



STRETCHING LIMITS • SINCE 1979



A BETTER
Tomorrow



KOSSAN RUBBER INDUSTRIES BHD.
ANNUAL REPORT **2021**

OUR VISION

To be a respected global company by protecting lives through purposeful rubber products

OUR MISSION

To provide innovative and reliable gloves and engineered rubber products in a sustainable manner and with integrity

CORE VALUES

INSPIRED

CARING

COMMITTED

INNOVATIVE

HONORABLE



A BETTER TOMORROW

The pandemic and increasing consequences of climate change has shone the spotlight on health, wellbeing and the environment. In the face of this, we at KOSSAN are progressively committed to deliver products that protect lives and conduct our operating activities in a responsible manner to people, planet and profits. Believing that what we do today matters, we strive to enable "A Better Tomorrow" for all generations.

Featured on the cover visual is our hope for people and the planet we live in. We believe that our products and operating activities must create value for all stakeholders - value that improves the quality of life, value that sustains through the generations.



Scan the QR Code or view our Annual Report online version at <https://kossan.com.my/investors/reports-announcements.html>

42nd ANNUAL GENERAL MEETING

DATE: 19 MAY 2022 | TIME: 10.30 A.M.

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CORPORATE INFORMATION

REGISTERED AND CORPORATE OFFICE

Wisma Kossan,
Lot 782, Jalan Sungai Putus,
Off Batu 3¾ Jalan Kapar,
42100 Klang, Selangor Darul Ehsan.
Tel: +603-3291 2657
Fax: +603-3291 2903
E-mail: kossan@kossan.com.my
Website: www.kossan.com.my

INVESTOR RELATIONS

E-mail: ir@kossan.com.my
Tel: +603-3291 2657

COMPANY SECRETARIES

Chia Ong Leong
(SSM P.C. No. 201908000832, MIA 4797)
Chia Yew Ngo
(SSM P.C. No. 202008000487, LS 1831)

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Bank Muamalat (Malaysia) Berhad
Hong Leong Bank Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor Menara Symphony,
No. 5 Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan.
Tel: +603-7890 4700
Fax: +603-7890 4670
Website: www.boardroomlimited.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name: KOSSAN
Stock Code: 7153

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.

FACTS AT A GLANCE

(as at 31 December 2021)

BUSINESS OPERATIONS

Established in Malaysia in

1979



More than
7,000
employees



GLOVES DIVISION

Capacity of

33.5 BILLION

pieces of gloves per annum

Launched the **FIRST** KOSSAN Patented Glove Technology with **LOW DERMATITIS POTENTIAL 510(k)** clearance by U.S. FDA in 2016



Launched the **FIRST PROTECTION AGAINST FENTANYL**

nitrile gloves with U.S. FDA 510(k) clearance in 2018

The world's **FIRST HALAL** certified gloves by Jabatan Kemajuan Islam Malaysia in 2017

TECHNICAL RUBBER PRODUCTS DIVISION

An accredited in-house and independent **TESTING LABORATORY** to support material designs, development and testing; providing cutting edge and value-added services to customers



SAMM NO. 464



International Laboratory Accreditation Cooperation

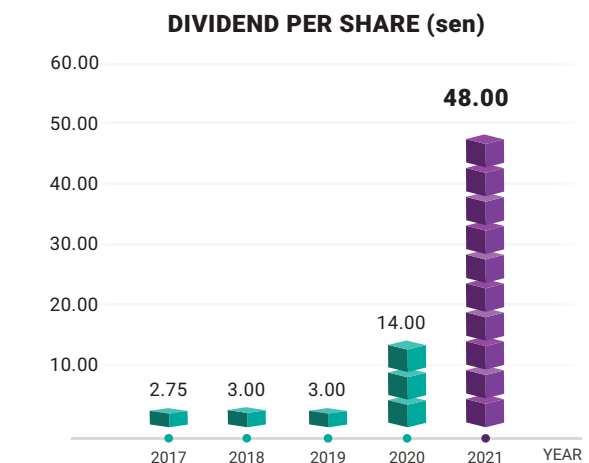
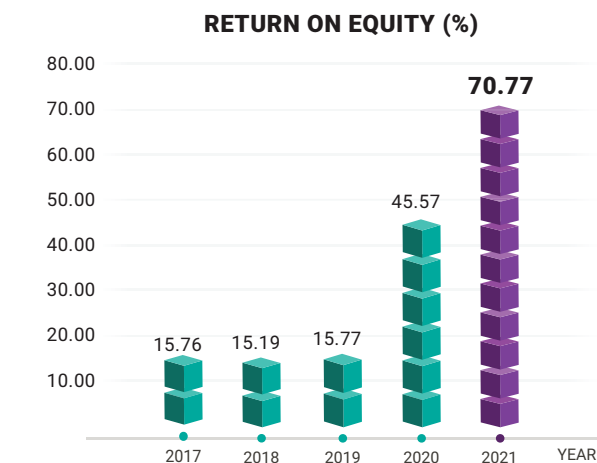
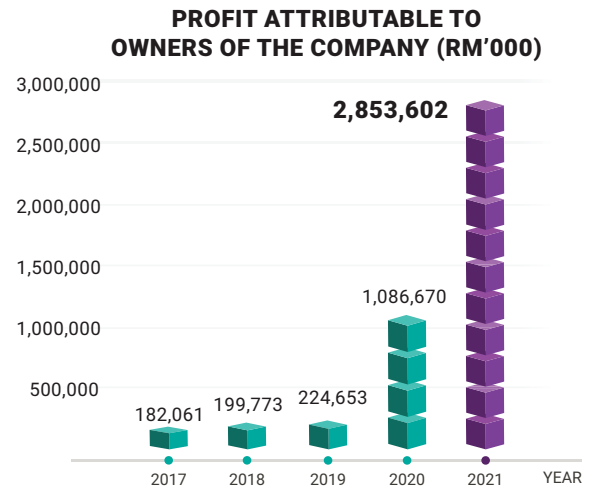
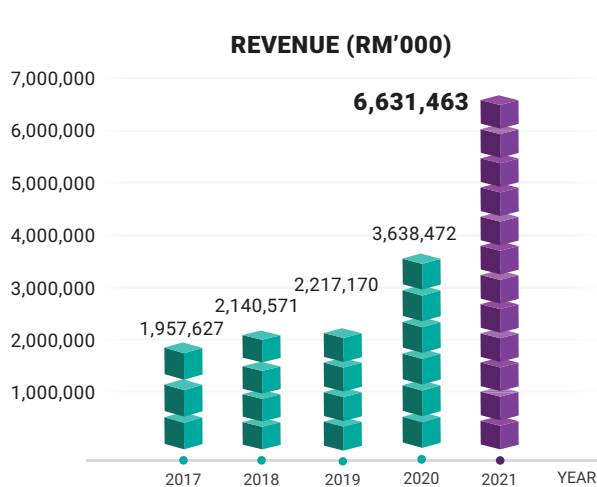
Compounding capacity exceeding **10,000** metric tonnes per annum

FINANCIAL HIGHLIGHTS

| YEAR ENDED | 31 DEC 21 | 31 DEC 20 | 31 DEC 19 | 31 DEC 18 | 31 DEC 17 |
|--|-----------|-----------|-----------|-----------|-----------|
| FINANCIAL RESULTS (RM'000) | | | | | |
| Revenue | 6,631,463 | 3,638,472 | 2,217,170 | 2,140,571 | 1,957,627 |
| Profit before taxation | 3,747,312 | 1,441,410 | 276,372 | 249,264 | 228,313 |
| Profit attributable to Owners of the Company | 2,853,602 | 1,086,670 | 224,653 | 199,773 | 182,061 |
| FINANCIAL POSITION (RM'000) | | | | | |
| Total borrowings | 238,400 | 555,037 | 565,234 | 508,680 | 396,746 |
| Total lease liabilities | 13,401 | 15,641 | 12,876 | - | - |
| Cash and cash equivalents | 2,557,765 | 1,089,507 | 162,250 | 146,315 | 210,382 |
| Net cash/(debt) | 2,305,964 | 518,829 | (415,860) | (362,365) | (186,364) |
| Equity attributable to Owners of the Company | 4,032,346 | 2,384,834 | 1,424,290 | 1,314,864 | 1,155,022 |
| Number of shares in issue* | 2,551,620 | 2,555,120 | 1,278,936 | 1,278,936 | 639,468 |
| FINANCIAL RATIOS | | | | | |
| Basic earnings per share (sen) | 111.82 | 42.49 | 8.78 | 7.81 | 7.12 |
| Net gearing ratio (%) | Net Cash | Net Cash | 29.20 | 27.56 | 16.14 |
| Return on equity (%) | 70.77 | 45.57 | 15.77 | 15.19 | 15.76 |
| Dividend per share (sen) | 48.00 | 14.00 | 3.00 | 3.00 | 2.75 |

* Based on the number of ordinary shares less treasury shares.

The comparative basic earnings per share and dividend per share have been adjusted to take into account the effect of share split on the basis of two new ordinary shares for every one existing ordinary shares held in FY2018 and the bonus issue on the basis of one bonus share for each existing share held in FY2020.



AWARDS AND CERTIFICATIONS

Throughout the years, we are grateful to have been honoured by these awards and achieved these certifications, both at industry and international level.

2021




The Edge Billion Ringgit Club Corporate Award 2021
(Healthcare Sector)

- Highest return on equity over three years
- Highest growth in profit after tax over three years

KOSSAN RUBBER INDUSTRIES BHD.

2020



General Motors: Supplier Quality Excellence Award 2020
KOSSAN INDUSTRIES SDN. BHD.
(Year received 2021)



Perfect Quality 2020 Award
KOSSAN INDUSTRIES SDN. BHD.
(Year received 2021)

2019



General Motors: Supplier Quality Excellence Award 2019
KOSSAN RUBBER INDUSTRIES BHD.
(Year received 2020)



Frost & Sullivan: Asia Pacific Best Practices Awards 2019
Global Halal Glove Company of the Year
KOSSAN RUBBER INDUSTRIES BHD.



Sin Chew Business Excellence Awards 2019
Lifetime Excellence Achievement Award 2019
TAN SRI DATO' LIM KUANG SIA

2017-2018



THE BRANDLAUREATE WORLD HALAL BESTBRANDS AWARDS 2018



GRC GLOBAL RUBBER CONFERENCE



ASEAN BUSINESS AWARDS 2017

Awards and Certifications (Cont'd)

ACCREDITED LABORATORY



SAMM NO. 464



International Laboratory Accreditation Cooperation

KOSSAN LABORATORY
KOSSAN INDUSTRIES SDN. BHD.



SAMM NO. 372



International Laboratory Accreditation Cooperation

E-LAB TESTING AND RESEARCH CENTER
DOSHIN RUBBER PRODUCTS (M) SDN. BHD.

ENVIRONMENTAL MANAGEMENT SYSTEM



ISO 14001

Lloyd's Register Quality Assurance Limited
KOSSAN INDUSTRIES SDN. BHD.
HIBON CORPORATION SDN. BHD.



ISO 14001

BSI Assurance UK Limited
IDEAL QUALITY SDN. BHD.
PERUSAHAAN GETAH ASAS SDN. BHD.



ISO 45001

BSI Assurance UK Limited
WEAR SAFE (MALAYSIA) SDN. BHD.
KOSSAN LATEX INDUSTRIES (M) SDN. BHD.

QUALITY MANAGEMENT SYSTEM



IATF 16949

AUTOMOTIVE
Lloyd's Register Quality Assurance Limited
HIBON CORPORATION SDN. BHD.



ISO 9001

Lloyd's Register Quality Assurance Limited
HIBON CORPORATION SDN. BHD.



IATF 16949 & ISO 9001

TÜV Rheinland Malaysia Sdn. Bhd.
KOSSAN INDUSTRIES SDN. BHD.



ISO 9001

TÜV Rheinland Malaysia Sdn. Bhd.
DOSHIN RUBBER PRODUCTS (M) SDN. BHD.
QUALITY PROFILE SDN. BHD.



BS EN 681: Pt. 1
IKRAM QA Service Sdn Bhd
KOSSAN INDUSTRIES SDN. BHD.



EN 15129, EN1337-3, EN1337-7
Certificate of Constasy of Performance
TZUS Cert
DOSHIN RUBBER PRODUCTS (M) SDN. BHD.



ISO 13485 & EN ISO 13485

BSI Assurance UK Limited
KOSSAN INTERNATIONAL SDN. BHD.
KOSSAN LATEX INDUSTRIES (M) SDN. BHD.
WEAR SAFE (MALAYSIA) SDN. BHD.
PERUSAHAAN GETAH ASAS SDN. BHD.
IDEAL QUALITY SDN. BHD.



ISO 9001

BSI Assurance UK Limited
KOSSAN INTERNATIONAL SDN. BHD.
KOSSAN LATEX INDUSTRIES (M) SDN. BHD.
WEAR SAFE (MALAYSIA) SDN. BHD.
PERUSAHAAN GETAH ASAS SDN. BHD.
IDEAL QUALITY SDN. BHD.



MS 2200-1
Jabatan Kemajuan Islam Malaysia (JAKIM)
KOSSAN INTERNATIONAL SDN. BHD.
WEAR SAFE (MALAYSIA) SDN. BHD.
PERUSAHAAN GETAH ASAS SDN. BHD.



HAS 23000
Majelis Ulama Indonesia (MUI)
KOSSAN INTERNATIONAL SDN. BHD.
WEAR SAFE (MALAYSIA) SDN. BHD.
PERUSAHAAN GETAH ASAS SDN. BHD.



EC Certificate
BSI Group The Netherlands B.V.
Sterile Surgeons Natural Rubber and Polyisoprene Gloves
KOSSAN INTERNATIONAL SDN. BHD.
WEAR SAFE (MALAYSIA) SDN. BHD.



BRC Global Standard
SGS United Kingdom Ltd.
WEAR SAFE (MALAYSIA) SDN. BHD.



Hazard Analysis and Critical Control Point (HACCP)
SGS (Malaysia) Sdn. Bhd.
WEAR SAFE (MALAYSIA) SDN. BHD.

CHAIRMAN'S STATEMENT



Mohamed Shafeii bin Abdul Gaffoor
Chairman

Dear Valued Shareholders,

NAVIGATING AN UNPRECEDENTED LANDSCAPE

Without a doubt, the 2021 year has been marked by the continued impact the COVID-19 pandemic has had on a global scale. The healthcare industry has been thrust into the limelight – from the hospitals to medical supplies and equipment to therapeutics and vaccines – all have had an integral role to play. As a leading manufacturer of protective gloves, Kossan Rubber Industries Bhd (“KOSSAN” or “Group”) and Malaysia’s glove industry has played a leading role in the fight against the devastating pandemic. Throughout this period, the Group’s focus has been to ensure that our rubber gloves are directed to where they are needed the most – the frontliners and healthcare practitioners. In this context, the Group has implemented strict compliance to COVID-19 health and safety protocols across all our facilities to ensure continuity of operations and the uninterrupted supply of protective gloves to our customers.

On this note and on behalf of the Board of Directors, it is my pleasure to present to you KOSSAN’s Annual Report for the financial year ended 31 December 2021 (“FY2021”).

GROWTH IN UNCERTAIN TIMES

As Chairman of the Board, I have witnessed KOSSAN grow from strength to strength. The 2021 year was no exception as the Group achieved its highest-ever revenue and profit before tax of RM6.63 billion and RM3.75 billion respectively. With this performance, the Group has now delivered a record 26 years of unbroken profits since its listing.

Since coming onboard, I have witnessed the Group’s transformation where changes have been implemented throughout the organisation. These initiatives have started to pay off, with marked improvements in our efficiency as well as performance, allowing us to be even more resilient in the face of rising costs and heightened competition.

COVID-19 RESPONSE

As one of the leading producers of gloves in the world, KOSSAN is conscious of the role we play not just within the healthcare sector, but also in the health and safety of Malaysians. Recognising that the heart of KOSSAN is its people and to safeguard the lives of employees from the COVID-19 pandemic, the Group had in July 2021, under the Selangor State Government’s Vaccination Programme, Vaksin Selangor (Selvax), administered first and second doses of COVID-19 vaccines to over 6,400 local and foreign employees who

Chairman's Statement (Cont'd)

have opted into the programme. This was followed by a booster dose in January 2022 in collaboration with the National Cancer Society Malaysia for over 2,800 of our local and foreign employees who have opted in. Total costs incurred for the vaccination programme amounted to RM2.8 million. This is in addition to the stringent Standard Operating Procedures (“SOPs”) implemented throughout the workplace. To mitigate the risk of cross exposure, employees are assigned to specific plants to minimise overlap.

Additionally, KOSSAN is pleased to make a donation of RM50 million to the Government's COVID-19 fund in support of Malaysia's fight against the COVID-19 pandemic. The Group remains committed to safeguarding the health and safety of all our employees and the surrounding community.

ACCELERATING OUR SUSTAINABILITY JOURNEY

At KOSSAN, we understand that financial performance is not the only measure of success. At the centre of our continued growth is a balanced and sustainable approach towards environmental, social and governance (“ESG”) factors.

In these challenging times, the safety and welfare of our people remain a foremost priority and we continue to focus our efforts in ensuring that employees are well taken care of. The Group is committed to comply with all relevant local and international labour standards and practices and we have made significant strides in our social compliance journey. The remediation of recruitment fees to migrant workers totalling RM54 million, which commenced in November 2020, was completed in June 2021 ahead of the targeted completion in March 2022.

Yayasan Kossan, which is the Group's charitable arm, spearheads our corporate social responsibility (“CSR”) activities and continues to carry out programmes focused on the educational and social welfare of the surrounding communities in which we operate.

Though it is a work-in-progress, I am encouraged by the progress that the Group has made on all three ESG fronts. We will continue to strengthen our sustainability performance by monitoring our performance indicators, fostering close relationships with our stakeholders as well as incorporating sustainability principles across the Group. Our initiatives are further detailed in our Sustainability Statement.

THE ROLE OF TECHNOLOGY IN A RAPIDLY EVOLVING INDUSTRY

The manufacturing sector has evolved rapidly in recent years. With the advent of Industry 4.0, cutting-edge technology will play a key role in the manufacturing sector. The glove industry has seen progress from being labour intensive in the past to the adoption of automation and robotics in today's higher-value manufacturing plants. The Internet of Things (“IoT”), Big Data Analytics, Artificial Intelligence (“AI”) and Industrial Automation will be central to this development. To this end, KOSSAN has embraced automation and robotics in its manufacturing process which has over time reduced the reliance on manual labour. Adoption of value-added processes such as digitalisation and integrated manufacturing technologies will allow for a seamless production process with reduced manual input, leading to enhanced quality and efficiency and paving the way for higher productivity and the development of a skilled and innovative workforce.

IN APPRECIATION

In a tumultuous year where the COVID-19 pandemic spread across the world, further compounded by the multiple waves of cases and new variants, my gratitude goes to the Board and management as well as all employees for their determination and commitment that has resulted in an exceptional performance for the Group. Thank you to the Board and management for their dedication to KOSSAN's purpose and values and for remaining resilient and united throughout a watershed year. Under the Board's guidance and efforts, I am confident that the Group will continue to deliver sustainable shareholder value moving forward.

On behalf of the Board, I wish to express our sincere appreciation to all our valued shareholders, clients, partners, vendors, bankers and business associates for the trust and loyalty that you have given KOSSAN over the years. We look forward to further strengthening our relationship with you in the future.

Mohamed Shafeii Bin Abdul Gaffoor
Chairman
7 April 2022

MANAGEMENT DISCUSSION AND ANALYSIS



Tan Sri Dato' Lim Kuang Sia
Group Managing Director /
Chief Executive Officer

Dear Valued Shareholders,

2021 has been an exceptional year for the Group. For the financial year ended 31 December 2021 ("FY2021"), I am pleased to report that Kossan Rubber Industries Bhd ("KOSSAN" or "Group") has delivered its best-ever performance with revenues and profits at record levels. The Group's profit before tax ("PBT") grew to a record RM3.75 billion on revenue of RM6.63 billion with shareholders' funds increasing to RM4.03 billion in FY2021.

While we are not immune to challenges, the improved performance is a result of our commitment to long-term, sustainable growth, where we continued to invest for the future - continuing the transformation within our organisation, empowering our people, reengineering our processes and rethinking the way we do business. This disciplined focus has meant that for the 26th year running, we are making good on our promise to enhance shareholder value since KOSSAN's listing in 1996.

OPERATING AND FINANCIAL OVERVIEW

Glove demand has historically grown by 8-10% per year on average. With the onset of the COVID-19 pandemic, the demand for personal protective equipment ("PPE") including protective gloves surged to record levels. This surge was reflected in the January-October 2021 period where rubber gloves export revenue grew by almost 91% year-on-year to RM50 billion as the sector gained from higher sales volumes and prices, according to the Malaysian Rubber Council ("MRC").

Against this backdrop, for the financial year ended 31 December 2021, the Group's revenue increased by 82.3% to RM6.63 billion as compared with RM3.64 billion in financial year ended 31 December 2020 ("FY2020"). Profit before tax increased by 160.0% to RM3.75 billion as compared with RM1.44 billion in the previous year mainly attributable to the improved performance in the Gloves division. The surge in the demand for protective gloves during the height of the COVID-19 pandemic led to an acute shortage and a

Management Discussion And Analysis (Cont'd)

supply-demand imbalance in the market. As a result, average selling prices (“ASPs”) increased significantly in the period under review. The performance was accomplished despite rising material costs during the pandemic due to the shortage of key raw materials and disruptions to operations from the Enhanced Movement Control Order (“EMCO”) imposed in the state of Selangor as well as by the subsequent National Recovery Plan (“NRP”) where affected plants were only allowed to operate at 60% workforce capacity.

As a result of the Group’s financial performance, cash and cash equivalents grew to RM2.56 billion while total debt stood at RM251.80 million as at 31 December 2021. The net cash position of RM2.31 billion will provide the Group with the flexibility to pursue its growth strategies. Return on equity, which measures the ability to generate profits on shareholders’ funds, increased to 70.8% from 45.6% in FY2020, underscoring the Group’s position within the healthcare industry and its ability to optimise returns on its equity capital.

Review of Segmental Performance

KOSSAN’s business segments are divided into the Gloves, Technical Rubber Products (“TRP”) and Cleanroom Products. With the exception of the plant for cleanroom products which is located in Dongguan, China, all our plants are located in Malaysia.

Gloves Division

The Gloves Division is the largest contributor to revenues and profitability. The revenue derived from the Gloves Division for the FY2021 period was up 88.3% to RM6.26 billion from RM3.32 billion in FY2020. Segment profit grew to RM3.71 billion, up 163.7% from RM1.41 billion recorded in the previous year. The improved performance was attributable to the increase in the average selling price for the Group’s glove products.

Our glove products are mainly exported to the developed markets of North America, Europe and the Asia Pacific region. With the completion of the Group’s Plant 20, KOSSAN’s installed capacity stands at 33.5 billion pieces per annum.

Technical Rubber Products Division

The TRP Division is involved in the manufacturing and distribution of high technical-input rubber products, which are used in a wide array of industries, including infrastructure, automotive and industrial applications. The majority of the division’s products are exported to North America, South America and Asia-Pacific region.

The revenue derived from the TRP Division for FY2021 increased by 4.1% to RM169.89 million from RM163.18 million in FY2020 while segment profit was RM16.66 million, a decrease of 23.2% from RM21.70 million recorded in the previous year. The performance of the TRP Division was affected by the global logistics disruptions and the imposition of lockdowns as a result of the COVID-19 pandemic.

Cleanroom Division

The Cleanroom Division is involved in the production of cleanroom gloves, face-masks and wipes that are mainly used in the electrical and electronic industries. The Dongguan plant in China is not involved in glove manufacturing but undertakes secondary and value-added processes on the gloves produced in Malaysia by our Gloves Division.

The revenue derived from the Cleanroom Division for FY2021 increased to RM204.13 million from RM152.06 million last year, while segment profit was RM26.16 million compared to RM30.56 million in FY2020.

REWARDING SHAREHOLDERS

KOSSAN is committed to delivering value to our shareholders through consistent dividend distributions. In line with our earnings performance, the Group has paid out a total dividend of 36 sen per share consisting of a first, second and third interim dividend of 12 sen respectively to-date. On 17 February 2022, the Group had also declared a fourth interim dividend of 12 sen per share with an ex-date of 5 April 2022 and a payment date of 22 April 2022, bringing total dividends for FY2021 to 48 sen per share. This amounts to a total payout of RM1.22 billion, representing a payout ratio of 42.9%.

MOVING FORWARD

Industry Landscape

Two years after the World Health Organisation (“WHO”) declared a pandemic, COVID-19 continues to impact the world. The International Monetary Fund (“IMF”) in its January 2022 World Economic Outlook (“WEO”) report projects global growth to moderate from 5.9 in 2021 to 4.4 percent in 2022. Global growth is expected to slow to 3.8 percent in 2023, according to the IMF.

Management Discussion And Analysis (Cont'd)

As a result of the pandemic, the demand for protective gloves increased significantly. In its July 2021 statement, the Malaysian Rubber Glove Manufacturers Association ("MARGMA") projected global glove demand to be 420 billion pieces for 2021 (2020: 360 billion pieces). In the near term, the glove industry is expected to be challenging with the tapering of glove demand and ASP from the heights of the pandemic as a result of the rollout of mass vaccinations globally. Even with the COVID-19 variants, the percentage of COVID-19 cases categorised as severe has declined compared to the earlier stages of the pandemic. As such, the exceptionally high ASP which were due to the shortage and panic-buying of gloves during the onset of the pandemic, have decreased rapidly leading to inventory adjustments and delayed customer orders. In addition, the glove sector is seeing increased competition and incoming capacity from existing manufacturers and new entrants, domestically as well as overseas. The global logistics disruptions and container shipping shortages have also adversely affected glove shipments and deliveries. Furthermore, the industry is subject to increases in manpower and energy costs amidst an inflationary environment. Based on these reasons, the glove sector is expected to face headwinds in the current year 2022.

Nevertheless, looking beyond the current COVID-19 situation and adopting a long-term perspective, global demand is expected to remain higher than pre-pandemic levels as a result of a shift in glove usage due to higher healthcare standards and hygiene awareness in both the medical and non-medical sectors. MARGMA in a February 2022 statement, projects the demand for gloves to be 10-15% higher than pre-Covid levels in 2022 and 2023.

Rubber gloves remain an indispensable part of the healthcare industry as the contamination and infection control medical device of choice. In the non-medical sector, rubber gloves' functional barrier properties and low absolute unit price has lent itself to a broad range of applications across industries and end-uses. In addition, increasing demand from emerging markets and countries with low per capita consumption will continue to drive the industry's expansion. With our proven track record, KOSSAN is well-positioned to pursue these opportunities and develop its competitive edge in these markets.

The TRP Division is involved in two main segments which are the infrastructure and automotive sectors. The anticipated gradual uptick in economic activity and infrastructure spending domestically and regionally as economies reopen post-pandemic will bode well for the division.

LONG-TERM SUSTAINABLE GROWTH

As we move forward, the Group will accelerate its transformation plans where changes have been implemented throughout the organisation which will allow the Group to be resilient even in the face of rising costs and heightened competition.

KOSSAN's strategy is to drive long-term sustainable growth. Capacity expansions in Selangor over the next two years are projected to increase capacity by 5 billion pieces of gloves through the construction of two new plants. The first plant with an installed capacity of 2 billion pieces is expected to be completed in the 1st half of 2023 while the second plant with an installed capacity of 3 billion pieces is expected to be completed in the 2nd half of 2023.

Thereafter, expansion will be focused on the 824-acre industrial land in Bidor, Perak. The Group plans to build an integrated glove manufacturing facility that will increase annual installed capacity by an additional 42 billion pieces over the next 8 to 10 years through the construction of ten (10) glove plants which will be completed in stages. The first plant in Bidor which will have a capacity of 4.2 billion pieces per annum is projected to be completed in the 1st half of 2024. This expansion in a centralised location with available sources of utilities (natural gas, electricity and water) and local manpower will facilitate the Group's expansion program. Beyond the anticipated near-term headwinds in the current year 2022, the Group remains optimistic of its future prospects and the continued growth of the glove industry.

To stay ahead of the curve, KOSSAN has embarked on a transformation journey by ensuring we have the right people, processes and systems in place. In addition, the Group recognises that cutting-edge technology such as robotics, Industry 4.0, the Internet of Things, Big Data and Artificial Intelligence are crucial to the development of the glove industry.

As part of its ongoing transformation, the Group has accelerated investments into digitalisation and automation in its plants to increase productivity and efficiency and to prepare the Group for its next phase of growth. In this regards, KOSSAN has invested in a new Enterprise Resource Planning ("ERP") system which will be implemented across the Group progressively. ERP systems integrate financials, supply chain, operations, commerce, reporting, manufacturing, and human resource activities in one seamless digital platform leading to better cost management, improved inventory management,

Management Discussion And Analysis (Cont'd)

and overall improved productivity. In addition, the implementation of automation and robotics in our plants allow us to improve quality and consistency. Automation streamlines the production process, minimising costly human errors, wastage and rejects whilst ensuring product quality. Automation not only reduces over-reliance on manual labour, it also resolves problems of labour shortages and rising wages in the long run. With the implementation of automated packaging, the number of workers per million pieces of gloves produced per month will further decrease in the future. As we move forward, we remain focused on harnessing technology to complement our manufacturing excellence.

AWARDS & RECOGNITION

During the year, KOSSAN was awarded two awards in The Edge Billion Ringgit Club Corporate Award 2021 for the Highest Return on Equity Over Three Years and the Highest Growth in Profit After Tax Over Three Years under the Healthcare sector. The Edge Billion Ringgit Club Corporate Award's recognises Corporate Malaysia's best-performing listed companies and these awards are a testament to the Group's profitability and consistent growth despite the challenging times.

ACKNOWLEDGEMENTS

To the Directors and management team and to all employees of KOSSAN - thank you for the outstanding leadership in steering the company to where it is today and for yet another year of record performance. Your unwavering dedication and commitment even in these challenging times form the backbone of our success and in everything that we strive to achieve.

To our customers, business partners, associates, suppliers, consultants and bankers - my appreciation for your unwavering support and trust, many of whom have been on this journey with us since the beginning.

Without the contributions from all our stakeholders over the years, we would not have been able to grow from a five-man operation in 1979 to a world-class manufacturer of disposable gloves and technical rubber products today. With the support of all our stakeholders, I am confident KOSSAN will continue to deliver sustainable growth now and far into the future.

Tan Sri Dato' Lim Kuang Sia
 Group Managing Director / Chief Executive Officer
 7 April 2022

DIRECTORS' PROFILE



TAN SRI DATO' LIM KUANG SIA

70 | MALE | MALAYSIAN

**Group Managing Director / Chief Executive Officer,
Non-Independent Executive Director**

Date Appointed to the Board:
14 June 1979 (Founder)

Board Committee Membership(s):
• Member of the Remuneration Committee

Qualifications and Working Experience:
Tan Sri Dato' Lim, a founder director of Kossan, graduated with a Bachelor of Science Degree in Chemistry from Nanyang University in Singapore in 1975, a Post-graduate Diploma in Chemical Engineering from University College, University of London in 1976 and a Master's Degree in Chemical Engineering from Imperial College, University of London in 1977.

Present Appointment(s):

- Honorary President of The Associated Chinese Chambers of Commerce and Industry of Malaysia
- Executive Advisor to the Klang Chinese Chamber of Commerce and Industry
- Deputy President of the Malaysia Teochew Chamber of Commerce
- Honorary Life President of the Teochew Association Klang and Coast
- Honorary Advisor to the Lim Association Klang and Coast
- Deputy Chairman of Pin Hwa High School
- Vice Chairman of Kwang Hua Private High School
- Vice Chairman of Hin Hua High School

Present Directorship(s):
• Founder and Trustee of Yayasan Kossan

Directorship(s) in other Public Companies and Listed Entities:
NIL



MOHAMED SHAFEEI BIN ABDUL GAFFOOR

59 | MALE | MALAYSIAN

Chairman, Independent Non-Executive Director

Date Appointed to the Board:
23 January 2017

Board Committee Membership(s):

- Chairman of the Nominating Committee
- Chairman of the Remuneration Committee
- Member of the Audit Committee

Qualifications and Working Experience:
En. Mohamed Shafeii graduated with a Bachelor of Arts (Hons) Degree from the University of Waterloo, Canada in 1986 and obtained the Master of Business Administration (Oil and Gas Management) from University of Dundee, United Kingdom in 1994.

He has experience in auditing, administration and consulting. He was an economist with Bank Negara Malaysia in 1986, an auditor with Ernst & Young between 1987 to 1990 and was with Shapadu Corporation Sdn. Bhd., a company involved in transportation, toll concession, oil and gas and investment, between 1991 to 1994. He joined Desa Pachi Consultancy Sdn. Bhd., a company that provides management and technical consulting services in 1995 as its Managing Director. While at the consulting company, he was seconded to Westmont Industries Bhd./Sabah Shipyard Sdn. Bhd. (1997 to 1999) and Ipco International Ltd (2000 - 2002) as their Managing Director and to Xian Leng Holdings Bhd. (1998 to 2008) as its Independent Director.

Present Appointment(s):
NIL

Directorship(s) in other Public Companies and Listed Entities:
NIL

Directors' Profile (Cont'd)



LEE CHOO HOCK
69 | MALE | MALAYSIAN
Senior Independent Non-Executive Director

Date Appointed to the Board:
26 August 2013

- Board Committee Membership(s):**
- Chairman of the Audit Committee
 - Chairman of the Risk Management Committee
 - Member of the Nominating Committee

Qualifications and Working Experience:
Mr. Lee is a Chartered Accountant with membership in the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Lee qualified as an accountant in 1980 and has experience in accounting and tax. He worked at Malayan Banking Berhad from 1983 until his retirement in 2008. His experience with Malayan Banking includes internal audit, information technology, branch supervision, retail banking, products development and market research, as well as treasury operations. He was the Head of Finance in Malayan Banking Berhad from 1997 until his retirement in 2008.

- Present Appointment(s):**
- Chairman of the Audit Committee of HSBC Bank Malaysia Berhad
 - Member of the Nomination Committee of HSBC Bank Malaysia Berhad
 - Member of the Audit, Risk and Nomination Committee of HSBC Amanah Malaysia Berhad

- Directorship(s) in other Public Companies and Listed Entities:**
- Independent Non-Executive Director of HSBC Bank Malaysia Berhad
 - Non-Independent Non-Executive Director of HSBC Amanah Malaysia Berhad
 - Trustee of Yayasan Kossan



HOH KIM HYAN
64 | FEMALE | MALAYSIAN
Independent Non-Executive Director

Date Appointed to the Board:
23 January 2017

- Board Committee Membership(s):**
- Member of the Audit Committee
 - Member of the Risk Management Committee
 - Member of the Nominating Committee
 - Member of the Remuneration Committee

Qualifications and Working Experience:
Madam Hoh is a Chartered Accountant with membership in the Institute of Chartered Accountants in England and Wales since 1983. She graduated with a Bachelor of Commerce from the University of Melbourne, Australia in 1978.

She has experience in accounting, auditing, internal audit, administration, education and training. She was with KPMG Malaysia (1984-2000 and 2008-2010) and headed one of its audit departments. Her last position in KPMG was technical director. During her second stint at KPMG, she was a Director in the Professional Practice Department.

From 2000 to 2002, she was the senior technical consultant at the Malaysian Accounting Standards Board where she assisted in the formulation of accounting standards for application in Malaysia. Between 2004 and 2008, she taught at University Tunku Abdul Rahman and University of Malaya. She was the Operations Director at the Institute of Internal Auditors Malaysia between 2011 to 2012. Madam Hoh was with The Malaysian Institute of Certified Public Accountants as its Senior Technical Manager from 2012 to 2019. Her main scope of work was to provide technical support to two of the Institute's Committees – the Accounting and Audit Technical Committee and the Financial Statements Review Committee.

Present Appointment(s):
NIL

Directorship(s) in other Public Companies and Listed Entities:
NIL

Directors' Profile (Cont'd)



LIM LENG BUNG
 59 | MALE | MALAYSIAN
 Non-Independent Executive Director

Date Appointed to the Board:
 20 August 2014

Board Committee Membership(s):
 NIL

Qualifications and Working Experience:
 Mr. Lim Leng Bung has more than 35 years of experience in technical rubber products. He joined Kossan Rubber Industries Bhd in 1983 in production operations. He acquired extensive skills and experiences in the production of technical rubber products over the years and was promoted to be the Production Planning and Control Manager in 1989. Following this, he held several roles, including the management of building and premises.

He currently holds the position of Executive Director of Production in the Technical Rubber Products Division.

Present Appointment(s):
 NIL

Directorship(s) in other Public Companies and Listed Entities:
 NIL



TAN KONG CHANG
 55 | MALE | MALAYSIAN
 Non-Independent Executive Director

Date Appointed to the Board:
 26 August 2013

Board Committee Membership(s):
 NIL

Qualifications and Working Experience:
 Mr. Tan graduated with a Bachelor's Degree in Architecture from the University of Southwestern Louisiana, USA in 1992. Mr. Tan was a Project Architect with DEG Akitek Sdn. Bhd. from 1992 to 1995 and a Project Manager with KYM Holdings Berhad from 1996 to 1997. In 1998, he joined Perusahaan Getah Asas Sdn. Bhd., a subsidiary, where he gained experience in finance, human resource, production management, quality control and research and development.

He is currently a Key Senior Management and holds the position of Chief Operating Officer in the Gloves Division and Executive Director of Human Resources of the Group. Additionally, he is responsible for all expansion and upgrading of manufacturing facilities and the construction of the Group's buildings. He also oversees several subsidiaries in the Gloves Division.

Present Appointment(s):
 NIL

Directorship(s) in other Public Companies and Listed Entities:
 NIL

Directors' Profile (Cont'd)



LIM SIAU TIAN

49 | MALE | MALAYSIAN
Non-Independent Executive Director

Date Appointed to the Board:
 26 August 2013

Board Committee Membership(s):
 NIL

Qualifications and Working Experience:
 Mr. Lim Siau Tian graduated with a Bachelor's Degree in Marketing from the University of Central Oklahoma, USA in 1998. After his graduation, he was involved in the trading of medical disposables in the USA from 1998 to 2003, culminating in his appointment as the Operations and Marketing Manager. He joined KOSSAN in 2003 and was promoted to General Manager of Marketing in the Gloves Division in 2008. Following this, he held several roles and contributed his expertise in the rubber glove industry during his term as Trustee in Malaysian Rubber Council and as elected committee member in the Malaysian Rubber Glove Manufacturers Association.

He is currently a Key Senior Management and holds the position of Executive Director of Marketing in the Gloves Division. Additionally, he oversees several subsidiaries in the Gloves Division and drives several corporate level projects.

Present Appointment(s):
 NIL

Directorship(s) in other Public Companies and Listed Entities:
 • Trustee and President of Yayasan Kossan



LIM SIAU HING

49 | MALE | MALAYSIAN
Non-Independent Executive Director

Date Appointed to the Board:
 26 August 2013

Board Committee Membership(s):
 NIL

Qualifications and Working Experience:
 Mr. Lim Siau Hing graduated with a Bachelor's Degree in Business Administration (majoring in Operations Management and Analysis) from the University of Central Oklahoma, USA in 1998. He joined KOSSAN upon graduation and gained experience in quality control, production management, engineering and marketing.

He is currently a Key Senior Management and holds the position of Executive Director of the Technical Rubber Products Division and oversees all the division's subsidiaries.

Present Appointment(s):
 NIL

Directorship(s) in other Public Companies and Listed Entities:
 NIL

Directors' Profile (Cont'd)



LIM OOI CHOW

39 | MALE | MALAYSIAN

Non-Independent Executive Director

Date Appointed to the Board:

26 August 2013

Board Committee Membership(s):

- Member of the Risk Management Committee

Qualifications and Working Experience:

Mr. Lim Ooi Chow graduated with a Bachelor's Degree in Computer Science from Monash University, Australia in 2005. He obtained his Masters of International Business, also from Monash University in 2006. Upon graduation, he worked as a Computer Engineer in Australia. He joined KOSSAN in 2007 and gained experience in finance, information technology, project management, production management and engineering.

He is currently a Key Senior Management and holds the position of Executive Director of Engineering and oversees several subsidiaries in the Gloves Division.

Present Appointment(s):

NIL

Directorship(s) in other Public Companies and Listed Entities:

NIL

Notes:

The details of Directors' attendance at Board Meetings are set out in the Corporate Governance Overview Statement on page 44 of this Annual Report.

None of the Directors of the Company have family relationships with any Director and/or substantial shareholder with the exception of the following:

- *Tan Sri Dato' Lim Kuang Sia and Mr. Lim Leng Bung are siblings.*
- *Mr. Lim Ooi Chow is the son of Tan Sri Dato' Lim Kuang Sia and the nephew of Mr. Lim Leng Bung.*
- *Messrs Lim Siau Tian, Lim Siau Hing and Lim Ooi Chow are cousins.*
- *Messrs Lim Siau Tian and Lim Siau Hing are nephews of Tan Sri Dato' Lim Kuang Sia and Mr. Lim Leng Bung.*

Other than as disclosed, none of the Directors have any conflict of interest with the Company, have not been convicted of any offence, other than traffic offences, within the past five years and have no public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILE

PUAN SRI DATIN CHOW CHENG MOEY

69 | FEMALE | MALAYSIAN
Chief Financial Controller

Qualifications and Working Experience:

Puan Sri Datin Chow holds a Bachelor of Science Degree in Engineering. She joined KOSSAN in 1980 and has served in various capacities in the Group prior to her appointment in her present position in February 2017. She does not hold any directorship in public companies or listed issuers. Puan Sri Datin Chow is the spouse of Tan Sri Dato' Lim Kuang Sia and the mother of Mr. Lim Ooi Chow.

MOK CHEE HONG

49 | MALE | MALAYSIAN
Chief Financial Officer

Qualifications and Working Experience:

Mr. Mok is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. He joined KOSSAN in his present position in June 2021.

Mr. Mok started his career as an auditor with BDO Binder before joining Talam Corporation Berhad as Assistant Finance Manager and Panasonic Malaysia as Finance Manager. He subsequently moved to Carlsberg Brewery Malaysia Berhad as Senior Finance Manager and then to a multinational company as Financial Controller. Prior to joining KOSSAN, he was the Chief Financial Officer in public listed company.

LEE HON CHEE

60 | MALE | MALAYSIAN
Senior Group Accountant

Qualifications and Working Experience:

Mr. Lee is a member of the Malaysian Institute of Accountants and holds a Bachelor's Degree in Business Accounting. He joined KOSSAN in 1994 and has served in various capacities in the Group prior to his appointment in his present position in 2009.

DR. OR TAN TENG

73 | MALE | MALAYSIAN
Chief Operations Officer (TRP – Infrastructure)

Qualifications and Working Experience:

Dr. Or holds a PhD in Seismic Engineering from University of Southampton (UK). He is a Fellow of the Plastics and Rubber Institute of Malaysia, Fellow of the Institute of Materials (UK) and Fellow and President of the Malaysian Earthquake Engineering and Technology Society.

Dr. Or is also an Industrial Engineering Consultant for University Tunku Abdul Rahman, University Technology Mara, University Pertanian Malaysia, and First College University, Kuala Lumpur. He is the founding director of Doshin Rubber Products (M) Sdn. Bhd., incorporated in 1984 and appointed director of Quality Profile Sdn. Bhd. in 2001, both of which are subsidiaries of KOSSAN.

TAN ENG TECK

62 | MALE | MALAYSIAN
General Manager, Business Development (TRP)

Qualifications and Working Experience:

Mr. Tan holds an Honours Degree in Polymer Science and Technology. He joined KOSSAN in 1994 and has held various positions in KOSSAN prior to his appointment in his present position in 2003.

JOYCE YOONG

44 | FEMALE | MALAYSIAN
General Manager, Corporate Strategy and Governance

Qualifications and Working Experience:

Ms. Joyce holds a Bachelor of Science in Accounting and Finance from University of Warwick and is a fellow of the Institute of Chartered Accountants in England and Wales. She joined KOSSAN in September 2020 and was appointed to her present position in January 2021.

Ms. Joyce began her career as an auditor in Arthur Anderson and Ernst & Young. She then joined Public Mutual Berhad as Deputy Finance Manager. Prior to joining KOSSAN, she worked in Bursa Malaysia Berhad, starting in the finance department as Senior Manager of Financial Reporting and Tax, and ended her tenure there in strategy department as Senior Vice President of Strategic Planning and Business Development.

Notes:

Other than as disclosed, the above key senior management members have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interests with the Company, have not been convicted of any offences, other than traffic offences, within the past five years and have no public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

The disclosure on the particulars of the key senior management is made in compliance pursuant to Appendix 9C of Bursa Malaysia Securities Main Market Listing Requirements.