426,766

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 17. DEFERRED TAX LIABILITIES (CONTD)

(b) (cont'd)

Deferred tax asset of subsidiaries from People's Republic of China and Hong Kong 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. These unused tax losses are available for offsetting against future taxable profits, subject to the agreement with the tax authorities in the foreign jurisdictions.

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 RM859,164 from the financial year ended 31 December 2022 has expired in the current financial year.

## 18. BORROWINGS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current liabilities</b>				
<b>Secured</b>				
Term loans (Note 19)	13,884,018	18,529,284	–	–
<b>Current liabilities</b>				
<b>Unsecured</b>				
Financial guarantee contracts	–	–	*	*
<b>Secured</b>				
Bankers' acceptances (Note 19)	17,799,700	22,460,408	–	–
Onshore foreign currency loan (Note 19)	–	3,908,391	–	–
Term loans (Note 19)	6,616,025	4,486,909	–	–
Bank overdrafts (Notes 14(j) and 20)	3,401,072	4,449,737	–	–
	27,816,797	35,305,445	–	–
<b>Total borrowings</b>				
Bankers' acceptances (Note 19)	17,799,700	22,460,408	–	–
Onshore foreign currency loan (Note 19)	–	3,908,391	–	–
Term loans (Note 19)	20,500,043	23,016,193	–	–
Bank overdrafts (Notes 14(j) and 20)	3,401,072	4,449,737	–	–
Financial guarantee contracts	–	–	*	*
	41,700,815	53,834,729	–	–

\* Amount is negligible.

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

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

### 18. BORROWINGS (CONT'D)

- (b) Financial guarantee contracts issued are initially measured at fair value. Subsequently, they are measured at higher of:

- (i) the amount of the loss allowance; and
- (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

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

	2023 RM	Group 2022 RM
Ringgit Malaysia ("RM")	37,638,017	38,415,999
US Dollar ("USD")	2,453,980	15,418,730
Renminbi ("RMB")	1,608,818	–
	41,700,815	53,834,729

- (d) The following table demonstrates the sensitivity of the profit/(loss) 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:

	2023 RM	Group 2022 RM
USD/RM		
- strengthen 3% (2022: 3%)	(55,951)	(351,547)
- weaken 3% (2022: 3%)	55,951	351,547

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

- (e) 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.

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

	2023 RM	Group 2022 RM
<b>Profit/(Loss) after tax</b>		
- increase by 0.1% (2022: 0.1%)	(31,693)	(40,914)
- decrease by 0.1% (2022: 0.1%)	31,693	40,914

- (g) Information on liquidity and cash flow risk of borrowings is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 18. BORROWINGS (CONT'D)

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

Group	Weighted average effective interest rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
<b>Floating rates</b>						
Bankers' acceptances	3.92	17,799,700	-	-	-	17,799,700
Term loans	5.97	6,616,025	4,700,713	9,183,305	-	20,500,043
Bank overdrafts	7.58	3,401,072	-	-	-	3,401,072
<b>31 December 2022</b>						
<b>Floating rates</b>						
Bankers' acceptances	4.34	22,460,408	-	-	-	22,460,408
Onshore foreign currency loan	4.34	3,908,391	-	-	-	3,908,391
Term loans	4.80	4,486,909	6,189,277	4,267,440	8,072,567	23,016,193
Bank overdrafts	7.02	4,449,737	-	-	-	4,449,737

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

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

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

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

### 20. BANK OVERDRAFTS

Bank overdrafts of the Group are secured by the following:

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

### 21. HIRE PURCHASE AND LEASE LIABILITIES

	2023 RM	Group 2022 RM
<b>Non-current liabilities</b>		
Hire purchase with financial institutions	201,072	704,777
Lease liabilities with non-financial institutions	2,072,205	314,241
	2,273,277	1,019,018
<b>Current liabilities</b>		
Hire purchase with financial institutions	512,167	512,968
Lease liabilities with non-financial institutions	2,024,718	815,299
	2,536,885	1,328,267
Total hire purchase and lease liabilities	4,810,162	2,347,285

- (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 30 to the financial statements when the condition that triggers those payments occur.

A 10% increase in square feet used for stored stocks would increase total lease payments by 1% (2022: 1%).

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

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

- (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 5.65% (2022: 5.25%).
- (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:

	2023 RM	Group 2022 RM
Ringgit Malaysia ("RM")	1,254,111	1,680,462
Hong Kong Dollar ("HKD")	3,513,080	608,502
Renminbi ("RMB")	42,971	58,321
	4,810,162	2,347,285

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

	2023 RM	Group 2022 RM
HKD/RM		
- strengthen 3% (2022: 3%)	(80,098)	(13,874)
- weaken 3% (2022: 3%)	80,098	13,874

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 37 to the financial statements.

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

### 22. TRADE PAYABLES

- (a) Trade payables are classified as financial liabilities and measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one (1) month to three (3) months (2022: one (1) month to three (3) months).
- (c) The currency exposure profile of trade payables is as follows:

	Group	
	2023 RM	2022 RM
Ringgit Malaysia ("RM")	2,190,317	3,649,208
US Dollar ("USD")	816,829	292,302
Euro ("EUR")	–	7,404
	3,007,146	3,948,914

- (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 37 to the financial statements.

### 23. OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	2,292,996	1,809,188	11,540	20,700
Accrued expenses	1,076,166	1,734,766	15,660	16,300
Advance received from third party receivables	11,547,479	3,094,341	–	–
	14,916,641	6,638,295	27,200	37,000

- (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	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia ("RM")	2,924,667	2,867,096	27,200	37,000
US Dollar ("USD")	12,863	–	–	–
Euro ("EUR")	169	35,369	–	–
Renminbi ("RMB")	296,909	484,168	–	–
Hong Kong Dollar ("HKD")	89,584	192,690	–	–
Japanese Yen ("JPY")	11,547,479	3,058,972	–	–
New Taiwan Dollar ("TWD")	44,970	–	–	–
	14,916,641	6,638,295	27,200	37,000

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

### 23. OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

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

	2023 RM	Group 2022 RM
JPY/RM		
- strengthen 3% (2022: 3%)	(263,283)	(69,745)
- weaken 3% (2022: 3%)	263,283	69,745

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 37 to the financial statements.

### 24. AMOUNTS OWING TO RELATED PARTIES

- (a) Amounts owing to related parties are classified as financial liabilities and measured at amortised cost.
- (b) Amounts owing to related parties arose from trade transactions and the normal trade credit term granted to the Group is 180 days (2022: 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 37 to the financial statements.

### 25. AMOUNTS OWING TO DIRECTORS

- (a) Amounts owing to Directors are classified as financial liabilities and measured at amortised cost.
- (b) Amounts owing to Directors mainly arose from unpaid remunerations, which are interest-free and payable within next twelve (12) months in cash and cash equivalents.
- (c) Amounts owing to Directors are denominated in RM.

	2023 RM	Group 2022 RM
Ringgit Malaysia ("RM")	163,516	124,906

- (d) Information on liquidity and cash flow risk of amounts owing to Directors is disclosed in Note 37 to the financial statements.

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

### 26. GOVERNMENT GRANT

	2023 RM	Group 2022 RM
Balance as at 1 January	377,855	407,302
Amortisation charge for the financial year	(29,447)	(29,447)
Balance as at 31 December	348,408	377,855
Represented by:		
Current liabilities	29,444	29,444
Non-current liabilities	318,964	348,411
	348,408	377,855

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Government grants have been received for the purchase of certain items of property, plant and equipment in the previous financial years. There are no unfulfilled conditions or contingencies attached to these grants.

### 27. REVENUE

	2023 RM	Group 2022 RM
Revenue from contracts with customers		
<b>Recognised at point in time:</b>		
- sale of rubber based tyre retreaded products and related charges	116,329,016	144,863,683

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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 28. EMPLOYEE BENEFITS

	Group	
	2023 RM	2022 RM
Wages, salaries, allowances and bonuses	12,255,280	12,855,723
Contributions to defined contribution plans	588,902	615,555
Social security contributions	121,400	116,707
Other employee benefits	896,949	1,076,489
	13,862,531	14,664,474

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM975,450 (2022: RM1,194,267) as further disclosed in Note 31 to the financial statements.

## 29. FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Finance income</b>				
Finance income from:				
- deposits with licensed banks	162,534	90,629	-	-
- placement in funds	-	10,542	-	10,542
- others	13,764	23,104	1,065	2,182
	176,298	124,275	1,065	12,724
<b>Finance costs</b>				
Interest expense in relation to:				
- bankers' acceptances, onshore foreign currency loan and bank overdrafts	1,057,373	776,426	-	-
- hire purchase and lease liabilities	322,200	224,409	-	-
- term loans	1,350,214	1,143,823	-	-
	2,729,787	2,144,658	-	-

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

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

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Auditors' remuneration				
Statutory audit:				
- auditors of the Company				
- current year	155,000	131,000	19,500	16,500
- other auditors				
- current year	32,933	31,592	-	-
Non-statutory audit	5,000	4,000	5,000	4,000
Directors' remuneration paid and payable to:				
<i>Directors' fees</i>				
- Directors of the Company	376,664	376,238	260,000	260,000
- Directors of the subsidiaries	35,832	35,619	-	-
<i>Other emoluments</i>				
- Directors of the Company	940,455	1,170,552	-	-
- Directors of the subsidiaries	34,995	33,715	-	-
Realised loss on foreign exchange	-	915,258	-	-
Property, plant and equipment written off	14,414	650	-	-
Variable lease payments - based on the usage of square feet for stored stocks	313,720	401,661	-	-
And crediting:				
Dividend income on other investments	219,047	84,588	116,200	33,600
Dividend income on placement in funds	297,232	96,731	194,400	77,500
Gain on reassessment and modification of lease	316	73,948	-	-
Variable lease payments - arising from COVID-19 related rent concessions	-	70,802	-	-
Gain on disposal of property, plant and equipment	12,915	493,570	-	-
Realised gain on foreign exchange	1,920,134	-	-	-
Unrealised gain on foreign exchange	1,013,617	922,491	-	-

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 31. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company:				
Executive:				
Fees	176,664	176,238	90,000	90,000
Other emoluments	940,455	1,160,552	-	-
Non-executive:				
Fees	200,000	200,000	170,000	170,000
Other emoluments	-	10,000	-	-
Directors of the subsidiaries:				
Executive:				
Fees	35,832	35,619	-	-
Other emoluments	34,995	33,715	-	-
<b>Total</b>	<b>1,387,946</b>	<b>1,616,124</b>	<b>260,000</b>	<b>260,000</b>

Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM106,632 (2022: RM107,439).

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

	Number of Directors	
	Executive	Non-Executive
<b>2023</b>		
RM1 - RM50,000	-	4
RM50,001 - RM100,000	-	1
RM250,001 - RM300,000	1	-
RM300,001 - RM350,000	1	-
RM600,001 - RM650,000	1	-
<b>2022</b>		
RM1 - RM50,000	-	4
RM50,001 - RM100,000	-	1
RM300,001 - RM350,000	1	-
RM400,001 - RM450,000	1	-
RM650,001 - RM700,000	1	-

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

### 32. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense based on profit for the financial year	316,649	29,759	40,984	–
Under/(Over)provision in prior years	18,314	(18,837)	120	403
	334,963	10,922	41,104	403
Deferred tax (Note 17):				
Relating to origination and reversal of temporary differences	615,118	(526,485)	–	–
(Over)/Underprovision in prior years	(5,782)	368,041	–	–
	609,336	(158,444)	–	–
<b>Taxation</b>	<b>944,299</b>	<b>(147,522)</b>	<b>41,104</b>	<b>403</b>

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 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.
- (c) Numerical reconciliation between the taxation and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before taxation	2,189,558	(4,611,827)	734,110	1,286,551
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	525,494	(1,106,839)	176,186	308,772
Tax effects in respect of:				
Non-allowable expenses	519,289	722,801	134,710	100,361
Non-taxable income	(327,603)	(114,995)	(269,912)	(409,133)
Utilisation of reinvestment allowance	(73,434)	(69,183)	–	–
Different tax rates in foreign jurisdiction	(13,311)	(6,480)	–	–
Deferred tax assets not recognised	301,332	77,970	–	–
	931,767	(496,726)	40,984	–
Under/(Over)provision of current tax expense in prior years	18,314	(18,837)	120	403
(Over)/Underprovision of deferred tax in prior years	(5,782)	368,041	–	–
<b>Total taxation</b>	<b>944,299</b>	<b>(147,522)</b>	<b>41,104</b>	<b>403</b>

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

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

### 32. TAXATION (CONT'D)

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

	Before tax RM	Tax effect RM	After tax RM
<b>At 31 December 2023</b>			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translations	95,212	–	95,212
<b>At 31 December 2022</b>			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translations	40,976	–	440,976

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

(a) Basic

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

	2023 RM	Group 2022 RM
Profit/(Loss) for the financial year attributable to owners of the parent	1,245,259	(4,464,305)
Weighted average number of ordinary shares in issue (unit)	240,593,796	240,593,796
Basic earning/(loss) per ordinary share for (sen):	0.52	(1.86)

(b) Diluted

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

### 34. DIVIDEND

	Group and Company			
	2023		2022	
	Dividend per share sen	Amount of dividend RM	Dividend per share sen	Amount of dividend RM
Single tier interim dividend	–	–	0.80	1,924,750

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

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

### 35. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group include:

- (i) Tai Hin & Son (PG) Sdn. Bhd., major shareholder;
  - (ii) Direct and indirect subsidiaries of the major shareholder;
  - (iii) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements; and
  - (iv) The key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.
- (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	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>With subsidiary:</b>				
ERSSB				
- loan	-	-	3,500,000	-
<b>With major shareholder:</b>				
Tai Hin & Son (PG) Sdn. Bhd.				
- rental paid	270,000	250,000	-	-
<b>With direct and indirect subsidiaries of major shareholder:</b>				
Tayarmart (M) Sdn. Bhd.				
- sale of trading goods	1,124,076	1,389,795	-	-
- purchase of raw materials	79,720	78,404	-	-
- purchases of services	8,905	13,790	-	-
Tayarmart (Raja Uda) Sdn. Bhd.				
- sale of trading goods	121,438	118,709	-	-
- purchase of raw materials	14,252	14,532	-	-
- purchases of services	-	93	-	-

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  
(CONT'D)**35. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	412,496	411,857	260,000	260,000
Short term employee benefits	1,456,317	1,866,401	–	–
Contributions to defined contribution plans	123,141	128,160	–	–
	1,991,954	2,406,418	260,000	260,000

**36. 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 2023 and 31 December 2022.

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Borrowings	41,700,815	53,834,729	–	–
Hire purchase and lease liabilities	4,810,162	2,347,285	–	–
Less: Cash and bank balances	(14,771,693)	(20,925,673)	(816,849)	(4,498,474)
Placement in funds	(7,909,562)	(7,832,229)	(6,369,630)	(6,273,050)
Net debt/(Net cash)	23,829,722	27,424,112	(7,186,479)	(10,771,524)
Total capital	60,447,431	59,106,960	66,500,870	65,807,864
Net debt-to-equity ratio	0.39	0.46	*	*

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

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

### 36. CAPITAL MANAGEMENT (CONT'D)

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

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

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

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital. The Group has complied with this requirement for the financial year ended 31 December 2023.

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

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

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

#### (a) Foreign currency risk

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

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

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

The sensitivity analysis for foreign currency risk has been disclosed in Note 10, Note 11, Note 14, Note 18, Note 21, Note 22 and Note 23 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.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY (CONT'D)****(b) Liquidity and cash flow risk (cont'd)**

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.

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:

	<b>On demand or within one (1) year RM</b>	<b>One (1) to five (5) year RM</b>	<b>More than five (5) year RM</b>	<b>Total RM</b>
<b>Group</b>				
<b>31 December 2023</b>				
Trade payables	3,007,146	–	–	3,007,146
Other payables and accrued expenses	14,916,641	–	–	14,916,641
Amounts owing to related parties	45,000	–	–	45,000
Amounts owing to Directors	163,516	–	–	163,516
Borrowings	28,669,681	14,910,943	–	43,580,624
Hire purchase and lease liabilities	2,807,826	2,368,884	16,200	5,192,910
<b>Total undiscounted liabilities</b>	<b>49,609,810</b>	<b>17,279,827</b>	<b>16,200</b>	<b>66,905,837</b>
<b>31 December 2022</b>				
Trade payables	3,948,914	–	–	3,948,914
Other payables and accrued expenses	6,638,295	–	–	6,638,295
Amounts owing to related parties	45,000	–	–	45,000
Amounts owing to Directors	124,906	–	–	124,906
Borrowings	36,366,023	19,319,891	850,000	56,535,914
Hire purchase and lease liabilities	1,432,737	1,114,507	6,700	2,553,944
<b>Total undiscounted liabilities</b>	<b>48,555,875</b>	<b>20,434,398</b>	<b>856,700</b>	<b>69,846,973</b>

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

### 37. 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
<b>Company</b>			
<b>31 December 2023</b>			
Other payables and accrued expenses	27,200	–	27,200
Financial guarantee contracts	38,273,260	–	38,273,260
<b>Total undiscounted financial liabilities</b>	<b>38,300,460</b>	<b>–</b>	<b>38,300,460</b>
<b>31 December 2022</b>			
Other payables and accrued expenses	37,000	–	37,000
Financial guarantee contracts	50,879,757	–	50,879,757
<b>Total undiscounted financial liabilities</b>	<b>50,916,757</b>	<b>–</b>	<b>50,916,757</b>

(c) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks and financial guarantees given to banks for banking facilities granted to subsidiaries. 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

Two (2) (2022: two (2)) largest customers accounted for RM3,819,000 or 12.60% (2022: RM8,613,000 or 24.27%) of the net trade receivables, after taken in collateral obtained, representing the Group's significant concentration of credit risks.

The maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancements to the secured loans of subsidiary amounts to RM38,273,260 (2022: RM50,879,757) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

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

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

(c) Credit risk (cont'd)

Recognition and measurement of impairment loss of financial guarantee contracts

The Company assumes that there is a significant increase in credit risk when the financial position of the subsidiary deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- (i) the subsidiary is unlikely to repay its credit obligation to the bank in full; or
- (ii) the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the subsidiary using internal information available. No impairment loss is recognised arising from financial guarantees as it is negligible.

(d) Interest rate risk

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

Sensitivity analysis for interest rate risk

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

### 38. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSS

(a) New MFRSS adopted during the financial year

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

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MRFS 112

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

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

### 38. 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 2024**

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

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendment to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendment to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendment to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

# ANALYSIS OF SHAREHOLDERS

AS AT 1 APRIL 2024

## 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	:	1,591 shareholders

## DISTRIBUTION OF SHAREHOLDINGS AS AT 1 APRIL 2024

(as per the Record of Depositors)

Size of Holdings	No. of holders	% of holders	No. of shares held	% of issued shares
1-99	4	0.25	100	*
100-1,000	170	10.68	87,800	0.04
1,001-10,000	679	42.68	4,456,100	1.85
10,001-100,000	599	37.65	21,778,500	9.05
100,000 to less than 5% of issued shares	137	8.61	91,989,512	38.24
5% and above issued shares	2	0.13	122,281,784	50.82
<b>Total</b>	<b>1,591</b>	<b>100.00</b>	<b>240,593,796</b>	<b>100.00</b>

Note:

\* Negligible

## SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 1 APRIL 2024

(as per Register of Substantial Shareholders)

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

Note:

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

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

## ANALYSIS OF SHAREHOLDERS (CONT'D)

### SHAREHOLDINGS OF DIRECTORS AS AT 1 APRIL 2024

(as per Register of Directors' Shareholdings)

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

#### Notes:

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

<sup>(2)</sup> 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 1 April 2024)

No.	Name of Shareholder	No. of shares	% of shares
1.	Tai Hin & Son (PG) Sdn Bhd	106,893,546	44.43
2.	Cheah Eu Kiat	15,388,238	6.40
3.	EAS & Sons Sdn Bhd	12,000,000	4.99
4.	Tai Hin & Son (PG) Sdn Bhd	10,000,000	4.16
5.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sang Ah Weng (E-MLB)	7,611,575	3.16
6.	Eu Ah Seng	4,707,350	1.96
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kong Kok Choy (8092812)	3,780,000	1.57
8.	Goh Kim Han	2,708,500	1.13
9.	Cheah Eu Lee	2,000,000	0.83
10.	Esmond Sit Bo Sheng	1,792,000	0.74
11.	Ooi Lay See	1,700,000	0.71
12.	Sit Peng Chok	1,498,000	0.62

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

(as per the Record of Depositors as at 1 April 2024)

<b>No.</b>	<b>Name of Shareholder</b>	<b>No. of shares</b>	<b>% of shares</b>
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.	Lee Chu Siong	945,864	0.39
21.	Kong Kok Choy	900,000	0.37
22.	Lee Cho Mun	896,000	0.37
23.	Loh Nam Hooi	837,800	0.35
24.	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chew Beow Soon	779,400	0.32
25.	Kong Food Kim	751,700	0.31
26.	Cheah Siang Tee	750,000	0.31
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
	<b>Total</b>	<b>185,607,562</b>	<b>77.14</b>

## PROPERTIES HELD BY THE GROUP

Location/ Postal address	Registered/ beneficial owner	Description/ existing use	Tenure	Land/ Built-up area	Year of acquisition/ revaluation	Date of issuance of certificate	Carrying amount (RM)
Lot 69531, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  (also referred to as Lot 82, Tasek Industrial Estate, Ipoh)	Eversafe Retreading Solution Sdn Bhd (formerly known as 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/-	#	946,647
Lot 70070, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  (also referred to as Lot 90, Tasek Industrial Estate, Ipoh)	Eversafe Retreading Solution Sdn Bhd (formerly known as 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	6,596,657
Lot 70074, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  (also referred to as Lot 93, Tasek Industrial Estate, Ipoh)	Eversafe Rubber Processing Sdn Bhd (formerly known as 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/-	#	1,678,747
Lot 76187, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  (also referred to as Lot 94, Tasek Industrial Estate, Ipoh)	Eversafe Retreading Solution Sdn Bhd (formerly known as 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./ 23,513 sq. ft.	2000/-	#	1,218,045

**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 NINTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Ninth 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 Tuesday, 28 May 2024 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 2023 and the Reports of the Directors and Auditors thereon. | <b>[Please refer to Explanatory Note 1]</b> |
| 2. | To re-elect the following Directors who retire by rotation pursuant to Clause 127 of the Company's Constitution:-                                |   |
|    | i) Tan Sri Dato' Dr. Sak Cheng Lum   | <b>(Resolution 1)</b>                       |
|    | ii) Mr. Cheah Eu Lee   | <b>(Resolution 2)</b>                       |
|    | iii) Mr. Eu Ah Seng  | <b>(Resolution 3)</b>                       |
| 3. | To approve the Directors' fees of RM300,000.00 for the financial year ending 31 December 2024.   | <b>(Resolution 4)</b>                       |
| 4. | To approve the Directors' benefits of up to RM1,500,000.00 for the period from 1 July 2024 to 30 June 2025.                                      | <b>(Resolution 5)</b>                       |
| 5. | To re-appoint BDO PLT as Auditors of the Company and authorise the Directors to fix their remuneration.  | <b>(Resolution 6)</b>                       |

### SPECIAL BUSINESS

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

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

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (the "Act"), 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 NINTH 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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiary(ies) to enter into recurrent related party transactions of revenue or trading nature with the related parties (“Recurrent Related Party Transactions”) as set out in Section 2.2 of the Circular to Shareholders dated 29 April 2024 (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 (the “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 NINTH ANNUAL GENERAL MEETING  
(CONT'D)

whichever is the earlier.

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

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

**BY ORDER OF THE BOARD**

LAW MEE POO (SSM PC NO. 201908002275) (MAICSA 7033423)  
MASTURA BINTI MUHAMAD (SSM PC NO. 202308000517) (MACS 01875)  
Company Secretaries

Ipoh  
29 April 2024

**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 Ninth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors (“ROD”) as at 20 May 2024. 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 NINTH ANNUAL GENERAL MEETING (CONT'D)

### Explanatory Notes:

#### 1. Agenda item no. 1 – Audited Financial Statements for the financial year ended 31 December 2023

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 – Re-election of Directors

Tan Sri Dato' Dr. Sak Cheng Lum, Mr. Cheah Eu Lee and Mr. Eu Ah Seng are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Ninth Annual General Meeting.

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

The Board has also through the NC considered the assessment on the independence of Tan Sri Dato' Dr. Sak Cheng Lum and is satisfied that he has 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 2023 at pages 6,8 and 10.

#### 3. Proposed Resolution 4 – Payment of Directors' Fees

The Directors' Fees proposed for the financial year ending 31 December 2024 are calculated based on the current Board size and in accordance to the Company's policy and guidelines.

#### 4. Proposed Resolution 5 – Payment of Directors' Benefits

This ordinary resolution is to facilitate payment of Directors' benefits on Directors' and Officers' insurance for the period from 1 July 2024 until 30 June 2025. In the event the Directors' benefits proposed are insufficient (e.g. due to enlarged Board size etc.), approval will be sought for the shortfall at the next Annual General Meeting of the Company to be held in 2025.

#### 5. Proposed Resolution 6 – Re-appointment of Auditors

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 Ninth Annual General Meeting are disclosed in the Corporate Governance Overview Statement of the Annual Report 2023.

## NOTICE OF NINTH ANNUAL GENERAL MEETING (CONT'D)

### Explanatory Notes: (Cont'd)

#### 6. **Proposed Resolution 7 – Authority to issue and allot shares of the Company pursuant to Sections 75 And 76 of the Companies Act 2016**

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 new 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 the Proposed 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.

The Company did not seek any general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 at the last Eighth AGM held on 23 May 2023.

#### 7. **Proposed Resolution 8 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

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 29 April 2024 accompanying the Company's Annual Report for the financial year ended 31 December 2023.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

# ADMINISTRATIVE GUIDE

## FOR THE CONDUCT OF NINTH ANNUAL GENERAL MEETING (“9TH AGM”)

Day and Date	:	Tuesday, 28 May 2024
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 EVERS SAFE RUBBER BERHAD (THE “COMPANY”)

#### Individual Members

All Members who wish to attend the 9th AGM in person **ARE REQUIRED TO PRE-REGISTER** with the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (“Share Registrar”, “Tricor”, or “TIIH”) via TIIH Online website at <https://tiih.online> no later than **Sunday, 26 May 2024 at 11.00 a.m.** Kindly refer to the Pre-Register procedures below.

#### Corporate Members

Corporate members who wish to appoint corporate representatives instead of a proxy to attend and vote at the 9th AGM must deposit their original or duly certified certificate of appointment of corporate representative to the Company’s Share Registrar no later than **Sunday, 26 May 2024 at 11.00 a.m.**

Attorneys appointed by power of attorney are required to deposit their power of attorney to the Company’s Share Registrar no later than **Sunday, 26 May 2024 at 11.00 a.m.** to attend and vote at the 9th AGM.

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

Only a shareholder whose name appears on the Record of Depositor as at **20 May 2024** shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf.

#### Pre-Register Procedure

Members/proxies/corporate representatives/attorneys who wish to attend and vote at the 9th AGM are to follow the procedure as summarised below:

	Procedure	Action
<b>BEFORE THE 9th AGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” select “<b>Create Account by Individual Holder</b>”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
(b)	PRE-REGISTER to attend AGM	<ul style="list-style-type: none"> <li><b>Registration is open from 11.00 a.m. Monday, 29 April 2024 up to 11.00 a.m. Sunday, 26 May 2024.</b></li> <li>Login with your user ID and password and select the corporate event: “<b>(REGISTRATION) EVERS SAFE 9TH AGM</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Insert the CDS account number and indicate the number of shares.</li> <li>Submit to register your physical attendance.</li> <li>System will send an <b>e-mail to notify</b> you that your registration to attend the AGM physically is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at <b>20 May 2024</b>, the system will send you an <b>e-mail after 26 May 2024 to approve or reject</b> your registration for pre-register to attend the 9th AGM.</li> </ul>

## ADMINISTRATIVE GUIDE (CONT'D)

### Appointment of Proxy

A shareholder who is unable to attend the 9th AGM on 28 May 2024 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 9th 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.

### 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
<b>i. Steps for Individual Shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>• If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>• Select the corporate event: <b>EVERSAFE 9TH AGM - "Submission of Form of Proxy"</b>.</li> <li>• Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>• Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li> <li>• Review and confirm your proxy(s) appointment.</li> <li>• Print the form of proxy for your record.</li> </ul>
<b>ii. Steps for corporation or institutional shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>▪ Access TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>▪ Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "<b>Create Account by Representative of Corporate Holder</b>".</li> <li>▪ Complete the registration form and upload the required documents.</li> <li>▪ Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>▪ Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</i></p>

## ADMINISTRATIVE GUIDE (CONT'D)

### 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
<b>ii. Steps for corporation or institutional shareholders</b>	
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>▪ Login to TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>▪ Select the corporate exercise name: <b>"EVERSAFE 9TH AGM - Submission of Form of Proxy"</b></li> <li>▪ Agree to the Terms &amp; Conditions and Declaration.</li> <li>▪ Proceed to download the file format for "Submission of Form of Proxy" in accordance with the Guidance Note set therein.</li> <li>▪ Prepare the file for the appointment of proxies by inserting the required data.</li> <li>▪ Login to TIIH Online, select corporate exercise name: <b>"EVERSAFE 9TH AGM: - Submission of Form of Proxy"</b>.</li> <li>▪ Proceed to upload the duly completed proxy appointment file.</li> <li>▪ Select "Submit" to complete your submission.</li> <li>▪ Print the confirmation report of your submission for your record.</li> </ul>

The last date and time for lodging the form of proxy is Sunday, 26 May 2024 at 11.00 a.m.

### Registration on the day of the 9<sup>th</sup> 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.

### Enquiry

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

<b>Tricor Investor &amp; Issuing House Services Sdn Bhd</b> Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia	General Line:	603-2783 9299
	Contact person:	
	Mr. Azad	603-2783 9284
	Mr. Darwin	603-2783 9246
	Ms. Siti Zalina	603-2783 9247
Fax Number:	603-2783 9222	
Email:	<a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>	

# FORM OF PROXY

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

CDS Account No.

No. of Shares Held

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

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

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

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

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

and/or failing him/her

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

or failing him/her, THE CHAIRPERSON OF THE MEETING, as \*my/our proxy/proxies to vote for \*me/us and on \*my/our behalf at the Ninth Annual General Meeting ("9<sup>th</sup> 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 **Tuesday, 28 May 2024 at 11.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Resolution	Agenda	FOR	AGAINST
<b>Ordinary Business</b>			
1	Re-election of Tan Sri Dato' Dr. Sak Cheng Lum as Director		
2	Re-election of Mr. Cheah Eu Lee as Director		
3	Re-election of Mr. Eu Ah Seng as Director		
4	Approval of Directors' fees for the financial year ending 31 December 2024		
5	Approval of Directors' benefits for the period from 1 July 2024 to 30 June 2025		
6	Re-appointment of BDO PLT as Auditors		
<b>Special Business</b>			
7	Authority to issue and allot shares of the Company 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 \_\_\_\_\_ 2024.

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

^ Manner of execution:

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

\* 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.



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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 Ninth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors ("ROD") as at 20 May 2024. 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.

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AFFIX  
STAMP

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

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8 Jalan Kerinchi  
59200 Kuala Lumpur

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**EVERSAFE RUBBER BERHAD**

[201501008542 (1133877-V)]

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

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Email : [enquiry@eversafe.com.my](mailto:enquiry@eversafe.com.my)

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