



STRETCHING LIMITS • SINCE 1979

KOSSAN RUBBER INDUSTRIES BHD.
197901003918 (48166-W)

Creating Shared Values Through **Sustainable Ecosystem**

Integrated Annual Report 2024



INSIDE THIS REPORT

COVER RATIONALE

Creating Shared Values Through

Sustainable Ecosystem

The cover design incorporates KOSSAN's products within the tree motif, symbolising the Company's role in fostering a sustainable ecosystem. The three product images embedded in the leaves highlight KOSSAN's innovation, expertise and contributions to various industries, reinforcing its commitment to quality and sustainability. The tree, set against a natural wooden texture, represents growth, resilience and harmony with the environment. Green accents emphasise ecological consciousness, while the clean and professional layout reflects KOSSAN's corporate identity and vision for creating shared values.



Scan this QR code to view the online version of Integrated Annual Report 2024 and Sustainability Report 2024

45th ANNUAL GENERAL MEETING



DAY AND DATE:

Thursday, 29 May 2025



TIME:

10.30 A.M.

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Basis of This Report

Dear Valued Stakeholders,

We are pleased to present Kossan Rubber Industries Bhd's ("KOSSAN") Integrated Annual Report ("IAR" or "Report") 2024, providing a holistic view of our performance and progress in creating sustainable value over the past year.

SCOPE AND BOUNDARIES

This Report covers the reporting period from 1 January to 31 December 2024 ("FY2024") and includes the consolidated performance of KOSSAN and its subsidiaries ("the Group"), unless otherwise stated. It spans both financial and non-financial aspects, including our material matters, stakeholder outcomes and other factors affecting our ability to generate value over the short, medium and long term.

KEY STANDARDS AND FRAMEWORKS APPLIED

This IAR is prepared with reference to local and international standards and frameworks, namely:

- International Integrated Reporting Council's (IIRC) International Integrated Reporting (<IIR>) Framework ("International <IR> Framework")
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Malaysian Code on Corporate Governance 2021
- Companies Act 2016
- Malaysian Financial Reporting Standards
- IFRS Accounting Standards

FORWARD-LOOKING STATEMENTS AND DISCLAIMER

This IAR includes forward-looking statements relating to future plans or expectations that are inherently conditional and may be rendered inaccurate due to changes in underlying assumptions. As a result, there may be a discrepancy between the actual results and the expectations proposed by the statements. Consequently, these statements should not be considered as definitive or absolute guarantees or predictions of our future performance.

ASSURANCE

This IAR 2024 has been prepared in accordance with sound governance practices. Our financial statements have been audited by our external auditors, KPMG PLT, and are disclosed in this Report. KOSSAN has engaged an independent verifier to provide limited assurance for selected sustainability disclosures. The BSI Limited Assurance Statement is available on pages 81 to 82 of the Sustainability Report 2024.

BOARD APPROVAL

Our Board of Directors has reviewed and approved this IAR, affirming that it presents a fair, balanced and comprehensive account of the Group's performance. The Board is satisfied that the Report addresses all material issues relevant to our business and operating environment.

Approved and acknowledged on behalf of the Board by:

Mohamed Shafeii bin Abdul Gaffoor
Chairman

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

OUR NAVIGATION ICONS

To improve readability, this Report includes icons and cross-references to help readers navigate key sections:

Our Capitals

Financial Capital

Manufactured Capital

Human Capital

Intellectual Capital

Social and Relationship Capital

Natural Capital

Our Stakeholders

Employees

Customers

Suppliers/Vendors

Shareholders and Investors

Authorities and Regulators

Local Communities and Society

Pressure Groups/NGOs

Highlights key sections within our IAR 2024 for easier access to relevant information

Guides to more information within our Sustainability Report 2024

Directs readers to additional resources and disclosures available on our corporate website: <https://kossan.com.my/>

Awards and Certifications

KEY AWARDS IN 2024

**Export Excellence Awards:
Most Promising Award**

**General Motors:
Supplier Quality Excellence Award 2023**



CERTIFICATIONS

Accredited Laboratory



Skim Akreditasi Makmal (SAMM) No. 464



International Laboratory Accreditation Cooperation

KOSSAN Laboratory



Skim Akreditasi Makmal (SAMM) No. 1038



International Laboratory Accreditation Cooperation

Analytical Services, R&D Centre



Skim Akreditasi Makmal (SAMM) No. 372



International Laboratory Accreditation Cooperation

E-Lab Testing & Research Center

Occupational Health and Safety and Environmental Management Systems



ISO 45001

BSI Assurance UK Limited



ISO 14001 - ISO 45001

Lloyd's Register Quality Assurance Limited



ISO 14001

Lloyd's Register Quality Assurance Limited



ISO 14001

BSI Assurance UK Limited

Quality Management System



IATF 16949

Lloyd's Register Quality Assurance Limited



ISO 9001

Lloyd's Register Quality Assurance Limited



ISO 9001 & IATF 16949

TUV Rheinland Malaysia Sdn. Bhd.



ISO 9001

TUV Rheinland Malaysia Sdn. Bhd.

Awards and Certifications (Cont'd)

Quality Management System



ISO 13485 & EN ISO 13485

BSI Assurance UK Limited



ISO 9001

BSI Assurance UK Limited

US • Canada • Australia •
Brazil

BSI Group America Inc.

(EN 15129, EN 1337-3,
EN 1337-5 & EN 1337-7)
Certificate of
Constasy of Performance

TZUS Cert.



MDR (EU) 2017/745

BSI Group The Netherlands B.V.

- Sterile Natural Rubber Latex and Polyisoprene Surgical Gloves
- Sterile Nitrile and Natural Rubber Latex Examination Gloves



PPER (EU) 2016/425

BSI Group The Netherlands B.V.

- Non-sterile and Sterile Nitrile and Natural Rubber Latex Gloves
- Sterile Natural Rubber Latex Surgical Gloves



PPER (EU) 2016/425

SATRA Technology Europe Limited

Non-sterile Nitrile and Natural Rubber Latex Gloves



UK MDR 2002

BSI Assurance UK Limited

- Sterile Natural Rubber Latex Surgical
- Sterile Nitrile Examination Gloves



BRC Global Standard

SGS United Kingdom Limited



Hazard Analysis and Critical Control Point (HACCP)

SGS (Malaysia) Sdn. Bhd.



Brazil INMETRO Certification

BR Approval, Brazil

Halal Accreditation

MS 2636
9 037-02/2017

Malaysian Halal Management System (MHMS)

Jabatan Kemajuan Islam Malaysia (JAKIM)



Halal Product Assurance System (HPAS)

Badan Penyelenggara Jaminan Produk Halal (BPJPH)



Halal National Mark

United Arab Emirates Ministry of Industry and Advanced Technology

Forest Management Certification

The mark of
responsible forestry
FSC® C190882

Forest Stewardship Council (FSC)™ Chain of Custody Certification

Non-sterile and Sterile Natural Rubber Latex Gloves

* FSC™ certified products are available on request

Our Business Overview

ABOUT US

KOSSAN was founded in 1979 by Tan Sri Dato' Lim Kuang Sia who started the first company in Malaysia to manufacture rubber cutlass bearings for fishing boat propellers. In 1988, KOSSAN then ventured into glove manufacturing with the establishment of our first factory in Klang, Selangor, Malaysia.

Stretching limits since 1979, we have now emerged as the world class manufacturer of disposable gloves and technical engineered rubber products with a broad-based global market reach. Guided by our corporate philosophy, our journey continues in delivering long-term sustainable growth.

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.

OUR CORE VALUES

INSPIRED

Life-changing achievements start out as unrealistic ideas. We deliver passionately because we are inspired by vision and excellence.

HONOURABLE

Honesty and professional ethics are badges we proudly wear.

INNOVATIVE

We believe in providing the best possibilities, so we keep taking unbeaten paths toward unprecedented solutions.

CARING

We understand and care about people's needs and circumstances. So we take proud ownership of our responsibilities and relationships.

COMMITTED

We are dedicated to every customer entrusted to us. We strive to make our final product ideal, and the extra mile that we walk for them is imperative.

OUR GLOBAL PRESENCE

Our products are exported to over

90 countries

around the world meeting the needs for protection and safety in a wide variety of personal, commercial and industrial applications.

OUR THREE MAIN BUSINESS DIVISIONS



Our Business Overview (Cont'd)

CORPORATE MILESTONES

1979

Founded by Tan Sri Dato'
Lim Kuang Sia (our Founder)

1988

Ventured into glove manufacturing

1996

Listed on the Second Board of
Kuala Lumpur Stock Exchange

2001

Ventured into high technical
infrastructure rubber products

2003

- Listed on the Main Board of Bursa Malaysia
- Ventured into surgical glove manufacturing
- Ventured into rubber part to metal bonded parts manufacturer

2011

Ventured into cleanroom disposable
products

2015

Established Yayasan Kossan

2016

Launched the first clinically tested
patented glove formula (LOW DERMA)
with Low Dermatitis Potential claim

2017

Awarded the world's first Halal certified
glove by Jabatan Kemajuan Islam
Malaysia (JAKIM)

2018

Launched the first protection against
fentanyl nitrile glove with U.S. FDA
510(k) clearance

2019

The first Malaysia glove company
that obtained the Indonesia Badan
Penyelenggara Jaminan Produk Halal
(BPJPH) Halal certification

2020

Launched KOSSAN internal clinic for
employees

2022

Founding Member of Responsible
Glove Alliance (RGA)

2023

Included as constituents in the
FTSE4Good Bursa Malaysia Index and
FTSE4Good Bursa Malaysia Shariah
Index

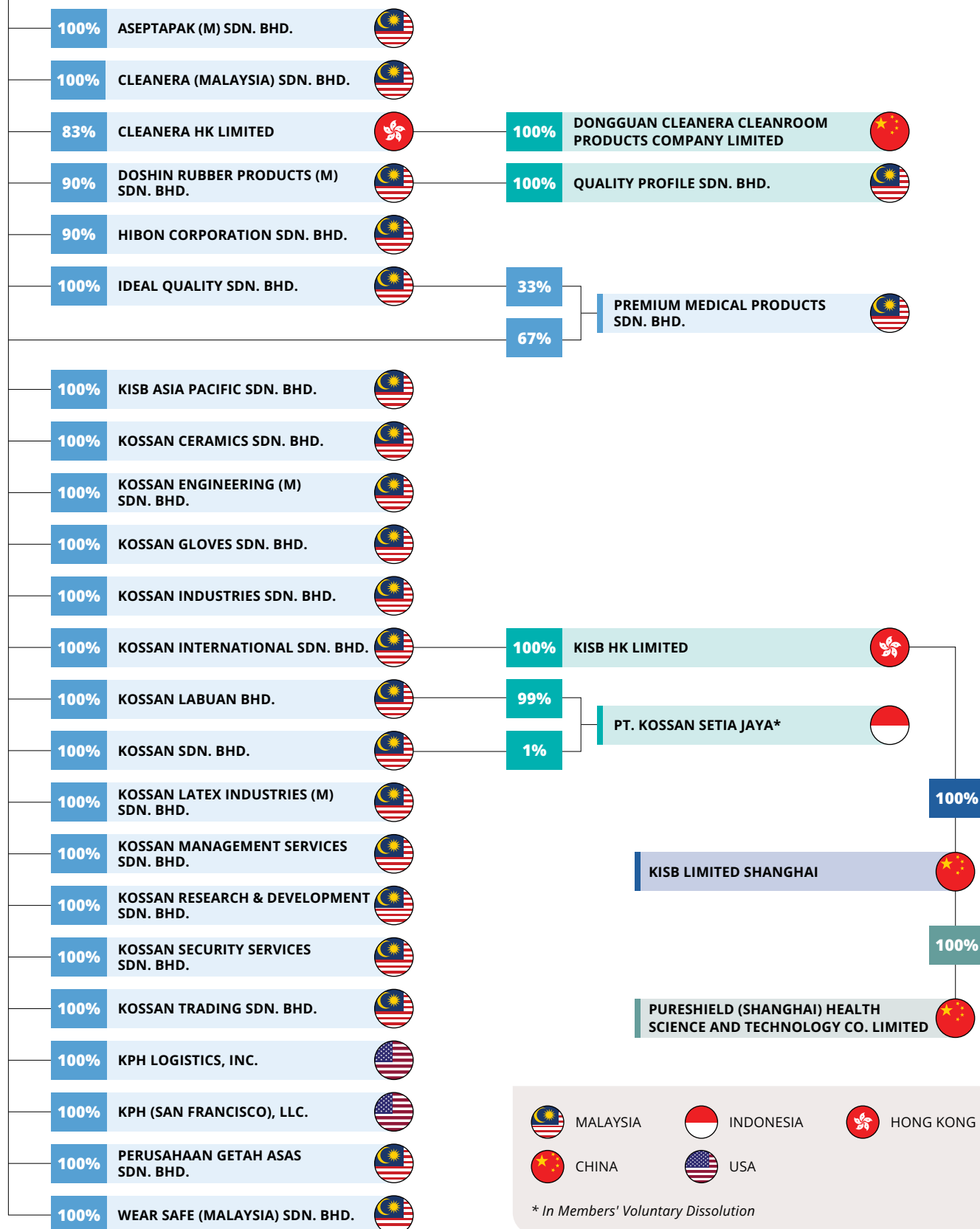
2024

Relocates corporate headquarters to
KOSSAN Tower

Corporate Structure

KOSSAN

STRETCHING LIMITS • SINCE 1979

KOSSAN RUBBER INDUSTRIES BHD.


Corporate Information

BOARD OF DIRECTORS

TAN SRI DATO' LIM KUANG SIA

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

MOHAMED SHAFELI BIN ABDUL GAFFOOR

*Chairman,
Independent Non-Executive Director*

LEE CHOO HOCK

Senior Independent Non-Executive Director

HOH KIM HYAN

Independent Non-Executive Director

SHARON SHANTHY A/P DORAIRAJ

Independent Non-Executive Director

TAN KONG CHANG

Non-Independent Executive Director

LIM SIAU TIAN

Non-Independent Executive Director

LIM SIAU HING

Non-Independent Executive Director

LIM OOI CHOW

Non-Independent Executive Director

REGISTERED AND CORPORATE OFFICE

KOSSAN Tower,
No. 6D, Persiaran Setia Dagang,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan.

Tel: +603-5626 0888

Fax: +603-5870 4293

E-mail: kossan@kossan.com.my

Website: www.kossan.com.my

INVESTOR RELATIONS

E-mail: ir@kossan.com.my

Tel: +603-5626 0888

COMPANY SECRETARIES

Chia Ong Leong (MIA 4797)

(SSM Practicing Certificate No. 201908000832)

Chia Yew Ngo (LS 0001831)

(SSM Practicing Certificate No. 202008000487)

PRINCIPAL BANKERS

OCBC Bank (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/my

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.

The Market and Trends that Shape Us

OUR OPERATING ENVIRONMENT

The global economy performed better than expected in FY2024, with the International Monetary Fund¹ predicting a recovery in global growth to 3.2 and inflation returning close to pre-pandemic levels in many developed economies. This positive trend occurred despite ongoing geopolitical conflicts in the Middle East and Ukraine and escalating trade tensions. The improved economic conditions prompted the US Federal Reserve to enact three separate rate cuts during the year, influencing other central banks to follow suit, thereby boosting business and investment sentiment.

Nevertheless, this recovery remains delicate. Volatility persists in energy and raw material costs and supply chain disruptions continue to exert pressure on exporters' margins. Domestically, the increase in Malaysia's minimum wage to RM1,700, along with the introduction of mandatory Employees Provident Fund (EPF) contributions for foreign workers, places further downward pressure on the margins of manufacturers.

These macroeconomic headwinds are especially challenging in the glove manufacturing industry, already marked by intense competition and margin erosion. As such, our strong financial performance in FY2024 must be tempered with a note of caution, considering our evolving industry landscape.

¹ World Economic Outlook: October 2024, International Monetary Fund, <https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024>

MARKET TRENDS

Persistent Industry Challenges

Throughout FY2024, the global glove industry continued to grapple with ongoing supply-demand imbalances, despite some progress made through capacity rationalisation among market participants.

The market remained saturated, largely due to excess capacities established during the pandemic, particularly by new entrants aiming to capitalise on heightened demand. Chinese manufacturers, benefiting from economies of scale and relatively lower energy and production costs, continued to place downward pressure on Average Selling Prices (ASPs), limiting the ability of Malaysian glove producers to increase margins despite incremental price adjustments. Furthermore, higher raw material prices, particularly for latex and nitrile, along with elevated natural gas costs due to ongoing geopolitical tensions, exacerbated margin pressures throughout the year.

Meanwhile, the Malaysian glove manufacturing industry faced added complexity from the recovering Ringgit to US Dollar exchange rate. Although this reduced certain input costs, it simultaneously decreased the real value of sales typically denominated in Dollars.

Expanded Applications of Gloves

The applications of gloves continues to expand beyond traditional healthcare sectors into industries such as pharmaceuticals, electronics, food and beverage and automotive sectors in FY2024. This wider adoption is driven by increasingly stringent health, safety and quality regulations globally, making gloves an essential tool to protect workers and prevent contamination in production lines.

Recognising these evolving market needs, we are strategically diversifying our product range by introducing product variations catered to specific industry needs. Through this, we seek to differentiate ourselves as a high-quality glove manufacturer and leverage niche markets to realise higher margins, thereby mitigating industry-wide pricing pressures.

Looking ahead, we anticipate steady growth in the global glove market driven by rising demand for hygiene and healthcare solutions, especially in emerging markets. This trend is also supported by a globally ageing population, which will increase pressure on healthcare services.

Growing Demand for Sustainable Solutions

The demand for sustainable and eco-friendly products continued to grow in FY2024, driven by heightened awareness among consumers and increased scrutiny from regulatory bodies worldwide. Major markets, particularly in North America and Europe, have introduced increasingly stringent regulations regarding sustainability and ethical practices in supply chains, driving manufacturers to adopt comprehensive sustainability strategies.

Recognising the vital importance of compliance in maintaining access to global markets, we have taken firm steps on our sustainability journey in FY2024. These include launching our Sustainability Blueprint to guide Group-wide action on key ESG focus areas, furthering our support for our suppliers to adopt low-carbon practices via programmes such as the Greening Value Chain (GVC) initiative and securing key certifications including Forest Stewardship Council (FSC) accreditation to achieve compliance with the European Union Deforestation Regulations (EUDR). These strategic actions reinforce our market position as a leader in sustainable glove manufacturing and position us favourably to capitalise on emerging market opportunities driven by sustainability considerations.

Global Trade Tensions

Trade tensions, especially between the United States and China, significantly influenced the global glove market in FY2024. The imposition of substantial US tariffs on Chinese-made gloves — from 7.5% to 50% effective January 2025, with a further hike to 100% in January 2026 — has created opportunities for Malaysian glove manufacturers.

While our glove sales from US customers did increase marginally, from 51% to 53% of our total volume in FY2024, we are cautious about realising further gains from the imposition of the tariffs in the immediate future. This is because many US buyers have “front-loaded” their glove purchases, buying in bulk from Chinese producers prior to the imposition of the higher tariff at the beginning of 2025. Consequently, we anticipate lower sales volumes in early FY2025, with potential gains emerging as US buyer inventories deplete by mid-year.

In Conversation with Chairman

Evolving For Enduring Success

Dear Valued Stakeholders,

On behalf of the Board of Directors, I am pleased to share the progress made by Kossan Rubber Industries Bhd. ("KOSSAN" or "the Group") during the financial year ended 31 December 2024 ("FY2024").

This year's highlight was our strong financial performance despite considerable macroeconomic headwinds.

However, focusing solely on financials would overlook the strides we have made in future-proofing the Group. Our investments in sustainability, human capital development and digital solutions are strengthening our competitive edge, ensuring continued growth and value creation in an evolving industry.

Mohamed Shafeii bin Abdul Gaffoor
Chairman



In Conversation with Chairman (Cont'd)

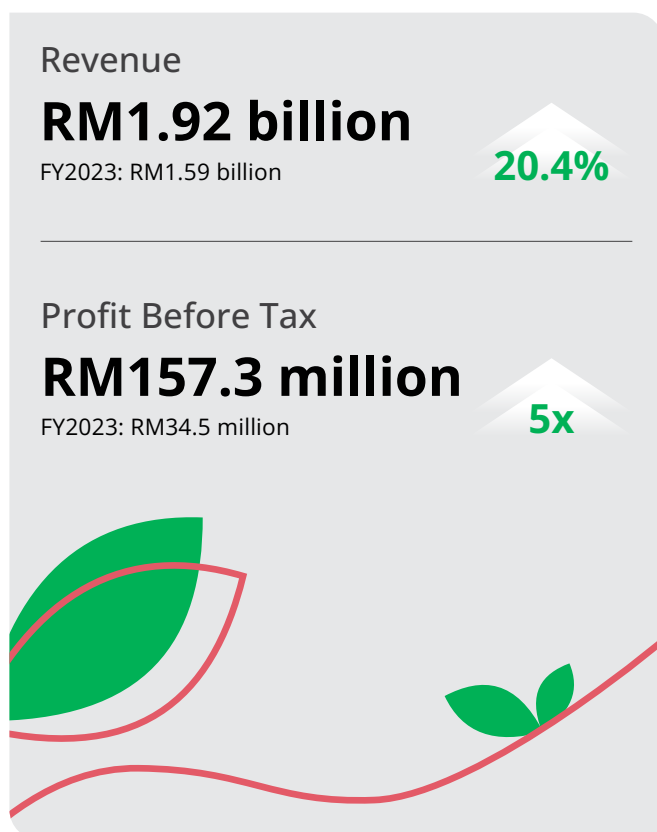
THE YEAR THAT WAS

The global economy remained resilient in FY2024, with the International Monetary Fund¹ predicting an improved growth rate of 3.2% in spite of geopolitical conflicts in the Middle East and Ukraine and growing trade tensions. This tentative recovery was complemented by the positive trend in inflation rates, which declined to more manageable levels globally, albeit remaining elevated in parts of Europe and Latin America.

Despite these improvements, the glove industry was hampered by rising input costs. Prices for latex and nitrile rose significantly and natural gas prices were impacted by supply disruptions stemming from the ongoing Russia-Ukraine war. Supply chain bottlenecks further increased trade costs, dampening investment and business sentiment.

Meanwhile, with supply-demand imbalances limiting a substantial rise in Average Selling Price, the Malaysian government's continued freeze on recruiting foreign workers hampered the ability of glove manufacturers to meet their labour requirements. Moreover, a rise in minimum wage from RM1,500 to RM1,700 has been implemented effective 1 February 2025, placing further pressure on margins.

¹ World Economic Outlook: October 2024, International Monetary Fund, <https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024>



OUR PERFORMANCE IN FY2024

Despite these challenges, the Group delivered a commendable financial and operational performance in FY2024.

Revenue increased by 20.4% to RM1.92 billion, while Profit Before Tax rose nearly fivefold to RM157.3 million. To enhance operational efficiencies, we implemented a range of automation technologies within our production facilities along with digital solutions that integrate production floor processes to enable optimal, data-driven decision-making. We also expanded our product range, launching new variations of our Low Derma™ nitrile gloves for specific medical and industrial applications. Additionally, we increased our sales volume in the US, capitalising on the increased tariffs placed on China-made medical and non-medical gloves.

SHARPENING OUR SUSTAINABILITY STRATEGY

Looking ahead, strengthening our sustainability approach will be essential to maintaining stakeholder trust and driving long-term growth.

Through collaborative efforts across the Group, we successfully developed and launched KOSSAN Sustainability Strategy and Blueprint: Shaping Transformation 2035 in FY2024, establishing specific commitments across our key sustainability topics. The blueprint serves as a strategic roadmap to maximising sustainable value creation while addressing risks and opportunities, placing special emphasis on resource efficiency, emissions reduction, supply chain resilience, product quality and safety and corporate governance as key topics. Through it, we aim to unlock a more focused approach to sustainability that strengthens our position as a responsible and future-ready manufacturer.

During the year, we also expanded our investments in community-based initiatives, bringing benefit to more people across the country. RM729,000 was distributed via 56 events and programmes carried out by Yayasan KOSSAN, benefitting a total of 58,683 individuals, with a focus on four key areas – Medical, Art & Culture, Education and Environment.

Our leadership in ESG practices has earned us notable recognition, including an improvement of our FTSE4Good Bursa Malaysia Index rating from 3-star to 4-star and the EcoVadis Bronze Medal, which recognises the effectiveness of our sustainability management system.



For more information on our sustainability initiatives and outcomes in FY2024, please read our standalone Sustainability Report 2024, our first sustainability publication.

In Conversation with Chairman (Cont'd)

OPTIMISING OUR HUMAN CAPITAL

With the glove manufacturing industry facing intense margin pressures, our people are crucial in driving a winning competitive advantage.

Over the past several years, we have steadily increased our adoption of automation and digital solutions within our operations. These technologies – including our enterprise resource planning system, energy management system and robotics process automation – have underscored the need for skilled employees capable of managing complex systems and leveraging data for continuous improvement.

On this note, we continue to enhance our employee training initiatives in FY2024, delivering an average of 18.22 training hours per employee with a focus on upskilling in advanced machinery and technology. Programmes were delivered through our KOSSAN Training Centre, incorporating hands-on training, interactive workshops and knowledge-sharing

sessions for an engaging learning experience. Further to this, we continued to build our eLearning Library, providing our employees with digital access to modules that enhance their role-specific competencies.

These initiatives, alongside our ongoing efforts in workplace safety and employee well-being contribute to a more impactful, resilient workforce, positioning us for long-term success.

DIVIDEND

In line with our Dividend Policy Statement to declare and pay a dividend payout ratio of not less than 30% of the Group's profit after tax and minority interest, I am pleased to announce that, for FY2024, the Group had paid an interim single tier dividend of 2.0 sen and a special dividend of 6.0 sen per ordinary share, totalling 8.0 sen and amounting to RM204.13 million, on 12 December 2024.

ACKNOWLEDGEMENTS

Reflecting on the past year, I extend my sincere appreciation to my fellow Board members, management and all KOSSAN employees for their dedication and resilience. Your collective efforts have enabled us to deliver a commendable performance despite economic challenges.

A special note of gratitude goes to Mr. Lee Choo Hock, our outgoing Senior Independent Non-Executive Director, for his invaluable contributions since his appointment on 26 August 2013. As he prepares to retire at the upcoming Annual General Meeting, having served 11 years and 7 months as of 31 March 2025, we thank him for his unwavering leadership.

I would also like to express my sincere gratitude to our customers, business partners, associates, suppliers, consultants and bankers for their ongoing partnership and invaluable support. Your trust and collaboration have played a key role in our continued success and I look forward to more opportunities for shared value creation ahead.

Lastly, to our shareholders, thank you for your confidence and unwavering support through both challenges and achievements. Your belief in KOSSAN's long-term potential drives us to continuously evolve, innovate and build sustainable value.

As we navigate present-day business challenges, let us not lose sight of the immense opportunity before us – to build a KOSSAN that meets the hygiene and protection needs of companies around the world in ways that are highly effective, sustainable and responsible. By evolving to meet this moment, we can position ourselves to secure enduring success.

Mohamed Shafeii bin Abdul Gaffoor
Chairman

Management Discussion and Analysis

Capturing Opportunities Amidst Challenges

Dear Valued Stakeholders,

KOSSAN delivered a commendable performance in FY2024, recording double-digit revenue growth and nearly quintupling our Profit Before Tax ("PBT") despite continued macroeconomic and industry-level challenges.

Operating in a dynamic environment, we remained committed to enhancing operational efficiencies and fostering strong, lasting partnerships with our customers. This approach has strengthened our market position and reinforced our ability to navigate industry challenges, including rising competition, standing us in good stead to capture long-term, global growth opportunities in the years ahead.

Tan Sri Dato' Lim Kuang Sia

Group Managing Director/Chief Executive Officer



Management Discussion and Analysis (Cont'd)

A COMPLEX OPERATING ENVIRONMENT

FY2024 marked a continuation of the supply-demand imbalance that has characterised the rubber glove industry over the past few years, with added complexity brought about by trade tensions and the introduction of import tariffs.

The overcapacity in the market stems from the COVID-19 pandemic, when the rapid growth in demand for gloves led to entry of new players – mainly from China – into the sector. As demand normalised during the endemic phase, the market remained oversaturated, intensifying price competition and eroding profitability.

While this situation has somewhat eased over the past year as market players have gradually reduced their capacity by decommissioning production facilities, we remain affected by other macro-level challenges. These include fluctuations in the cost of raw materials such as latex and nitrile, volatility in natural gas prices and the strengthening of the Ringgit against the US Dollar in FY2024, which affects our profit margins as most of our sales are denominated in Dollars.

However, a potentially favourable development has emerged in the form of US tariffs against China-made medical and non-medical gloves. An initial tariff of 50% was levied by the previous US administration in September 2024, to take effect on 1 January 2025, with a further 50% set to be introduced in 2026. The current administration then added an additional 10% tariff on all China-made goods. While the geopolitical situation remains fluid, these tariffs provide Malaysian manufacturers with a competitive cost advantage, presenting an opportunity to expand our presence in the US market. Reflecting this, our US gloves sales based on quantity increased from 51% in FY2023 to 53% in FY2024.

Gloves Division

Revenue

RM1.60 billion

FY2023: RM1.29 billion

Technical Rubber Products Division

Revenue

RM201.6 million

FY2023: RM204.6 million

Cleanroom Division

Revenue

RM114.5 million

FY2023: RM100.1 million

OUR PERFORMANCE IN FY2024

Through disciplined execution of our strategies to increase sales volume and enhance cost efficiencies, we delivered strong financial results, exceeding market expectations. Revenue rose by 20.4%, from RM1.59 billion to RM1.92 billion, while PBT surged from RM34.5 million to RM157.3 million. Meanwhile, we retain a robust balance sheet, with total assets of RM4.11 billion and total equity of RM3.67 billion.

The gains made by the Group during the past year were largely driven by our Gloves division, as detailed in our segmental performance review below.

Gloves Division

Serving a global network of buyers in key markets including North America, Europe and Asia-Pacific, our Gloves division remains the biggest contributor to Group-wide revenue.

In FY2024, divisional revenue increased by 24.4% to RM1.60 billion, with segment profit reaching RM80.3 million, a significant recovery from the RM38.4 million segment loss in FY2023, which included a one-off impairment loss of RM35.4 million. This resurgence was driven by higher sales volumes and operational improvements through automation, digital solutions and workforce training.

Technical Rubber Products Division

Our TRP division produces and supplies highly engineered rubber products designed for specialised applications in the infrastructure, automotive and other industries across North America, South America, Australia and the Asia-Pacific region.

Despite securing multiple new projects, particularly in the infrastructure sector, revenue declined slightly by 1.5% to RM201.6 million, while segment profit fell by 22.6%. This decline was primarily due to increased raw material costs driven by geopolitical uncertainties.

Cleanroom Division

Our Cleanroom division manufactures and supplies cleanroom gloves, face masks and wipes that adhere to stringent hygiene, barrier and compliance standards.

While primarily serving the electrical and electronics industry, the division also caters to clients in the healthcare sector.

The division's performance closely mirrors that of our Gloves division. In FY2024, we recorded a 14.4% increase in revenue, from RM100.1 million to RM114.5 million and a 251.7% increase in segment profit, from RM3.2 million to RM11.3 million.

Management Discussion and Analysis (Cont'd)

DRIVING OPERATIONAL EFFICIENCIES

Given the complex global landscape, where external factors continue to put pressure on our margins, we are intensifying investments in technologies and processes that enhance efficiency and cost-effectiveness across our business.

In FY2024, we furthered our investment in automation technologies to streamline our production processes, building on the efficiencies generated by the enterprise resource planning and energy management systems that we had installed in previous years. In addition, we introduced a range of digital tools to optimise our operations while more thoroughly integrating data and analytics within our processes to inform smarter decision-making.

Driving efficiencies also means maximising the productivity of our workforce. To facilitate this, we continued to invest in purpose-fit employee training and development programmes, with specific focus on training our people to handle the advanced machinery, automation technologies and digital solutions that we are introducing across our operations.

Moreover, we continued to refine our management practices to enhance operational efficiency and responsiveness to market challenges, driving customer satisfaction and building a stronger foundation for sustainable growth.

These areas of action will be key to remaining competitive in the glove market, enabling us to mitigate against any negative impacts that may arise from foreign exchange fluctuations, raw material prices and other factors that are beyond our control.

DRIVING INNOVATION

In FY2024, we also made progress in product innovation, introducing new glove variations that strengthen our positioning in specific sectors.

Our Low Derma™ range of nitrile gloves, formulated with a patented technology to minimise risks for individuals with skin sensitivity, has been expanded to include thicknesses ranging from 5 mils to 8 mils. This enhancement enables the gloves to cater to a wider range of applications across the medical and industrial sectors.

As part of this expansion, we introduced our 16" long-cuff Low Derma™ nitrile gloves, which has been engineered for extended protection, enhanced coverage and superior durability, making them ideal for demanding environments. Additionally, our 9.5" Low Derma™ nitrile gloves feature a diamond-textured surface for improved grip and safety.

Designed to deliver optimal performance in both wet and dry conditions, these gloves also help reduce the risk of Type I and Type IV hypersensitivity, ensuring enhanced protection and comfort for users.

Moving forward, we will continue to prioritise research and development as a means to introduce innovative products that meet evolving – and niche – customer needs. Doing so provides us with an avenue to differentiate ourselves and establish stronger pricing power, mitigating against existing margin pressures.

PROGRESSING OUR SUSTAINABILITY JOURNEY

In an increasingly competitive industry, sustainability has become a key differentiator. With our global customers facing heightened supply chain scrutiny, we are committed to leading in sustainable manufacturing, positioning ourselves as an environmentally and socially responsible producer.

As a founding member of the Responsible Glove Alliance ("RGA"), we champion responsible employment practices across our business and value chain while supporting efforts to prevent forced labour within the glove manufacturing industry as a whole.

This dedication to responsible production is reinforced by obtaining critical certifications, including ISO 14001 for Environmental Management (now covering 96% of our facilities) and the Platinum WRAP Certification, a first for any Malaysian producer. Additionally, all our glove manufacturing facilities are certified by the Forest Stewardship Council ("FSC"), ensuring compliance with the European Union Deforestation Regulation ("EUDR") and securing continued access to this key market.

Beyond regulatory compliance, our sustainability efforts drive operational efficiencies. In FY2024, we made progress in energy efficiency and waste management, implementing measures to reduce energy and natural gas consumption.

Lastly, we introduced the KOSSAN Sustainability Strategy and Blueprint: Shaping Transformation 2035 in FY2024, which aligns key sustainability priorities with actionable commitments to further accelerate positive impact. With a strong focus on the themes of "Building Resilient and Responsible Value Chain", "Transforming Towards Low Carbon Manufacturing", "Creating Unified Workplace Culture With Safety, Equality, and Respect" and "Delivering Quality and Safe Products With Enhanced Circularity", the Blueprint serves as a guiding framework for sustainable value creation, preparing us to meet the rising demand for responsible manufacturing practices worldwide.



To learn more about our progress in sustainability during the past year, please read our Sustainability Report 2024 – our very first standalone publication on our sustainability strategies, efforts and impact.

Management Discussion and Analysis (Cont'd)

AWARDS AND ACCOLADES

Our dedication to quality, innovation and sustainability was once again recognised in FY2024 with a range of awards and accolades.

At the Export Excellence Awards, our TRP subsidiary, Kossan Industries Sdn Bhd ("KIND"), was honoured with the Most Promising Award, placing it amongst some of Malaysia's leading exporters. KIND also received the Supplier Quality Excellence Award from General Motors for the fifth consecutive year, recognising its continued excellence in serving the needs of the automotive leader.

Meanwhile, our extensive efforts in sustainability, as outlined above, were reflected in the EcoVadis Bronze Medal, placing us amongst the nation's leading companies for sustainability management and an improvement to our FTSE4Good Bursa Malaysia Index from 3-star to 4-star.

OUTLOOK

As we enter FY2025, the gloves industry continues to present a complex interplay of challenges and opportunities.

Supply of gloves will continue to outstrip demand during the year ahead. With a glut of market players remaining and continued uncertainties in the global trade arena, downward pressure on ASPs will persist. However, the US tariffs on Chinese producers create a window for growth – one that we are well-positioned to capitalise on with our established reputation and global presence.

To meet the anticipated surge in demand from the US, we will optimise our production capacity while ensuring timely delivery and maintaining our high standards in product quality. Concurrently, we will remain attuned to developments in the global (ex-US) market, where the influx of China-made gloves could create additional pricing pressures.

Domestically, rising operational costs – stemming from the increase in minimum wage to RM1,700 and the introduction of mandatory Employees Provident Fund ("EPF") contributions for foreign workers – will impact our profitability, while we foresee continued constraints in hiring foreign workers during the year ahead.

Our response to these challenges – both local and international – will be to accelerate automation, expand digital solutions and refine workforce training to drive operational efficiency and cost excellence. By optimising our base, we can navigate short-term financial impacts and enhance our competitiveness in our markets of operation.

Looking further ahead, we remain confident in the long-term prospects of the global glove market due to the continued growth of the healthcare industry. In tandem with this, we foresee increased demand for environmentally responsible solutions and we are dedicated to steadily expanding our range of eco-friendly products while investing in resource-efficient technologies and processes to improve our credentials as a sustainable producer.

Finally, we will continue to actively diversify our product range in order to cater to niche applications in healthcare, food processing and other market sectors. This will enable us to counter the impacts of heavy competition in the broader glove landscape and hedge against fluctuations in demand from any single market, driving stability and supporting our long-term growth.

ACKNOWLEDGEMENTS

At this juncture, I would like to pay tribute to the unwavering dedication and resilience of our employees, who remain the cornerstone of our success. Their commitment, innovative spirit and tireless efforts have propelled KOSSAN forward, enabling us to navigate industry challenges and capitalise on opportunities. To our team, I extend my deepest gratitude.

I am also grateful for the leadership and direction provided by our management team and Board of Directors. Specifically, I would like to extend my heartfelt gratitude to Mr. Lee Choo Hock, Senior Independent Non-Executive Director, for his nearly 12 years of invaluable service to KOSSAN. As he prepares to retire at the 45th Annual General Meeting, we thank him for his contributions and wish him the very best in his future endeavours.

Finally, I wish to thank our shareholders and business partners for their continued support and partnership. Your confidence in our vision continues to drive us towards greater achievements.

Moving forward, we will continue to invest in building a stronger, more sustainable future for KOSSAN. Thank you for being part of our journey.

Tan Sri Dato' Lim Kuang Sia

Group Managing Director/Chief Executive Officer

Engaging Our Stakeholders

We engage with our stakeholders through a range of platforms to better understand their evolving concerns, expectations and priorities. This engagement allows us to shape initiatives that are responsive to stakeholder needs while aligning with our strategic business objectives.

A summary of key stakeholder concerns and our corresponding responses is outlined below. For a more comprehensive overview of our stakeholder engagement approach and outcomes, please refer to our Sustainability Report 2024.



Customers

Key Areas of Concern

- Product and service quality and timely delivery
- Competitive pricing
- Human rights and fair labour practices
- Sustainability-focused efforts
- Ethical business conduct
- Data privacy

Our Response

- Ensuring high product quality
- Implementing strategic pricing
- Upholding human rights and labour rights across our operations
- Strengthening our ESG practices and expanding their implementation
- Adhering to our Social Compliance Policy and conducting regular compliance audits
- Maintaining zero tolerance for bribery and corruption
- Rigorously protecting customer data



Employees

Key Areas of Concern

- Remuneration and benefits
- Career development and training opportunities
- Work-life balance
- Career advancement
- OSH and well-being
- Healthy and conducive workplace environment
- Human rights and fair labour practices

Our Response

- Offering competitive remuneration and benefits
- Providing health and wellness talks and programmes
- Investing in training and upskilling programmes
- Strengthening workplace safety measures
- Enforcing zero tolerance for discrimination based on race, religion, gender, age, disability, culture, social background, caste, sexual orientation, marital status or political beliefs
- Respecting and protecting human rights and labour rights



Suppliers/Vendors

Key Areas of Concern

- Payment terms
- Contract terms and conditions
- Business continuity
- Product specifications and quality expectations
- Ethical business practices

Our Response

- Ensuring our suppliers and vendors align with our business needs and quality expectations
- Clearly communicating our commitment to integrity, labour and human rights, inclusivity, health and safety and environmental protection
- Enforcing our Vendor Code of Conduct through clear communication and accountability
- Supporting our suppliers in their decarbonisation efforts through the GVC programme



Engaging Our Stakeholders (Cont'd)



Shareholders and Investors

Key Areas of Concern

- Robust financial performance, growth prospects and dividends
- Regulatory compliance
- Sustainability-focused efforts
- Good governance and ethical business conduct
- Human rights and fair labour practices

Our Response

- Providing timely performance updates
- Maintaining a dividend policy that prioritises shareholder value
- Upholding strong governance practices and policies
- Strengthening our ESG practices and expanding their implementation
- Investing in automation and digitalisation to enhance efficiency, reduce costs and achieve economies of scale, driving stronger financial performance and sustainable value creation



Authorities and Regulators

Key Areas of Concern

- Regulatory and government policy compliance
- Sustained economic performance and job creation
- Strong resolve in addressing environmental and labour issues

Our Response

- Ensuring strict adherence to local and international laws, regulations and standards
- Embedding ESG principles into our business operations and promoting ESG integration across our supply chain



Pressure Groups/NGOs

Key Areas of Concern

- Human rights and fair labour practices
- Managed environmental impacts of our business activities

Our Response

- Enforcing zero tolerance for discrimination in areas highlighted by social activists, including race, religion, gender, age, disability, culture, social background, caste, sexual orientation, marital status or political beliefs
- Upholding human rights and labour rights across our operations
- Embedding ESG principles into our business operations and promoting ESG integration across our supply chain
- Maintaining a Zero Cost Recruitment Policy
- Providing access to an independent third-party grievance mechanism



Local Communities and Society

Key Areas of Concern

- Economic development of local communities, including through employment opportunities

Our Response

- Supporting community development through financial aid, charity programmes and strategic sponsorships via Yayasan Kossan
- Creating employment and career development opportunities for Malaysians

Sustainability Material Matters

MATERIALITY

Our strategic approach is guided by the principle of materiality, which ensures that we focus our initiatives and actions on topics of greatest relevance to both our business and our stakeholders. This allows us to concentrate our efforts where we can create the most meaningful impact over the short, medium and long term.

Building on our last full materiality assessment conducted in FY2020 and subsequent annual reviews, we undertook a materiality validation process in FY2024 to ensure our material matters remain current and aligned with evolving priorities. This process was carried out through the following steps:

FY2024 Materiality Validation Process

Validation and Approval

- Received validation and approval from the KSC and Group MD/CEO on the material matters, ensuring continued relevance amid emerging global trends, risks and economic shifts.

Stakeholder Engagement and Prioritisation

- Conducted focus groups, meetings and interviews to determine a shortlist of material matters and assessed the priority of each material matter based on importance to stakeholders and KOSSAN. The process also include a stakeholder prioritisation exercise.

Local and Global Alignment

- Compared our material matters with local and international standards while benchmarking against industry peers to ensure alignment with best practices.

Reviewing Current Priorities

- Reviewed our materiality matrix and topic list, analysing internal business factors and external market conditions to identify areas for improvement.

The review confirmed that our 14 material matters remain aligned with stakeholder priorities, with only minor adjustments to the relative importance of two material matters, as follows:

- Combating Climate Change:** Positioned slightly higher in FY2024 due to increased regulatory and stakeholder focus on climate action.
- Environmental Compliance:** Positioned slightly lower in FY2024 to reflect the effectiveness of measures and management system already implemented to drive regulatory compliance.



Human Rights and Labour Practices

Description

Upholding the rights and well-being of all employees and partners, including our migrant workers, per local and international labour laws and best practices.

Importance to the Group

Valuing and respecting our workforce's contributions fosters an inclusive, sustainable and supportive workplace culture.

Importance to Our Stakeholder Groups

Failure to comply with labour laws and International Bill of Human Rights can lead to regulatory actions, supply chain disruptions and restrictions on market access.

Our Response

- Ensuring fair wages, safe working conditions, equal opportunities and respectful workplace practices for all employees.
- Ensuring compliance with labour regulations and international standards through our dedicated task force, which actively monitors our policies, as well as compliance and regulatory updates.
- Providing training and awareness programmes to keep employees informed about their rights and compliance responsibilities.
- Advocating for ethical labour standards within the industry as an active member of the Responsible Glove Alliance ("RGA").



Combating Climate Change

Description

Identifying and managing climate-related risks and opportunities across our value chain while actively working to reduce our GHG emissions.

Importance to the Group

As a leading conglomerate, we acknowledge our duty to set a benchmark in reducing carbon emissions and contribute to Malaysia's ambition of reaching carbon neutrality by 2050.

Importance to Our Stakeholder Groups

With climate change emerging as a pressing global challenge, our climate initiatives significantly influence how customers, shareholders, government authorities and the media evaluate our business and long-term sustainability.

Our Response

- Executing our Climate Mitigation Action Strategy to cut down our carbon emissions.
- Deploying renewable energy solutions across our manufacturing facilities.
- Establishing a comprehensive carbon accounting system and data management framework.

Sustainability Material Matters (Cont'd)



Ethical Business

Description

Ensuring high ethical standards across our organisation for everyone we employ and collaborate with.

Importance to Us

In an era of heightened scrutiny on corporate conduct, maintaining strong ethical business practices is crucial for sustaining stakeholder trust and protecting our reputation.

Importance to Our Stakeholder Groups

Clear ethical guidelines and strong enforcement mechanisms help prevent fraud, corruption and misconduct, safeguarding stakeholder interests while strengthening our sustainability.

Our Response

- Establishing key policies and guidelines to promote ethical business practices and maintain legal and regulatory compliance.
- Regularly assessing and refining our ethical frameworks to enhance their effectiveness and efficiency.
- Conducting periodic risk evaluations to detect and address potential corruption vulnerabilities within our operations.
- Applying specific control measures to mitigate ethical risks and deter misconduct.
- Offering ongoing training programmes to cultivate ethical awareness among employees and reinforce integrity in our business practices.



Environmental Compliance

Description

Conducting business in an environmentally responsible manner as part of our long-term environmental stewardship efforts.

Importance to Us

Environmental compliance helps avoid unnecessary costs, strengthen our brand reputation and meet customer expectations, making it essential to our operational success and sustainability efforts.

Importance to Our Stakeholder Groups

Our commitment to environmental responsibility shapes our reputation and regulatory standing, with any shortcomings potentially undermining stakeholder confidence.

Our Response

- Implementing stringent environmental policies, procedures and best practices to ensure national, local and industry-specific compliance across all operations.
- Achieving and maintaining ISO 14001 EMS certification standards.



Water and Effluents Management

Description

Implementing sustainable water management practices and ensuring the responsible treatment and disposal of effluents across our operations.

Importance to Us

A vital resource in our manufacturing processes, water must be used efficiently amid its growing scarcity, making enhanced conservation efforts and integrated recycling solutions essential for our long-term resilience.

Importance to Our Stakeholder Groups

Stakeholders increasingly evaluate companies based on their environmental impact, making effective water and effluent management a key aspect of our sustainability strategy.

Our Response

- Implementing water recycling initiatives and encouraging conservation efforts to optimise usage.
- Developing a unified water management strategy across all operations.
- Continuously identifying and adopting alternative water sources to reduce our reliance on municipal supplies.



Workplace Safety

Description

Reducing employee exposure to workplace hazards and proactively preventing work-related injuries and illnesses.

Importance to Us

Ensuring a safe and healthy work environment is essential for protecting our workforce as any lapses in occupational safety can endanger them, damage our reputation and lead to financial setbacks.

Importance to Our Stakeholder Groups

Regulatory bodies, government agencies and customers are placing greater emphasis on workplace safety, reinforcing the need for strict adherence to OHS standards.

Our Response

- Implementing a robust set of safety and health policies across all business operations.
- Ensuring strict compliance with all applicable OHS laws.
- Achieving and maintaining ISO 45001 certification standards for our factories' OHS management systems.

Sustainability Material Matters (Cont'd)



Cyber Security and Data Privacy

Description

Safeguarding our business, intellectual property and stakeholders' data in an increasingly complex cyber threat landscape.

Importance to Us

Effective data storage and management is crucial as we integrate more digital technologies across the Group, ensuring security, efficiency and seamless operations.

Importance to Our Stakeholder Groups

As digital systems and remote operations become the norm, cyber security and data privacy have emerged as critical concerns for stakeholders and key criteria in company evaluations.

Our Response

- Deploying advanced security solutions such as firewalls and antivirus software.
- Securing our infrastructure by housing equipment in well-protected facilities.
- Implementing sophisticated backup systems to prevent data loss.
- Establishing strict information technology ("IT") security policies and fostering cyber security awareness across the organisation.



Product Quality and Safety

Description

Delivering safe, high-quality products and solutions that align with market demands and evolving customer expectations worldwide.

Importance to Us

Consistently reliable offerings strengthen our position in the industry and enhance our long-term resilience.

Importance to Our Stakeholder Groups

Upholding high product quality and safety is crucial for building stakeholder trust as any shortcomings could risk customer safety and damage our reputation.

Our Response

- Establishing quality management systems that comply with local, national, industry-specific and international standards, as well as customer expectations.
- Enforcing strict quality control measures throughout every stage of production to ensure product safety, performance and regulatory compliance.



People Development

Description

Fostering a workplace that supports continuous upskilling and equips employees for personal and career growth.

Importance to Us

The strength of our workforce directly influences our organisational efficiency, impacting our competitiveness, customer appeal and ability to attract investments.

Importance to Our Stakeholder Groups

Learning and development opportunities are key for attracting job seekers, while strong upskilling programmes help retain employees by supporting their career growth with us.

Our Response

- Continuously evaluating training needs and delivering tailored learning programmes for specific roles.
- Promoting a culture of lifelong learning that adapts to industry advancements.
- Offering career growth opportunities that enable employees to maximise their potential.



Waste Management

Description

Responsibly managing hazardous and non-hazardous waste across all our business operations.

Importance to Us

Waste generated from our production processes directly affects our operational efficiency, regulatory compliance and cost management, influencing both our financial performance and corporate reputation.

Importance to Our Stakeholder Groups

Improper waste disposal can damage ecosystems, reduce local communities' quality of life and limit economic opportunities, while growing environmental concerns make sustainability a priority for both new and existing customers.

Our Response

- Regularly monitoring our resource consumption and implementing the 4R strategy to enhance our waste management efficiency.
- Establishing a comprehensive waste tracking system to measure performance and maintain compliance with ISO 14001 certification standards.

Sustainability Material Matters (Cont'd)



Partnership and Collaboration

Description

Supporting sustainable local economic growth by building strong partnerships with suppliers, educational institutions, reputable NGOs and community organisations.

Importance to Us

Strategic collaborations allow us to adapt to evolving market trends and unlock new growth opportunities.

Importance to Our Stakeholder Groups

Fostering open communication and cooperation between our Group and business partners drives innovation and long-term shared success.

Our Response

- Promoting internal and external partnerships that uphold strong values and industry best practices.
- Conducting impact assessments and due diligence to ensure responsible engagement with potential partners.
- Enhancing the capabilities of our supply chain partners through targeted capacity-building initiatives.



Health and Wellness

Description

Prioritising employee health and well-being to inculcate a high-performing workforce.

Importance to Us

A strong organisational culture of health wellness drives productivity and sustainable business growth.

Importance to Our Stakeholder Groups

Investing in employee health and well-being strengthens our reputation as an employer of choice, making it easier to attract and retain top talent.

Our Response

- Offering routine health screenings and wellness initiatives.
- Gathering employee input to evaluate programme effectiveness.
- Proactively identifying and addressing gaps in employee well-being.
- Enhancing access to healthcare resources and facilities.



Diversity and Inclusivity

Description

Promoting diversity and inclusion by fostering a culture of acceptance and belonging that drives innovation and value creation.

Importance to Us

A workforce enriched by diverse backgrounds and experiences brings a broader range of perspectives, strengthening our business strategies to support sustainable growth and long-term success.

Importance to Our Stakeholder Groups

Stakeholders increasingly view diversity as a key measure of a company's progressiveness and sustainability, while also recognising the need for an environment where employees feel truly valued and included.

Our Response

- Regularly assessing our non-discrimination policies to maintain an inclusive, equitable and diverse workplace across race, religion, gender, age, disability, culture, social background, caste, sexual orientation, marital status or political beliefs.



Community Welfare

Description

Making a meaningful and lasting impact on the communities we work in by driving sustainable economic development.

Importance to Us

Voluntary community engagement and support initiatives strengthen our ties with local communities and stakeholders while enhancing employee morale.

Importance to Our Stakeholder Groups

Development and support programmes contribute to improving the quality of life and creating greater economic opportunities for local communities.

Our Response

- Establishing Yayasan Kossan to lead various initiatives aimed at benefiting local communities.



For more information on our approach to materiality, please refer to our Sustainability Report 2024.

Our Value Creation Model

INPUTS



FINANCIAL CAPITAL

The funds we deploy to run our operations and drive future growth.

- Strong financial track record.
- Effective balance sheet management.
- Net cash position.



MANUFACTURED CAPITAL

Our physical production infrastructure, including our technologically advanced plants and equipment.

- Fully equipped manufacturing plants across Malaysia.
- Efficient production lines for our gloves, TRP and cleanroom products.



HUMAN CAPITAL

Our experienced workforce and their competencies, skills and knowledge they use to create value for the Group and our stakeholders.

- Experienced Board and Management with diversified industry and corporate knowledge.
- Ingrained, ISO-compliant processes for workplace safety.
- Comprehensive in-house human rights governance practices.
- Internal training and wellness facilities.
- 108,059 training hours delivered (18.2 per employee on average).



INTELLECTUAL CAPITAL

Our established systems and processes, intellectual property and collective know-how.

- More than 30 years of glove manufacturing experience.
- Experienced and specialised research and development ("R&D") team trained in advanced analytical and testing techniques.
- In-house R&D Centre and independent testing laboratory.
- In-house Quality Assurance Department.



SOCIAL AND RELATIONSHIP CAPITAL

The collaborative, trust-based relationships we nurture with our stakeholders.

- Strong, long-term relationships with our customers and suppliers and partnerships with NGOs, schools and other community-based organisations.
- Community-focused work through Yayasan Kossan ("YK").



NATURAL CAPITAL

The natural resources we use to produce our goods and the processes we have adopted to reduce our environmental impact.

- Natural resources such as energy and fuel, raw materials, water.

OUR PRODUCTS



Our Value Creation Model (Cont'd)

INITIATIVES

OUTPUTS



- Developing specialised products with higher-margin.
- Exploring new growth opportunities in emerging markets.
- Undertaking strategic cost optimisation initiatives.



- Leveraging Enterprise Resource Planning ("ERP") systems to drive operational efficiency.
- Accelerating digitalisation through automation of systems and machinery.
- Enhancing data accuracy and compliance across our production activities.



- Driving employee learning and development through tailored and role-specific training programmes.
- Delivering impactful programmes to enhance our employees' physical and mental health.
- Safeguarding our employees with comprehensive occupational health and safety measures.
- 358 e-Learning modules available.



- Digitising and automating our internal processes.
- Building a competitive edge through our patented products and processes.
- Supporting responsible forestry and sustainable sourcing practices aligned with the European Union Deforestation-free Regulation ("EUDR").



- Promoting responsible practices across the industry via Responsible Glove Alliance ("RGA") membership.
- Conducted community-based engagements through YK.
- Vendor Code of Conduct.



- Group-wide Environmental Management System and Environmental Policy.
- Adopting carbon accounting system to calculate and manage our carbon footprint.
- Implementing energy efficiency initiatives.
- Installed 4.3MWp of solar energy capacity to date.
- Systematic practices across waste, water, energy and emission management.
- Waste water treatment plant.



- Revenue: RM1.92 billion.
- Profit Before Tax: RM157.32 million.
- Total assets: RM4.11 billion.
- Shareholders' equity: RM3.64 billion.
- Total Dividend payout per share = 8.0 sen. (for FYE 31 December 2024).
 - Interim dividend of 2.0 sen and special dividend of 6.0 sen per share paid on 12 December 2024.



- Increased operational efficiency of our production activities.
- Strengthened process oversight of our manufacturing processes for future streamlining.



- 111 employees promoted, leading to improved workforce competency.
- Reduced attrition rate by 9% to 26%.
- 96% of plants certified with ISO 45001: 2018 for OHS management systems.
- Zero work-related fatalities.



- Expanded Low Derma™ range of nitrile gloves, formulated with a patented technology-driven solution to minimise skin sensitivity risks while offering a comprehensive thickness range from 2.4 mils to 8 mils.
- 47 patents filed in 15 countries.
- Forest Stewardship Council ("FSC") Chain of Custody certification across all natural rubber glove manufacturing facilities.



- Upheld human rights and social compliance throughout our value chain.
- 95% customer satisfaction rate.
- RM729,000 invested in community development, impacting 58,683 beneficiaries.



- 96% of plants certified with ISO 14001 for EMS.
- Reduced natural gas, electricity and waste generated intensity in both Gloves and TRP divisions.
- 96% of packaging sourced from recycled or recyclable materials.
- 18.4% of water sourced from reclaimed supplies.
- 58% of waste generated recycled, reused or recovered.
- Reduced waste generated intensity in both Gloves and TRP divisions.

Our Approach to Sustainability

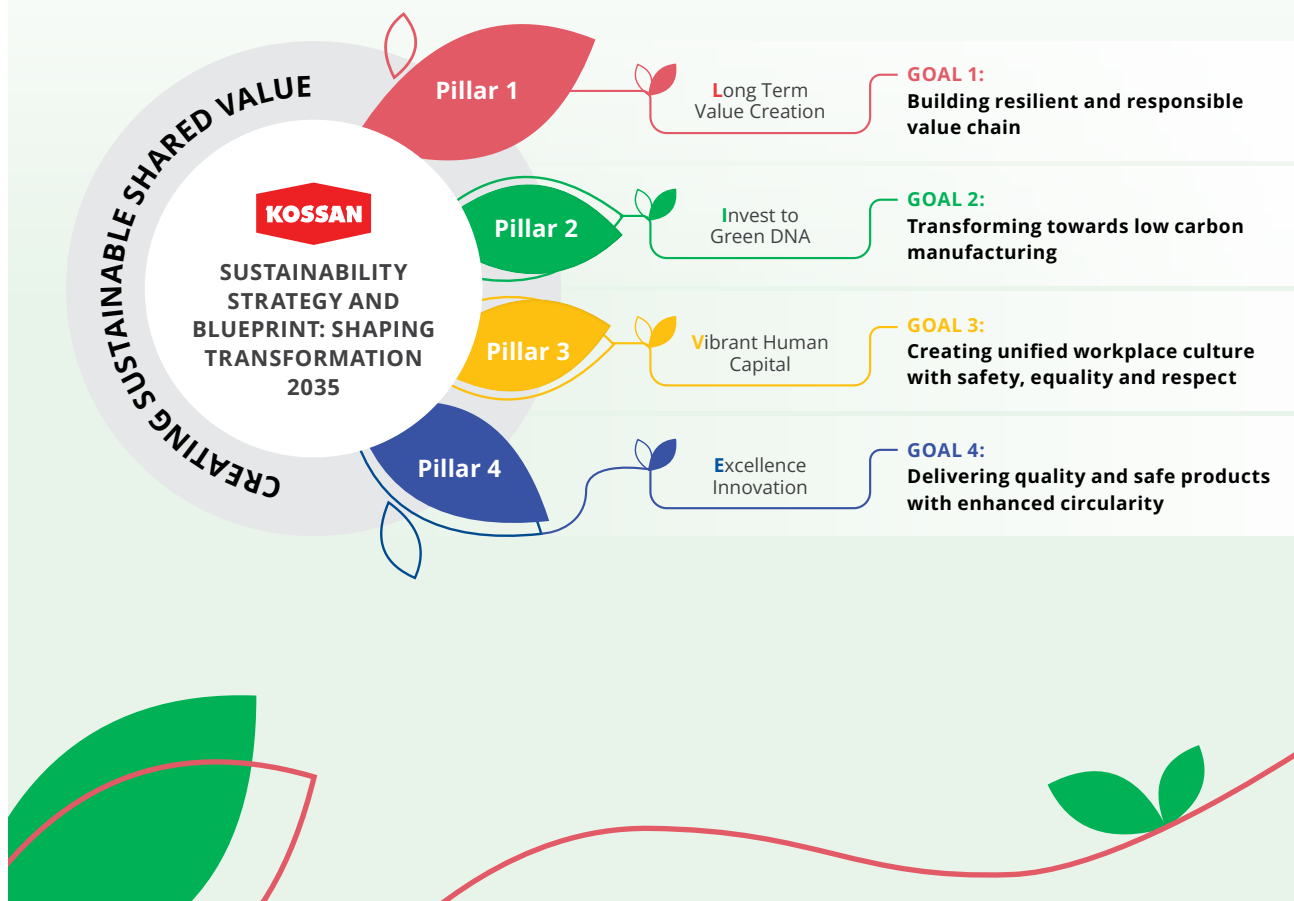
In FY2024, we stepped up our approach to sustainability, taking important steps to more effectively meet the increasing demand for responsible manufacturing practices worldwide.

Our growing commitment is reflected in the publishing of our first annual standalone Sustainability Report ("SR 2024"), released alongside this IAR 2024, which provides detailed insight into our actions and results across our sustainability material matters.

During the past year, we also launched the KOSSAN Sustainability Strategy and Blueprint: Shaping Transformation 2035 ("KSB 2035"), which sets out four strategic goals to guide our long-term sustainability journey. These priorities will serve as the foundation for embedding sustainability as a driver of transformation, innovation and competitiveness across the Group.

OUR SUSTAINABILITY BLUEPRINT

Creating Shared Values Through Sustainable Ecosystem



Our Sustainability Governance

At KOSSAN, we have put in place a clear sustainability governance framework that outlines the roles and responsibilities of key stakeholders within the Group. By making sustainability a priority at the highest levels, we ensure strong leadership and meaningful, long-term impact.



Board

- Reviews and approves our sustainability strategy and roadmap.
- Oversees the implementation of our sustainability initiatives and monitors performance against set targets.

Group MD/CEO

- Leads the development of sustainability strategies, priorities and targets.
- Ensures sustainability considerations are embedded in our decision-making processes.

KSC (Comprising Executive Directors of the Group)

- Manages our sustainability risks and opportunities.
- Oversees the execution of our sustainability strategies.
- Provides guidance and direction on sustainability-related matters.
- Holds quarterly meetings with the CS Department and KSCE to track our sustainability progress, followed by annual updates to the Board.

CS Department

- Supports the KSC in integrating sustainability into our business operations by identifying gaps and coordinating remediation measures alongside the KSCE.
- Monitors the progress and implementation of our sustainability initiatives.
- Leads materiality assessments and stakeholder engagements.
- Tracks and evaluates sustainability trends, risks and opportunities.

KSCE

- Comprises appointed Sustainability Champions – including Heads of Department or designated officers across our business units, corporate functions and CSR unit – who effectively execute, coordinate and accelerate Group-wide sustainability initiatives by:
 - Facilitating sustainability-related communication and data collection.
 - Implementing our sustainability initiatives.
 - Identifying process improvements and driving reengineering efforts aligned with the KOSSAN Sustainability Strategy and Blueprint.
 - Overseeing departmental or business unit sustainability metrics based on the established blueprint.
 - Raising awareness of sustainability matters within respective departments or business units.

Generating Sustainable Economic Value

We are committed to creating long-term economic value by upholding ethical business practices, strengthening digital security, delivering high-quality products and fostering collaborative partnerships. Through sound governance and responsible engagement, we aim to build stakeholder trust, support local economies and contribute to global sustainability goals.



Ethical Business

Description

Ensuring high ethical standards are upheld across our organisation and supply chain.

Our Approach

- Establishing key policies and guidelines to promote ethical business practices and maintain legal and regulatory compliance.
- Regularly assessing and refining our ethical frameworks to enhance their effectiveness and efficiency.
- Conducting periodic risk evaluations to detect and address potential corruption vulnerabilities within our operations.
- Applying specific control measures to mitigate ethical risks and deter misconduct.
- Offering ongoing training programmes to cultivate ethical awareness among our employees and reinforce integrity in our business practices.

Our Performance in FY2024

- Zero cases of bribery or corruption.
- Risk of bribery and corruption within our business remained low, as confirmed by our FY2024 assessment.
- One whistleblowing report related to an employee grievance investigated and found to be unsubstantiated.
- 100% new hires formally acknowledged our Anti-Bribery and Corruption ("ABC") Policy.
- 2,436 employees participated in ABC training sessions.

Supporting SDGs



Cyber Security and Data Privacy

Description

Safeguarding our business, intellectual property and stakeholders' data in an increasingly complex cyber threat landscape.

Our Approach

- Deploying advanced security solutions such as firewalls and antivirus software.
- Securing our infrastructure by housing equipment in well-protected facilities.
- Implementing sophisticated backup systems to prevent data loss.
- Establishing strict information technology ("IT") security policies and fostering cyber security awareness across the organisation.
- Two new policies – the Remote Access Policy and External File Sharing Policy – introduced.
- 100% KOSSAN email users covered under enforced Multi-Factor Authentication ("MFA").
- Penetration testing frequency increased from once every two years to annually.

Our Performance in FY2024

- Zero incidents involving identified leaks, theft or loss of customer and employee data.
- Zero substantiated complaints regarding breaches of customer privacy or loss of customer data.

Supporting SDGs



Generating Sustainable Economic Value (Cont'd)

**Product Quality and Safety****Description**

Delivering safe, high-quality products and solutions that align with market demands and evolving customer expectations worldwide.

Our Approach

- Establishing quality management systems that comply with local, national, industry-specific and international standards, as well as customer expectations.
- Enforcing strict quality control measures throughout every stage of production to ensure product safety, performance and regulatory compliance.

Our Performance in FY2024

- Zero incidents of noncompliance related to product health and safety, labelling and information or marketing communications.
- Three innovative products developed:
 - 16" Low Derma™ Nitrile Glove.
 - 9.5" Low Derma™ Nitrile Glove.
 - Forest Stewardship Council™ ("FSC") 100% Certified Latex Examination & Surgical Gloves.
- Two new inspection systems introduced:
 - Quality Assurance Inspection System ("QAIS").
 - Online Vision Inspection System.

Supporting SDGs

**Partnership and Collaboration****Description**

Supporting sustainable local economic growth by building strong partnerships with suppliers, educational institutions, reputable NGOs and community organisations.

Our Approach

- Promoting internal and external partnerships that uphold strong values and industry best practices.
- Conducting impact assessments and due diligence to ensure responsible engagement with potential partners.
- Enhancing the capabilities of our supply chain partners through targeted capacity-building initiatives.

Our Performance in FY2024

- Zero legal actions, repercussions or penalties related to anti-competitive behaviour, antitrust or monopoly violations.
- No actual or potential negative environmental or social impacts identified in our comprehensive FY2024 supply chain evaluation.
- 95% customer satisfaction rate in our latest survey.
- 59% total procurement directed to local suppliers.

Supporting SDGs



Managing Our Environment Impact

We are focused on reducing our environmental footprint by improving our emissions, water and waste management through targeted process enhancements, technology adoption and strict compliance measures. These efforts have enhanced resource efficiency, minimised our environmental impact and improved operational resilience.



Combating Climate Change

Description

Actively working to reduce our greenhouse gas ("GHG") emissions while identifying and managing climate-related risks and opportunities across our value chain.

Our Approach

- Executing our Climate Mitigation Action Strategy to cut down our carbon emissions.
- Deploying renewable energy solutions across our manufacturing facilities.
- Establishing a comprehensive carbon accounting system and data management framework.

Our Performance in FY2024

- 20% increase in Group-wide combined Scope 1 and 2 emissions – rising from 298,953.09 tCO₂e in FY2023 to 358,308.30 tCO₂e – primarily due to higher factory utilisation in our Gloves division and the inclusion of fugitive emissions in our FY2024 reporting.
- 2.46 to 2.38 tCO₂e/1,000 kg reduction in Scope 1 and 2 emissions intensity in our TRP division, driven by targeted energy-saving measures and solar energy benefits, maintained Gloves emissions intensity at 0.023 tonnes CO₂e/1,000 pieces.
- 4.3 MWp total installed solar capacity as of 31 December 2024.
- 2,202 trees planted under the #StayLOW programme, with an estimated annual absorption of 437 tCO₂.
- 3% and 2% reductions in electricity and natural gas consumption intensities in our Gloves division, respectively.
- 5% and 6% reductions in electricity and natural gas consumption intensities in our TRP division, respectively.
- Scope 1 and Scope 3 emissions monitoring expanded.

Supporting SDGs



Environmental Compliance

Description

Conducting business in an environmentally responsible manner as part of our long-term environmental stewardship efforts.

Our Approach

- Implementing stringent environmental policies, procedures and best practices to ensure national, local and industry-specific compliance across all operations.
- Achieving and maintaining ISO 14001 Environmental Management System ("EMS") certification standards.
- 28 external and 50 internal environmental audits conducted, with all identified gaps addressed through timely corrective actions.

Our Performance in FY2024

- Zero incidents of noncompliance with environmental laws and regulations.
- 96% manufacturing sites achieved ISO 14001 certification as of December 2024.

Supporting SDGs



Managing Our Environment Impact (Cont'd)



Water and Effluents Management

Description

Implementing sustainable water management practices and ensuring the responsible treatment and disposal of effluents across our operations.

Our Approach

- Implementing water recycling initiatives and encouraging conservation efforts to optimise usage.
- Developing a unified water management strategy across all operations.
- Continuously identifying and adopting alternative water sources to reduce our reliance on municipal supplies.
- RM4 million invested to redesign and upgrade our wastewater treatment plants across various sites.
- Centralised wastewater treatment plant laboratory established.
- Central laboratory set up for advanced analyses such as biological oxygen demand ("BOD") and Oil & Grease ("O&G").
- Analytical lab developed at our Research & Development ("R&D") Centre.
- Additional flow meters installed in high-consumption zones, such as production areas.
- Magnetic flow meters integrated into real-time monitoring systems.
- Flood water level indicators installed.
- Part of our fleet upgraded to four-wheel drive vehicles.
- Emergency Response Plan Standard Operating Procedures ("SOPs") established.

Our Performance in FY2024

- 32% increase in total water consumption – rising from 2.139 million m³ in FY2023 to 2.827 million m³ – primarily due to higher glove production output.
- 0.17 to 0.18 m³/1,000 gloves pieces increase in water consumption intensity in our Gloves division, largely due to product mix changes.
- 12% improvement in water consumption intensity in our TRP division, reducing from 16.24 to 14.21 m³/1,000 kg of rubber compounded through increased efficiency and output.
- 24% increase in total water withdrawal – rising from 5.582 million m³ in FY2023 to 6.908 million m³ – driven by higher operational capacity in our Gloves division.
- All operations confirmed to be in low to medium-water-risk areas based on our FY2024 water-related risk assessment.

Supporting SDGs



Waste Management

Description

Responsibly managing hazardous and non-hazardous waste across all our business operations.

Our Approach

- Regularly monitoring our resource consumption and implementing the 4R strategy (Reduce, Reuse, Recycle, Recover) to enhance our waste management efficiency.
- Establishing a comprehensive waste tracking system to measure performance and maintain compliance with ISO 14001 certification standards.
- Leveraging technologies and enhancing processes to reduce waste.

Our Performance in FY2024

- Zero incidents of noncompliance related to waste management, with no waste imported or exported.
- 2% reduction in total waste generation, decreasing from 8,692.05 MT in FY2023 to 8,495.23 MT, despite increased production output.
- 0.70 to 0.55 kg per 1,000 glove pieces reduction in waste intensity in our Gloves division.
- 12.7% decrease in total waste in our TRP division, from 831.01 MT in FY2023 to 725.69 MT in FY2024.
- 18.2% improvement in waste intensity in our TRP division, dropping from 190.33 kg in FY2023 to 155.64 kg per 1,000 kg of rubber compounded, driven by operational efficiency gains and reduced production by-products.
- 58.2% of total waste managed through recycling, reuse or recovery – a slight increase from 57.7% in FY2023 – with further progress limited by non-recyclable waste such as construction debris and obsolete equipment.

Supporting SDGs



Creating Value Through Social Engagement

We focus on driving positive societal impact by upholding human rights, ensuring workplace safety, investing in employee development and engaging with local communities.



Human Rights and Labour Practices

Description

Upholding the rights and well-being of all employees and supply chain partners, including our migrant workers, in line with local and international labour laws and best practices.

Our Approach

- Providing fair wages, safe working conditions, equal opportunities and respectful workplace practices for all employees.
- Ensuring compliance with labour regulations and international standards through our dedicated task force, which actively monitors our policies, as well as compliance and regulatory updates.
- Providing training and awareness programmes to keep employees informed about their rights and compliance responsibilities.
- Advocating for ethical labour standards within the industry as an active member of the Responsible Glove Alliance ("RGA").
- 19 internal audits and 24 external audits conducted, covering 100% of our glove operations under Sedex Members Ethical Trade Audit ("SMETA"), Worldwide Responsible Accredited Production ("WRAP") and customer audit programmes.

Our Performance in FY2024

- Zero substantiated complaints concerning human rights violations.
- Zero reported child labour cases across our operations.
- 95% resolved, with 5% pending verification of actions taken.
- 88% glove manufacturing plants maintained their WRAP Gold certifications, while the remaining 12% successfully upgraded to WRAP Platinum.
- One glove manufacturing site undergoing an amfori Business Social Compliance Initiative ("BSCI") audit achieved an "A" rating.

Supporting SDGs



Workplace Safety

Description

Reducing employee exposure to workplace hazards and proactively preventing work-related injuries and illnesses.

Our Approach

- Implementing a robust set of safety and health policies across all business operations.
- Ensuring strict compliance with all applicable occupational health and safety ("OHS") laws.
- Achieving and maintaining ISO 45001 certification standards for our factories' OHS management systems.
- Falling short of interim target for one year, review current practices.
- 3,134 employees participated in safety and health training sessions, contributing to 18,873 training hours.
- 70 internal audits conducted across all operational sites.
- 49 external audits carried out by Malaysia's Department of Safety and Health ("DOSH"), clients and third-party certification bodies.

Our Performance in FY2024

- Zero fatalities among both employees and non-employees.
- 96% manufacturing facilities achieved ISO 45001 certification as of December 2024.

Supporting SDGs



Creating Value Through Social Engagement (Cont'd)



People Development

Description

Fostering a workplace that supports continuous upskilling to empower personal and professional growth.

Our Approach

- Continuously evaluating training needs and delivering tailored learning programmes for specific roles.
- Promoting a culture of lifelong learning that adapts to industry advancements.
- Offering career growth opportunities that enable employees to maximise their potential.

Our Performance in FY2024

- 111 employees promoted across the Group.
- 358 e-learning modules available on our eLearning Library – up from 270 in FY2023.
- 108,059 total training hours – down from 122,392 in FY2023 – reflecting our shift toward more practical, hands-on learning through enhanced KOSSAN On-Job Training ("KOJT") and digital modules.
- New Joiner Learning Plan ("NJLP") introduced, providing a buddy system that supports hands-on coaching for new employees across both functional and technical areas.

Supporting SDGs



Health and Wellness

Description

Prioritising employee health and well-being to support workplace performance and further our reputation as an employer of choice.

Our Approach

- Offering routine health screenings and wellness initiatives.
- Gathering employee input to evaluate programme effectiveness.
- Proactively identifying and addressing gaps in employee well-being.
- Enhancing access to healthcare resources and facilities.

Our Performance in FY2024

- 100% return-to-work rate for employees who took parental leave sustained, continuing a consistent record since FY2022.
- Multiple health-focused activities conducted, covering preventive care, physical fitness, webinars and knowledge-sharing sessions.
- Mental health talks organised in collaboration with the Malaysian Mental Health Association ("MMHA"), focusing on stress management, emotional awareness and resilience.

Supporting SDGs



Creating Value Through Social Engagement (Cont'd)



Diversity and Inclusivity

Description

Fostering a supportive and inclusive culture that welcomes all and harnesses differing talents and skills to drive innovation and growth.

Our Approach

- Regularly assessing our non-discrimination policies to maintain an inclusive, equitable and diverse workplace across race, religion, gender, age, disability, culture, social background, caste, sexual orientation, marital status or political beliefs.

Our Performance in FY2024

- 26% attrition rate – down from 35% in FY2023.
- 3,347 employees participated in training sessions across all operational sites, focused on recognising and addressing abuse, inappropriate language and harassment, with specific emphasis on sexual harassment.
 - 3,468 total training hours recorded for these sessions.



Community Welfare

Description

Making a meaningful and lasting impact on local communities by driving sustainable economic development.

Our Approach

- Establishing Yayasan Kossan (“YK”) to lead various initiatives aimed at benefiting local communities.

Our Performance in FY2024

- Impactful activities for internal and external stakeholders delivered under Project Smile.
- 56 YK events across medical, arts and culture, education and environmental themes held, contributing approximately RM729,000 and benefiting 58,683 individuals.

Supporting SDGs



Supporting SDGs



Our Future Roadmap

As we look ahead, our focus is on embedding sustainability more holistically across our operations and business model – supporting long-term growth, building climate resilience and aligning with a rapidly evolving regulatory landscape.

In the short term, we will focus on strengthening the foundations of our sustainability approach. This will include enhancing the quality and transparency of our disclosures by adopting the International Financial Reporting Standards (“IFRS”) S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. These standards will enable more globally aligned and decision-useful reporting, ensuring we stay ahead of regulatory expectations.

Alongside reporting enhancements, we will continue to drive operational improvements through targeted energy efficiency measures such as expanded solar installations and site-specific optimisation. To support these changes, we will roll out internal capacity-building programmes that embed sustainability knowledge and accountability across all levels of the organisation.

Our short-term focus will also extend to our supply chain. Following a strategic pause in FY2024, we will reactivate and strengthen our Greening Value Chain (“GVC”) programme to help suppliers adopt ESG practices and improve emissions tracking. In parallel, we will accelerate our Scope 3 data collection and calculation efforts to enhance the visibility and oversight of our indirect emissions footprint.

These foundational steps will enable more ambitious progress over the mid-term. In that timeline, we will prioritise working towards a 54.6% reduction in Scope 1 and 2 emissions intensity from FY2022 levels, supported by continued investment in renewable energy, low-carbon technologies and operational efficiency upgrades. In tandem, we will formalise our climate mitigation roadmap and advance sustainable product design to reduce lifecycle environmental impacts, ensuring that innovation aligns with our long-term ecological goals.

Together, these short and mid-term priorities will drive meaningful transformation, strengthen ESG integration across our value chain and reinforce our ability to deliver long-term sustainable value.



Performance Data Table from Bursa Malaysia's ESG Reporting Platform

Indicator	Measurement Unit	2023	2024
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Executive	Hours	60,407	48,155
Non-executive	Hours	61,985	59,904
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	49.00	47.00
Bursa C6(c) Total number of employee turnover by employee category			
Executive	Number	271	178
Non-executive	Number	1,947	1,340
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Executive	Percentage	80.15	23.81
Non-executive	Percentage	0.38	44.35
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	212,742.59	255,090.91
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	86,210.50	103,217.39
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	5,304.98	54,150.46
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	1,290,655.46	1,538,721.68
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	2,139.335190	2,826.996340
Bursa (Health and safety)			
Bursa C5(a) Number of workrelated fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.07	1.43
Bursa C5(c) Number of employees trained on health and safety standards	Number	2,374	3,134
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	9,523.06	9,220.92
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	5,496.80	5,364.27
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	4,026.26	3,856.65
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	62.00	59.00

Internal assurance

External assurance

No assurance

(*)Restated

Performance Data Table from Bursa Malaysia's ESG Reporting Platform (Cont'd)

Indicator	Measurement Unit	2023	2024
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Executive Generation Z, Born After 1995	Percentage	1.66	2.68
Executive Generation Y, Born 1981-1995	Percentage	8.57	9.34
Executive Generation X, Born 1961-1980	Percentage	5.03	4.82
Executive Baby Boomers, Born 1945-1960	Percentage	0.26	0.22
Non-executive Generation Z, Born After 1995	Percentage	31.17	34.30
Non-executive Generation Y, Born 1981-1995	Percentage	46.37	42.48
Non-executive Generation X, Born 1961-1980	Percentage	6.87	6.09
Non-executive Baby Boomers, Born 1945-1960	Percentage	0.07	0.07
Gender Group by Employee Category			
Executive Male	Percentage	8.60	9.77
Executive Female	Percentage	6.91	7.30
Non-executive Male	Percentage	68.81	68.63
Non-executive Female	Percentage	15.68	14.30
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	78.00	78.00
Female	Percentage	22.00	22.00
Generation Z, Born After 1995	Percentage	0.00	0.00
Generation Y, Born 1981-1995	Percentage	11.00	11.00
Generation X, Born 1961-1980	Percentage	56.00	56.00
Baby Boomers, Born 1945-1960	Percentage	33.00	33.00
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	575,000.00	729,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	21,368	58,683

Internal assurance

External assurance

No assurance

(*)Restated

Directors' Profile



TAN SRI DATO' LIM KUANG SIA

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

Date Appointed:

14 June 1979 (Founder)

Board Committee Membership(s):

NIL

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 Appointments:

- Honorary President of the Associated Chinese Chambers of Commerce and Industry of Malaysia
- Honorary President of the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor
- Honorary President of 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 of the Malaysia Lin Chamber of Commerce Selangor State Liaison Committee
- Honorary Advisor of the Lim Association Klang and Coast
- Deputy Chairman of Pin Hwa High School
- Vice Chairman of Kwang Hua Private High School
- Board Member of Confucian Private Secondary School
- Trustee of Confucian Private Secondary School
- President of Nanyang University Alumni Association of Malaya
- Deputy President of Canton Chamber of Commerce Malaysia
- Chairman of the Pulau Ketam Art Association
- Executive Advisor of Persatuan Kebajikan Che Sheng Khor, Klang

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

- Founder and Trustee of Yayasan Kossan



MOHAMED SHAFEEI BIN ABDUL GAFFOOR

*Chairman,
Independent Non-Executive Director*

Date Appointed:

23 January 2017

Board Committee Membership(s):

NIL

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 to 2002) as their Managing Director and to Xian Leng Holdings Bhd. (1998 to 2008) as its Independent Director.

In 2018, he joined Perak Corporation Berhad and was the Group Chief Executive Officer until his resignation in 2020. In addition, he sat as the Non-Executive Chairman of Majuperak Holdings Berhad from 2018 to 2019. Currently, he is the Chief Executive Officer of Panah Jaya Services Sdn. Bhd., a company that involved in oil and gas activities.

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

- NIL

BOARD COMMITTEE MEMBERSHIP

● Chairperson

● Member

AC

Audit Committee

Directors' Profile (Cont'd)

**LEE CHOO HOCK***Senior Independent Non-Executive Director***Date Appointed:**

26 August 2013

Board Committee Membership(s):**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 joined Malayan Banking Berhad in 1983. 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.

Mr. Lee was the Independent Non-Executive Director of HSBC Bank Malaysia Berhad from 2013 to 2022. During his tenure, he sat as the Chair of the Audit Committee as well as a member of the Nominations and Remuneration Committee. In 2016, he joined HSBC Amanah Malaysia Berhad as an Independent Non-Executive Director and was redesignated as Non-Independent Non-Executive Director in 2019. He was the member of the Audit, Risk and Nominations and Remunerations Committees until his retirement in 2022.

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

- Trustee of Yayasan Kossan

**HOH KIM HYAN***Independent Non-Executive Director***Date Appointed:**

23 January 2017

Board Committee Membership(s):**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.

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

- NIL

RC Remuneration Committee

NC Nominating Committee

RMC Risk Management Committee

Directors' Profile (Cont'd)

**SHARON SHANTHY A/P DORAIRAJ***Independent Non-Executive Director***Date Appointed:**

1 November 2022

Board Committee Membership(s):**Qualifications and Working Experience:**

Ms. Sharon graduated with a Bachelor of Science (Mathematics) from Universiti Sains Malaysia and is a Chartered Banker of the Asian Institute of Chartered Bankers. She is also certified in various psychometrics instruments including Hogan, DDI and SHL and leadership coaching such as Gallup's Strength.

She is a strategic human capital leader with 30 years of experience in driving transformation, change management and merger and acquisition ("M&A") transactions. Her working experience includes being the Senior Vice President, Group Human Resource at Alliance Bank Malaysia Berhad from 2017 to 2022, Chief Human Resource Officer at MCIS Zurich Insurance Berhad from 2014 to 2017 and 17 years in OCBC Bank (Malaysia) Berhad from 1996 covering transformational performance, remuneration, talent and succession management, industrial relations and organisational learning. Other than financial institutions, her role as Human Resource Analyst, Malaysia Airlines System Berhad and Human Resource Manager at Halim Mazmin Group exposed her to people management in service and logistics industries.

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

- NIL

**TAN KONG CHANG***Non-Independent Executive Director***Date Appointed:**

26 August 2013

Board Committee Membership(s):

NIL

Qualifications and Working Experience:

Mr. Tan 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.

He 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.

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

- NIL

Directors' Profile (Cont'd)

**LIM SIAU TIAN***Non-Independent Executive Director***Date Appointed:**

26 August 2013

Board Committee Membership(s):

NIL

Qualifications and Working Experience:

Mr. Lim Siau Tian 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. He is chairing the Corporate Sustainability committee for the Company.

He 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.

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

- President and Trustee of Yayasan Kossan

**LIM SIAU HING***Non-Independent Executive Director***Date Appointed:**

26 August 2013

Board Committee Membership(s):

NIL

Qualifications and Working Experience:

Mr. Lim Siau Hing 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.

He 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.

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

- NIL

Directors' Profile (Cont'd)

**LIM OOI CHOW***Non-Independent Executive Director***Date Appointed:**

26 August 2013

Board Committee Membership(s):

RMC

Qualifications and Working Experience:

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

He 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.

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 43 of this Integrated 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:

- Mr. Lim Ooi Chow is the son of Tan Sri Dato' Lim Kuang Sia.
- 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.

Other than as disclosed, none of the Directors have any conflict of interest or potential 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.

BOARD COMMITTEE MEMBERSHIP

● Chairperson	AC	Audit Committee	RC	Remuneration Committee
● Member	NC	Nominating Committee	RMC	Risk Management Committee

Key Senior Management Profile

PUAN SRI DATIN CHOW CHENG MOEY

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.



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

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 has been serving in his current capacity at KOSSAN since June 2021.

He commenced his career as an auditor with BDO Binder before taking on the role of Assistant Finance Manager at Talam Corporation Berhad and later Finance Manager at Panasonic Malaysia. Subsequently, he advanced to Senior Finance Manager at Carlsberg Brewery Malaysia Berhad and later assumed the position of Financial Controller at a multinational corporation. Prior to joining KOSSAN, he was the Chief Financial Officer of a public listed company.



LEE HON CHEE

Senior Group Accountant



Qualifications and Working Experience:

Mr. Lee is a Chartered Accountant member with 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.



TAN ENG TECK

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.



YAU KIM WOON

Senior General Manager,
Corporate Strategy



Qualifications and Working Experience:

Mr. Yau holds a Diploma in Accounting from Ungku Omar Polytechnic and a Bachelor of Business Admin (Hons.), major in Operation Management from University Utara Malaysia. He joined KOSSAN in his present position in June 2022.

He started his career as a Customer Service Executive with one of the largest mineral companies in the world, NS BlueScope Sdn. Bhd. He built his career along the path of supply chain management in Fast Moving Consumer Goods (FMCG) and the medical device industries. His last position held before joining KOSSAN was the Regional Director APAC – Demand Fulfilment with Teleflex Medical Sdn. Bhd., where his scope of responsibility covered APAC region.



Note:

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.

Legend:

- Present Directorship(s) in other public companies and listed entities
- Any list of convictions for offences, other than traffic offences, within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies
- Any conflict of interest or potential conflict of interest with the Company
- Any family relationship with any director and/or major shareholder of the Company

Corporate Governance Overview Statement

The Board of Directors ("Board") of Kossan Rubber Industries Bhd. ("KOSSAN" or "the Company") remains committed and continues to endeavour to comply with the principles and practices set out in the Malaysian Code on Corporate Governance 2021 ("MCCG") with the aim in ensuring long-term sustainable growth of the Group for the interest of shareholders and other stakeholders. With that in mind, the Board regularly reviews its corporate governance practices ensuring alignment with the MCCG and applicable regulatory obligations.

We are pleased to present our Corporate Governance Overview Statement ("Statement") for the financial year ended 31 December 2024 ("FY2024"). This Statement provides an overview on how the Company and its subsidiaries ("Group") had applied and adopted the three (3) principles of the MCCG during the financial year under review.

This Statement is prepared in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") and should be read together with the Corporate Governance Report 2024 ("CG Report"), which is available on our corporate website at <https://www.kossan.com.my/about-us/corp-governance.html>.

PRINCIPLE A

Board Leadership and Effectiveness

ROLES AND RESPONSIBILITIES OF THE BOARD

Corporate governance plays a vital role in ensuring an effective board that can make informed decisions that benefit and deliver sustainable value to the Company and stakeholders. We, the Board of Directors, are responsible for the oversight and overall effective management of the Company. To enable us to effectively discharge our responsibilities whilst meeting the goals and objectives of the Company, we had established a Board Charter in 2014 that clearly sets out the governance structure, authority and responsibilities of the Board, Board Committees, individual directors and Management, including a formal schedule of issues and decisions reserved for the Board. The Board also delegates specific responsibilities, as set out in each respective terms of reference ("TOR"), to the Board Committees, namely, the Audit, Nominating and Remuneration Committees. The Board Charter and TORs of each Board Committee are published on our corporate website at <https://www.kossan.com.my/about-us/corp-governance.html>.

BOARD COMPOSITION

The Board currently has nine (9) members, comprising one (1) independent non-executive chairman, three (3) independent non-executive directors ("INEDs") and five (5) executive directors ("EDs").

Chairman

En. Mohamed Shafeii bin Abdul Gaffoor, our Independent Non-Executive Chairman, chairs the Board meetings, sets the agenda items, promotes active engagement among Directors and ensures the smooth functioning of the Board. He provides leadership for the adoption of good corporate governance practices and leads the Board towards continuous improvements. The Chairman of the Board is not a member of the Audit, Nominating and Remuneration Committees.

The positions of the Chairman of the Board and Chief Executive Officer ("CEO") are held by different individuals. Their clear and distinct roles and responsibilities are set out in the Board Charter. This is to ensure balance of power and authority with no one individual has unfettered powers on decision making.

Group Managing Director/Chief Executive Officer

Tan Sri Dato' Lim Kuang Sia, the Group Managing Director/CEO, focuses on the Group's businesses and manages the day-to-day operations of the Company as well as implements the Board's decisions.

Senior Independent Non-Executive Director

Mr. Lee Choo Hock is the appointed Senior INED. He serves as the principal conduit between the Chairman and the Board and, importantly, represents the views of independent directors and leads communication to ameliorate misunderstanding and boardroom tension. Further, he is also the Whistleblowing Committee Chairman who oversees the whistleblowing function and ensures its effectiveness.

Independent Non-Executive Directors

Our INEDs play an important role in providing objective, impartial and independent views, advice and judgment to the Board. Their presence ensures adequate check and balance in Board decisions and safeguard the interest of minority shareholders. During the financial year under review, the Board was satisfied that all INEDs has met the independence guidelines as set out in the MMLR and are able to continue to bring independent and objective judgment to the Board.

Corporate Governance Overview Statement (Cont'd)

Policy on the Tenure of Independent Directors

The Board adopts the 12-year tenure limit for independent directors as set out in the MMLR. During the financial year review, none of the independent directors' tenure exceeded nine (9) years except for Mr. Lee Choo Hock. In line with the 12-year tenure limit, Mr. Lee will be retiring at the conclusion of the 45th AGM.

Policy on Conflict of Interest

In February 2024, the Board adopts a Conflict of Interest ("COI") Policy for Directors and Key Senior Management to ensure that any actual or potential COI that a director or key senior management declared is appropriately dealt with or managed. The policy sets out the guidance in identifying COI situations, disclosure requirements and the measures to be taken to resolve, eliminate or mitigate such conflicts.

Board and Board Committees Attendance

Members of the Board and Board Committees had discharged their roles and responsibilities in FY2024 through their attendance at the Board and Board Committees meetings which were set out as below:

	BOD	AC	NC	RC	RMC
MOHAMED SHAFEE BIN ABDUL GAFFOOR <i>Chairman, Independent Non-Executive Director</i>	6/6				
TAN SRI DATO' LIM KUANG SIA <i>Group Managing Director/CEO, Non-Independent Executive Director</i>	6/6				
LEE CHOO HOCK <i>Senior Independent Non-Executive Director</i>	6/6	6/6	3/3	1/1	4/4
HOH KIM HUAN <i>Independent Non-Executive Director</i>	6/6	6/6	3/3	1/1	4/4
SHARON SHANTHY A/P DORAIRAJ <i>Independent Non-Executive Director</i>	6/6	6/6	3/3	1/1	
TAN KONG CHANG <i>Non-Independent Executive Director</i>	6/6				
LIM SIAU TIAN <i>Non-Independent Executive Director</i>	6/6				
LIM SIAU HING <i>Non-Independent Executive Director</i>	6/6				
LIM OOI CHOW <i>Non-Independent Executive Director</i>	6/6				4/4

Chairperson

Member

BOD

Board Of Directors

AC

Audit Committee

NC

Nominating Committee

RC

Remuneration Committee

RMC

Risk Management Committee

Corporate Governance Overview Statement (Cont'd)

Board Administration

In relation to board meetings, agendas for upcoming meetings were set by the Chairman and supported by the Company Secretary. The notices and agendas were distributed to the members prior to meetings together with the relevant Board papers. This is to ensure that all members are able to receive complete and accurate information in a timely manner. Information shared to the members are required to be clear, concise and of sufficient depth to facilitate constructive deliberations and assist the members in decision-making process. Executive directors and/or senior management will join meetings discussions by invitation when required, enabling the members to understand the matters in depth and question Management directly.

To facilitate Directors' attendance at meetings, an annual meeting calendar was given to all Directors before the beginning of each new financial year. Each Director is also required to notify the Chairman of the Board prior to his/her acceptance of directorship outside the Group. The notification should include an approximate indication of time to be spent on the new directorship.

Company Secretaries

The Board is supported by two suitably qualified and competent Company Secretaries. The Company Secretaries assisted the Chairpersons of the Board and Board Committees in the distribution of notices, agendas and meeting materials, ensuring compliance with Board procedures as well as providing advice on regulatory compliance and corporate governance. The Company Secretaries regularly undertake continuous professional development to keep abreast of the latest developments. The Board is satisfied with the performance and support rendered by the Company Secretaries.

BUSINESS CONDUCT AND CORPORATE CULTURE

The KOSSAN Code of Ethics and Conduct ("KCEC")

The KCEC was adopted to help the employees of the Group to make the right choices and to act appropriately in response to ethical behaviour in the workplace. The KCEC is applicable to all directors and employees of KOSSAN.

Anti-Bribery and Corruption ("ABC") Policy

The Group has implemented an ABC Policy to guide and govern the prevention of corrupt practices and other unethical conduct within the organisation. The ABC Policy emphasises the Group's zero-tolerance approach towards any form of bribery and corruption. The ABC Policy is also available on our corporate website.

Whistleblowing Policy

The Board has implemented a Whistleblowing Policy that enables both employees and members of the general public to report any instances of malpractice or improper conduct. The Policy is supported by a set of procedures that provide clear guidelines on how to raise concerns and report any suspected wrongdoing.

All reports are received by the Whistleblowing Committee which comprises exclusively of the following INEDs:

- Lee Choo Hock : Chairman/Senior Independent Non-Executive Director
- Mohamed Shafeii bin Abdul Gaffoor : Member/Independent Non-Executive Director
- Hoh Kim Hyan : Member/Independent Non-Executive Director

The Whistleblowing Policy underscores the Board's commitment to promoting transparency, accountability and ethical conduct throughout the organisation. It assures whistleblowers that their identity will be kept confidential and that they will not face any form of retaliation, harassment or victimisation. The Board believes that the Whistleblowing Policy serves as an essential tool for enhancing corporate governance, risk management and ethical behaviour across the organisation. The policy and procedures on whistleblowing can be found on our corporate website at <https://www.kossan.com.my/about-us/corp-governance.html>.

Corporate Governance Overview Statement (Cont'd)

SUSTAINABILITY GOVERNANCE

The responsibility to embed sustainability in the Group's business strategy and operations rests with the Board. The Board is assisted by the Group Managing Director/CEO who oversees the formulation, implementation and effective management of the Company's sustainability strategies and targets. In 2022, the Board had adopted the Sustainability Policy which comprises four (4) guiding principles, i.e., Long term value creation, Invest to green DNA, Vibrant human capital and Excellence innovation (L.I.V.E.) with twelve (12) Sustainability Principles.



Further details on the sustainability governance, stakeholders engagements and material matters can be found on pages 14 to 27 of the Sustainability Report 2024.

TRAINING AND DEVELOPMENT OF DIRECTORS

As the business landscape continues to evolve, our Board recognises the importance for Directors to keep themselves up-to-date on the latest developments in order to discharge their duties and responsibilities effectively. To achieve this, all Directors had, during the financial year under review, attended trainings to continuously update their knowledge and skills which includes not only legislative developments but also market trends, economic environment, technological advancements and ESG (environmental, social and governance) considerations. Additionally, our Company Secretary provides regular updates to the Board and its committees on regulatory and corporate governance matters.

During the financial year under review, two in-house training programmes related to sustainability and risk management were organised for the Directors. The conferences, seminars and training programmes attended by the Directors in FY2024 are set out on pages 8 to 11 of the CG Report.

NOMINATING COMMITTEE ("NC") STATEMENT

The NC comprises exclusively of INEDs and is chaired by Ms. Sharon Shanthi a/p Dorairaj. The NC plays an essential role in ensuring the effectiveness of our Board. This includes reviewing and assessing the composition of the Board, tenure of the independent directors and appointment and/or re-appointment of a board member. The NC is also responsible for assessing the performance of the Directors of the Company every year.

Appointment of New Directors

The NC is responsible for assessing suitable candidates for any new appointment of directors to the Board. Candidates are sourced from unrelated third parties and the NC will interview the shortlisted candidates prior to recommending to the Board for approval.

The NC has a selection criterion which are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender as well as the criteria specified in the Directors Fit and Proper Policy ("DFPP"). The DFPP serves as a guide to ensure the person appointed or elected/re-elected as a Director possesses the necessary character, integrity, experience, competence and time commitment to discharge his/her role effectively.

Re-election of Directors

Annually, the NC reviewed the eligibility of the retiring Directors who are subjected to re-election at the forthcoming Annual General Meeting ("AGM") pursuant to the Company's Constitution. Having considered the outcome of the Board Effectiveness Evaluation for FY2024, their contribution to board deliberations, their ability to act in the best interest of the Company in decision making and also the DFPP, the NC was satisfied that each retiring Director met the performance criteria required for an effective Board and recommended the re-elections of the retiring Directors to the Board. All retiring directors, being eligible, have offered themselves for re-election at the 45th AGM. Each of the retiring Directors abstained at the Board deliberations and decisions regarding his own eligibility to stand for re-election.

The Board, save for the retiring Directors who had abstained from deliberations on their own re-election, supported the NC's views and recommends the re-appointment of the retiring Directors at the forthcoming AGM. The statement of support is included in the notes accompanying the Notice of AGM.

Mr. Lee Choo Hock having served as an Independent Non-Executive Director of the Company would reach his twelfth-year on 25 August 2025. In this regard, Mr. Lee has indicated that he will not stand for re-election and will be retiring from the Board upon the conclusion of the AGM.

Corporate Governance Overview Statement (Cont'd)

Board Effectiveness Evaluation ("BEE")

The NC, being the evaluation committee, undertook the annual evaluation of the Board as a whole, board committees and individual directors. For the financial year under review, the NC recommended the Board to engage Boardroom Corporate Services Sdn Bhd ("Boardroom"), an external independent consultant, to facilitate the board evaluation for the period 1 January 2024 to 31 December 2024 ("BEE 2024"), after evaluating Boardroom's proposed approach and methodology for the BEE 2024.

Scope of the Evaluation

The BEE 2024 was conducted by way of tailor-made questionnaires that focused on the effectiveness of the Board as a whole, Board Committees and individual directors. Board effectiveness was assessed in terms of its composition, function, access to information, operation and issues on board agenda, Board Chairman's role, relationship with Management, shareholders and stakeholders as well as ESG considerations. The evaluation also covered the assessment of the Board's collective skills sets and diversity to meet the needs of the Company. Further, all Board Committees were reviewed based on their composition, expertise and whether their functions and responsibilities were effectively discharged in accordance with their respective TOR. Individual directors were assessed on their skill sets, fit and properness, contribution and performance as well as his/her calibre and personality. With regards to the Independent Directors, their independence was also assessed.

Outcome and Observations

The results of the BEE 2024 were analysed by Boardroom and tabled at the NC and Board meetings held on 19 February 2025. The overall results were positive, with an average overall rating of 3.5 out of 4.0. The BEE Report highlighted the key strengths of the Board and identified the areas for improvement based on best practices. The NC deliberated at length on each area for improvement proposed by Boardroom and recommended action plans for areas requiring enhancement opportunities for continuous improvement. Additionally, each director was provided of his/her own individual results from the self and peer assessment.

The Board adopted the BEE Report and the action plans for improvement as recommended by the NC. The Board noted that the outcome of the BEE 2024 indicated that the performance of the Board, the Board Committees and the individual Directors during the evaluation period had been satisfactory and all directors had discharged their duties and functions effectively. The Board was satisfied with each of the Directors' level of performance and their contribution to the Board. Further, all Independent Directors had met the independence guidelines as set out in the MMLR and able to continue to bring independent and objective judgment to the Board.

The outcome of the BEE 2024 formed one of the basis of the NC's recommendations to the Board for the re-election of Directors at the forthcoming AGM.

REMUNERATION

The Group's Remuneration Policy aims to attract and retain competent Directors and senior management who are capable of effectively leading and managing the Group. The remuneration packages for the EDs and senior management are tied to their individual and corporate performance, responsibilities, qualifications, skills and experiences. In the case of the NEDs, their remuneration levels commensurate to their responsibilities, skills, and time commitments. The Group's Remuneration Policy can be found on our corporate website at <https://www.kossan.com.my/about-us/corp-governance.html>.

The Remuneration Committee ("RC") is chaired by Mdm Hoh Kim Hyan, an INED and the members comprises wholly of INEDs. During the financial year under review, the RC reviewed the remuneration packages of the EDs and senior management prior recommending their packages to the Board for approval. The proposed fees for INEDs were reviewed by the Board as a whole.

To ensure impartiality and transparency, Directors do not participate in discussions or voting on decisions relating to his/her own remuneration package during the RC and Board meetings.

 Details of the remuneration of Directors of the Company for FY2024 on a name basis, including the components of remuneration, can be found on page 38 of the CG Report.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B**Effective Audit and Risk Management****EFFECTIVE AND INDEPENDENT AUDIT COMMITTEE ("AC")**

The AC comprises three (3) INEDs. The Chairman of the AC is not the Chairman of the Board. Mr. Lee Choo Hock, the Senior INED, is the Chairman of the AC while En. Mohamed Shafeii bin Abdul Gaffoor, also an INED, is the Chairman of the Board.

Two (2) of the AC members are chartered accountants and all members of the AC are well educated and financially literate. They attended courses to improve their understanding of matters under the purview of the AC, including developments in accounting and auditing standards and practices. None of the members of the AC were former key audit partners who are required to exercise a cooling-off period of at least three (3) years before his/her appointment to the AC.

The AC undertook an annual assessment of the competency and independence of the external auditors and recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM. The external auditors were required to declare their independence annually to the AC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors had provided the declaration in their annual audit plan presented to the AC.

The AC also reviewed the provision of non-audit services rendered to the Group by the external auditors and its affiliates and noted that the total amount of fees paid and payable for non-audit services rendered by the Group external auditors and its affiliates for FY2024 was RM230,100.

 A summary of the activities undertaken by the AC in FY2024 are set out in the AC Report on pages 53 to 54 of this IAR.

RISK MANAGEMENT AND INTERNAL CONTROL**Establishing an Effective Risk Management and Internal Control Framework**

The Board is responsible for the Group's risk management framework and system of internal control and the review of their adequacy and integrity. The Board had established the Risk Management Framework to ensure that an effective system of internal control that provides reasonable assessment of effective and efficient operations, financial controls and compliance with laws and regulations as well as with internal procedures and guidelines are in place within the Group.

The AC is responsible to assist the Board in ensuring the adequacy and effectiveness of internal controls and oversees the risk management function through the Risk Management Committee ("RMC"). The RMC comprises a majority of independent directors to oversee the Group's risk management framework and policies. The RMC reviews and recommends for the Board's consideration and approval the risk management principles, framework and policies for managing risks within the Group. The RMC also monitors and assesses the risk appetite and tolerance of the Group to safeguard the Group's assets and shareholders' investment.

 Further details of the risk management and internal control are set out in the Statement on Risk Management and Internal Control on pages 49 to 52 of this IAR.

Internal Audit ("IA")

The Board has established an in-house IA function which reports directly to the AC. The IA function undertakes an independent assessment of the internal control system of the Group and provides assurance to the AC that no material issue or major deficiency has been noted which could pose a high risk to the overall system of internal control. The IA assignments were carried out in accordance with the 2024 audit plan approved by the AC.

The Board ascertained that the IA personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence and is satisfied that the IA function is adequately staffed with qualified and experienced persons.

The IA function is carried out in accordance with the IA Charter and IA Framework with reference to The Institute of Internal Auditors' International Professional Practices Framework. The AC, in its oversight of the IA function, was satisfied that the said function was effective and able to function independently.

 Further details of the IA function are contained in the AC Report on page 55 of this IAR.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE C**Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders****COMMUNICATION WITH STAKEHOLDERS**

The Board aims to achieve effective engagement with our shareholders and other stakeholders by providing information that are consistent, accurate, transparent and timely through various platforms including our company website, annual reports, financial statements, announcements made to Bursa Malaysia and engagements through the investor relations function.

Ⓢ A summary of our Stakeholders Engagements' activities conducted in FY2024 are shown on pages 15 to 17 of the Sustainability Report 2024.

CONDUCT OF GENERAL MEETING

The Company had leveraged on technology by conducting the 44th AGM virtually. The Notice of the 44th AGM was sent to all shareholders at least 28 days in advance of the 44th AGM ensuring shareholders were given sufficient notice and time to consider the agenda items that will be discussed and decided at the AGM.

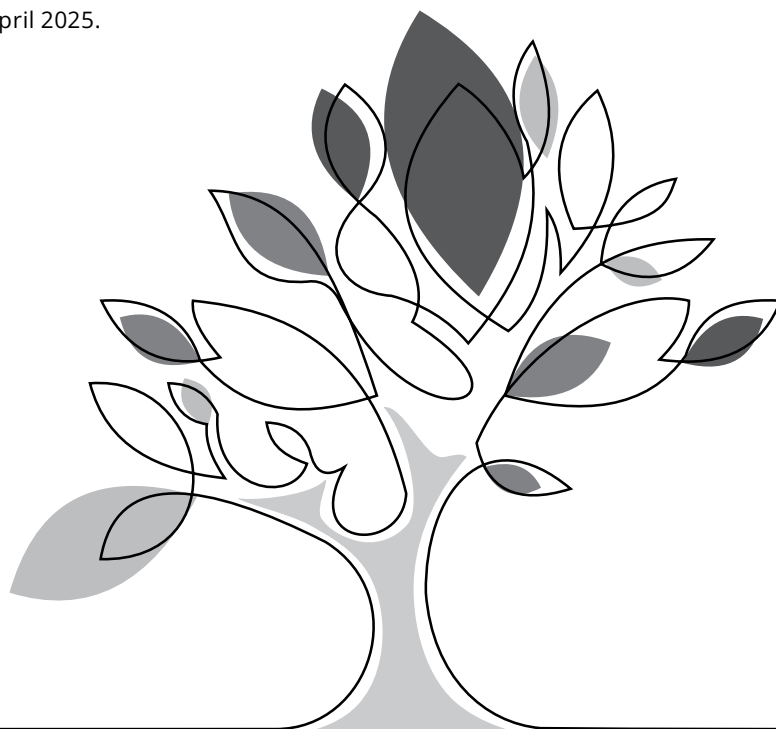
All Directors and senior management attended the 44th AGM, either at the broadcast venue or virtually, to address questions raised by shareholders, financial and/or non-financial related. Shareholders, corporate representatives and proxies who registered for remote participation and voting via Boardroom Smart Investor Portal were able to join the live streaming of the proceedings of the AGM, posed questions and casted their votes online. To make the AGM more meaningful and interactive, questions posed by shareholders were displayed on screen to all meeting participants during the meeting itself.

The Company had appointed Boardroom Share Registrars Sdn. Bhd. as poll administrators to conduct the polling process on all resolutions tabled at the AGM, and Sky Corporate Services Sdn. Bhd. as scrutineers to verify the poll results. The poll results were announced to Bursa Malaysia on the same day for the benefit of shareholders.

The Minutes of the 44th AGM (including the responses to the related questions raised by shareholders during and after the AGM) were published in our corporate website within 30 business days after the conclusion of the 44th AGM at <https://www.kossan.com.my/investors/corporate-information.html>.

COMPLIANCE STATEMENT

This Statement was approved by the Board on 16 April 2025.



Statement on Risk Management and Internal Control

INTRODUCTION

This Statement is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad where the Board of Directors ("Board") of a public listed company is required to publish a statement about the state of risk management and internal controls of the listed issuer as a group and is prepared in accordance with Principle B Part II of the Malaysian Code on Corporate Governance of Securities Commission Malaysia ("MCCG"), with the guidance from the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

The Board is committed to maintain and continuously improve the Group's system of risk management as well as internal controls and is pleased to provide the following statement which outlines the nature and scope of risk management and internal controls of the Group during the year under review.

BOARD'S RESPONSIBILITY

The Board acknowledges and affirms its responsibility in establishing and maintaining an effective risk management framework and internal control system to safeguard shareholders' investments and the Group's assets and also ensures that the system of internal control manages risk and forms part of its corporate culture.

The Board continuously reviews the risk management framework, processes, responsibilities and assesses for reasonable assurance that the risks faced by the Group are being managed effectively and efficiently within the Group's defined risk appetite and tolerance. However, the Group's risk management and internal control system is designed to manage, rather than eliminate the risk of failure to achieve business objectives. Notwithstanding and due to the limitations inherent in any system of risk management and internal control, the system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board delegates the oversight and implementation of the Board's policies and procedures on the system of risk management and internal control to the Audit Committee ("AC"). The AC is responsible to, amongst others:

- Review and monitor the effectiveness of the Group's system of risk management and internal control;
- Evaluate the process of identifying, evaluating, monitoring and reporting of risks and internal control;
- Evaluate and monitor the risk management framework in line with the Group's business objectives and risk appetite;
- Identify changes to risk and take appropriate actions to mitigate and control risks;
- Provide assurance to the Board that the risk management and internal control system is operating adequately and effectively; and
- Review the Internal Audit Report of its findings, recommendations, management responses and action plans and present to the Board of its recommendation on a quarterly basis.

RISK MANAGEMENT

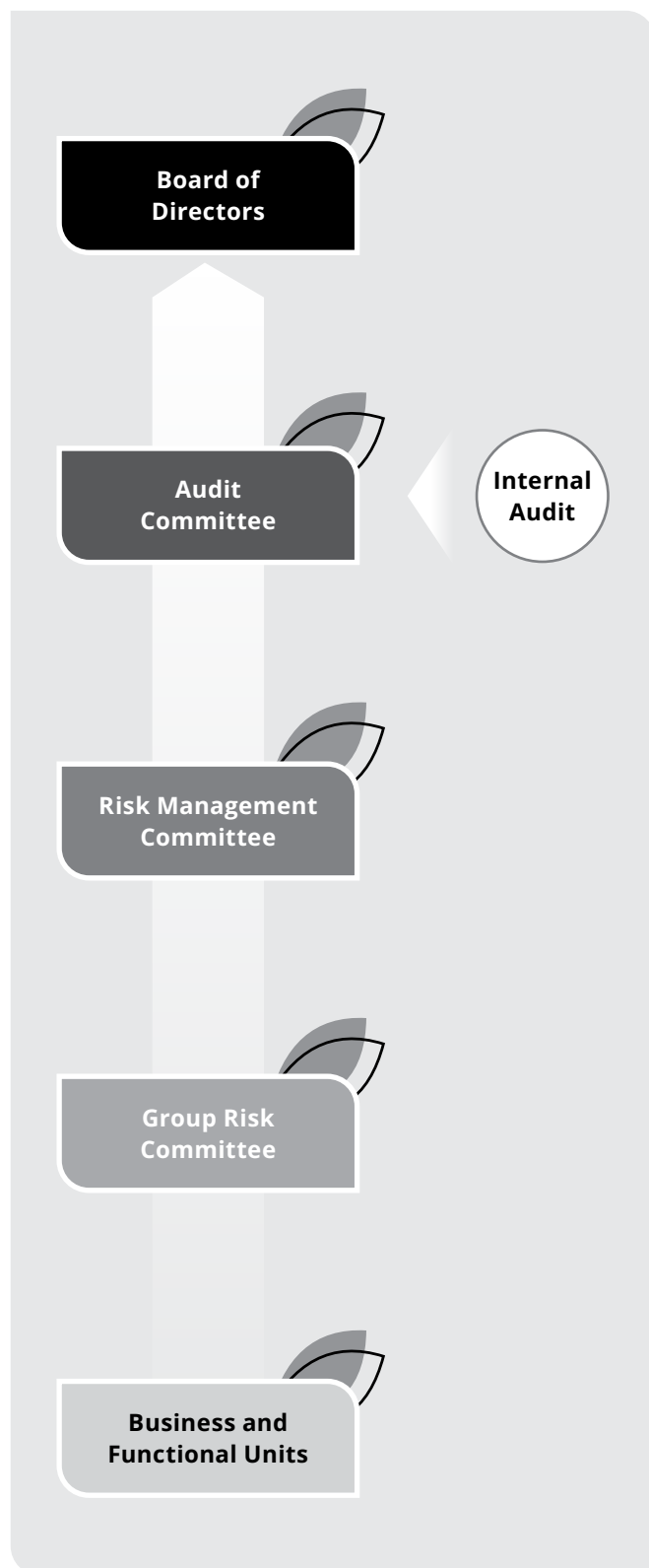
The Board has established a risk management framework for identifying, monitoring, reviewing and continually improving risk management. The risk management framework is being adopted as a standardised approach in implementing risk management in the Group for timely identification, reporting and management of principal risks. The implementation of the risk management framework promotes an effective risk culture whilst embedding risk management into its processes and structures to create and maintain an environment that enables the Group to meet performance objectives.

The key features of the risk management framework provide a risk control environment that includes:

A **Risk Management Policy Statement** describing the Group's commitment to embed risk management to create and maintain an environment that enables the Group to meet performance objectives driven through technological advancement, people value and continual improvement to deliver sustainable business growth, manage risk exposures and pursue opportunities in line with its risk appetite;

Statement on Risk Management and Internal Control (Cont'd)

A **Governance and Risk Organisation Structure** identifying the Board in retaining the overall risk management responsibility and the delegation of authority and responsibility of the management and reporting mechanism as depicted in the diagram below;



A **Risk Management Committee ("RMC")** established by the Board and reporting to the Audit Committee to provide assurance concerning the Group's risk management. The RMC is fully represented by members of the Board and is tasked with the overall responsibility to oversee the implementation of the risk management framework and policies within the Group. The RMC is responsible to, amongst others:

- Ensure the overall risk management processes are adopted by the Group and to oversee the development of appropriate guidelines and policies for implementation;
- Ensure the risk management processes are integrated into all core business processes and that the culture of the organisation reflects the risk consciousness of the Board;
- Review the quarterly risk management reports, risk registers, risk management activities and management response thereto;
- Identify and communicate to the Board on principal risks challenges and management action plans to manage the risks; and
- Evaluate and review the risk management framework and policy.

A **Group Risk Committee ("GRC")** formed in May 2020 to support the RMC in establishing the strategic approaches to implementing risk management within the Group. The GRC is headed by an Executive Director who is a member of the RMC and comprises majority of other Executive Directors who are risk owners themselves and are responsible to ensure the implementation of the risk management framework, procedures and policies within the Group.

A **Risk Management Process** which is aligned to risk management practices of ISO 31000:2018 Risk Management – Guidelines. Risks arising from the business operations are continuously identified and updated into a risk register. The level of residual risk is determined after identifying and evaluating the effectiveness of the controls measures. Each risk is mapped based on a matrix which specifies its likelihood (how likely the risk to occur) and its impact (the extent of its impact if the risk did occur). The risks are assessed to determine if the residual risk rating is High, Medium, or Low. Thereafter, depending on the residual risk rating, the owners of these risks will drive the implementation of risk mitigation measures guided by a residual risk response guide towards achieving a residual risk that is within the acceptable tolerance. On a quarterly basis, a risk management report detailing the Group's status of risk reviews and any incidents is presented to the RMC for review and deliberation and thereafter recommend for endorsement by the AC and the Board.

The Board believes that maintaining a sound system of risk management and internal control is premised on a clear understanding and appreciation of the key elements of the Risk Management Framework and Governance Policies.

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL CONTROL

Whilst the Board focuses on effective risk oversight and setting the tone and culture towards an effective risk management and internal controls structure, the management is entrusted with the implementation of the system of internal control encompassing the types of control including strategic, financial, operational, compliance and governance to achieving the Group's objectives.

The Group has a clear defined organisation structure with clearly defined lines of authority, accountability and responsibility of the Board, Board Committees, corporate and operations unit management.

The key processes in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:

The Audit Committee

assisted by the Risk Management Committee and the Internal Audit Department, performs the duty of reviewing and evaluating the adequacy and effectiveness of the Group's system of risk management and internal control.

The Nominating and Remuneration Committees ("NRC")

assist the Board to review and recommend the appointment of new directors and remuneration policies for directors and senior management. The NRC also assesses the effectiveness of the Board, the Board Committees and individual Board member.

The Risk Management Committee ("RMC")

has been established by the Board and is supported by the Group Risk Committee ("GRC") to provide assurance concerning the Group's risk management. The RMC performs quarterly review of the risk management processes and oversee the development of appropriate guidelines and policies for implementation.

The Internal Audit Department ("IA")

performs internal audits on the effectiveness of internal control mechanism on various operating units and also checks on the compliance with laws and regulatory requirements, including policies and procedures. Significant findings of non-compliance are highlighted in the reports to the Audit Committee.

The key features of the internal control processes are described as follows:

- Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. During the meeting, the Board reviews the financial performance of the Group, discuss and deliberate on the business development, management, corporate issues and regulatory matters affecting the Group.
- Board Committees with clearly defined terms of reference and authority hold regular meetings and assist the Board in overseeing internal controls and Board effectiveness. This includes reviewing the adequacy and integrity of the Group's internal control system and to follow-up on action plans by Management on the recommendations proposed by the internal audit department.
- The Group Managing Director/Chief Executive Officer ("Group MD/CEO") plays a pivotal role in communicating the Board's expectations of the system of risk management and internal control to management. This is achieved through his active participation in the management of the business as well as chairing at various management and committee meetings. The Group MD/CEO will update the Board of any significant matters that require Board immediate attention.
- Monthly management meetings are held to review the financial and manufacturing operational performance of business units including key performance indicators, productivity, efficiency and effectiveness. This includes evaluation of factors impacting performance such as business, operational and key management.
- There is an established mechanism to identify and review the risks element that impact on the financial performances of the Group to manage risks including and not limited to volatility of foreign exchange rates, escalating cost of operations and competitive pricing of products.
- A Whistleblowing Policy serves as an avenue for all employees and the general public to raise concerns about malpractice or improper conduct within the Group whilst ensuring the integrity of the process and information and also protecting the rights of informants.
- An Anti-Bribery and Corruption Policy which describes the Group's commitment to ensure zero-tolerance against any forms of bribery and corruption. The Group is committed to maintain and preserve the highest standard of integrity, transparency and accountability in our business operations.

Statement on Risk Management and Internal Control (Cont'd)

ASSURANCE MECHANISM

The Group has in place an in-house Internal Audit Department ("IA") established by the Board to provide independent assurance on the adequacy and effectiveness of the risk management and internal control system.

For the year ended 31 December 2024, the IA reviewed the adequacy and effectiveness of the internal control processes and necessary actions have been and are being taken to remedy any significant failings or weaknesses for the financial year under review and up to the date of approval of this Statement for inclusion in this Annual Report.

The Board, through the AC, has reviewed the effectiveness of the Group's system of risk management and internal control. There were no significant risk management and internal control aspects that would have resulted in any material losses or contingencies that would require disclosure in this Annual Report.

The Board has received assurances from the Group MD/CEO and the Chief Financial Officer that for the year ended 31 December 2024, the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group. Taking into consideration the information and assurances given, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control.

Continuous quality assurance audits are being conducted as part of the requirements and compliance of the ISO 9001, ISO 13485, IATF 16949, MS ISO/IEC 17025, ISO 14001 and ISO 45001 certifications.

BOARD'S COMMITMENT

The Board remains committed towards keeping abreast with the ever-changing business environment in order to support the Group's business and operations. There were no material losses incurred during the current financial year as a result of weaknesses in internal control that would require a separate disclosure in this Annual Report.

The Board and the Management, in striving for continuous improvement, have and will continue to put in place appropriate measures to further strengthen and enhance the Group's system of risk management and internal control environment.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in *Audit and Assurance Practice Guide ("AAPG") 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 for inclusion in the Annual Report of the Group for the year ended 31 December 2024 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- a) has not been prepared 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, or
- b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement has been approved by the Board on 16 April 2025.

Audit Committee Report

The Audit Committee is pleased to present the Audit Committee Report for the year ended 31 December 2024.

1. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The duties and responsibilities of the Audit Committee ("AC") are set out in the Terms of Reference of the AC and is available on KOSSAN's website at www.kossan.com.my.



AC Terms of Reference

2. COMPOSITION AND ATTENDANCE

The AC comprises the following members and the details of their attendance at the AC meetings held during the year ended 31 December 2024 were as follows:

Composition of the AC	Attendance
Lee Choo Hock (Chairman/Senior Independent Non-Executive Director)	6/6
Hoh Kim Hyan (Member/Independent Non-Executive Director)	6/6
Sharon Shanthi a/p Dorairaj (Member/Independent Non-Executive Director)	6/6

Other directors and members of the Management team attended the AC meetings at the invitation of the AC, when necessary. The Group's external auditors attended three (3) of the meetings while the internal auditors attended six (6) of the meetings.

3. SUMMARY OF ACTIVITIES

The following activities were carried out by the AC during the financial year under review:

3.1. Financial Reporting

- 3.1.1. Reviewed the quarterly and annual financial statements of the Group prior to submission to the Board for consideration and approval.

3.2. External Audit

- 3.2.1. Reviewed and discussed with the external auditors the nature and scope of the audit and audit plan prior to the commencement of audit and ensured the audit was comprehensive.
- 3.2.2. Discussed and reviewed the Group's financial statements with the external auditors including issues and findings noted in the course of the audit and Management's responses thereto.
- 3.2.3. Reviewed and endorsed the non-audit services provided by the external auditors and its affiliates and the overall independence of the external auditors.
- 3.2.4. Assessed the suitability, objectivity and independence of the external auditors and recommended to the Board for their re-appointment.
- 3.2.5. Conducted private meetings with the external auditors without the presence of Executive Directors or Management.

3.3. Internal Audit

- 3.3.1. Reviewed the internal auditors' reports which covered all business sectors of the Group, the audit findings and the recommendations on the internal control system.
- 3.3.2. Reviewed the follow-up audit reports submitted by the internal auditors to ensure the implementation of agreed audit recommendations by Management in a timely manner.

Audit Committee Report (Cont'd)

3. SUMMARY OF ACTIVITIES (CONT'D)

3.3. Internal Audit (cont'd)

- 3.3.3. Reviewed and approved the annual internal audit plan to ensure adequate scope and coverage of the Group's key activities.
- 3.3.4. Reviewed the competency and adequacy of resources of the internal audit function to ensure it is effective and able to function independently, and that all internal audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence.
- 3.3.5. Conducted private meetings with the internal auditors without the presence of Executive Directors or Management.

3.4. Risk Management and Internal Controls

- 3.4.1. Reviewed the adequacy and effectiveness of internal control and risk management framework of the Group.
- 3.4.2. Reviewed and discussed with the external and internal auditors on their evaluation of the system of internal control of the Group.
- 3.4.3. Reviewed the risk profile of the Group and the business divisions and action plans by Management to mitigate risks.

3.5. Annual Report

- 3.5.1. Reviewed the AC Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Corporate Governance Report before recommending to the Board for inclusion in the integrated annual report.

3.6. Others

- 3.6.1. Reviewed the whistleblowing procedures and monitored the actions taken in respect of whistleblowing reports received.
- 3.6.2. Reviewed the policy and procedures for the re-appointment of external auditors.
- 3.6.3. Reviewed the Conflict of Interest ("COI") Policy for Directors and Key Senior Management before recommending to the Board for adoption.
- 3.6.4. Reviewed any related party transactions ("RPT") and COI disclosures submitted by the Company's Directors and key senior management of the Group that had arisen, persist or may arise within the Group including any transaction, procedure or course of conduct that raised questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.
- 3.6.5. Reviewed any RPT tabled by Management before presentation to the Board to ensure the RPT undertaken were in the best interest of the Group, the values were fair, reasonable and on normal commercial terms and were not detrimental to the interest of the minority shareholders.
- 3.6.6. Reviewed, on half yearly basis, the terms of the Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature were adhered to and ensured procedures used were at arm's length and in accordance with the Group's normal commercial terms and were not prejudicial to the minority shareholders or disadvantageous to the Group.

The AC discharged its duties and responsibilities in accordance with its Terms of Reference.

Audit Committee Report (Cont'd)

4. INTERNAL AUDIT FUNCTION

The Group has in place an in-house Internal Audit Department ("IA") established by the Board to ensure a sound internal control system is in place. The IA reports directly to the AC and is guided by the Internal Audit Charter. The IA performed audits based on an annual internal audit plan approved by the AC. During the financial year under review, the IA performed financial, operational and compliance audits. The IA also reviewed recurrent related party transactions for compliance to mandate.

The IA reported its findings, recommendations and Management's responses to the AC on a quarterly basis. Follow-up reviews were conducted and the status of the implementation of action plans were monitored and reported to the AC.

The cost incurred for the internal audit function for the financial year ended 31 December 2024 was RM206,232 (2023: RM383,973).

5. REPORT TO THE EXCHANGE

There were no material matters that warrant reporting to Bursa Malaysia Securities Berhad.

6. EVALUATION OF THE AC

The Nominating Committee ("NC") reviewed the term of office and performance of the AC and each of its members through an annual effectiveness evaluation. The NC was satisfied that the AC and members had carried out their duties in accordance to their Terms of Reference.

Lee Choo Hock
Chairman
Audit Committee
16 April 2025

Directors' Responsibility Statement

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flow of the Group and of the Company for the financial year. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable Financial Reporting Standards in Malaysia.

In preparing these financial statements, the Directors have:

- (a) Adopted appropriate accounting policies and applied them consistently;
- (b) Made judgments and estimates that are reasonable and prudent; and
- (c) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and to ensure these financial statements comply with the Act. The Directors are also responsible for taking such steps as are reasonably open to them to preserve the interest of stakeholders, to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

This Directors' Responsibility Statement is made in accordance with the resolution of the Board of Directors dated 16 April 2025.

Directors' Report

for the Year Ended 31 December 2024

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 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Kossan Holdings (M) Sdn. Bhd., of which is incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	118,335	81,097
Non-controlling interests	2,442	-
	120,777	81,097

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Directors' Report (Cont'd)

for the Year Ended 31 December 2024

DIVIDENDS

Since the end of the previous financial year, the amounts of dividends paid by the Company were as follows:

- i) In respect of the financial year ended 31 December 2023:
 - an interim single tier ordinary dividend of 2 sen per ordinary share totalling RM51,032,392 declared on 22 February 2024 and paid on 8 April 2024.
 - a final single tier ordinary dividend of 2 sen per ordinary share totalling RM51,032,392 declared on 16 April 2024 and paid on 18 July 2024.
- ii) In respect of the financial year ended 31 December 2024:
 - an interim single tier ordinary dividend of 2 sen per ordinary share totalling RM51,032,392 declared on 15 November 2024 and paid on 12 December 2024.
 - a special single tier ordinary dividend of 6 sen per ordinary share totalling RM153,097,176 declared on 15 November 2024 and paid on 12 December 2024.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Dato' Lim Kuang Sia
 Lee Choo Hock
 Lim Ooi Chow
 Lim Siau Tian
 Lim Siau Hing
 Tan Kong Chang
 Mohamed Shafeii Bin Abdul Gaffoor
 Hoh Kim Hyan
 Sharon Shanthi A/P Dorairaj

The Directors of the Company's subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this report are:

Lim Kuang Yong
 Lim Leng Bung
 Lee Seek Ping
 Lim Siew Bing
 Lee Hon Chee
 Matthew Ang Hwee Tong
 Wu Zhong

Directors' Report (Cont'd)

for the Year Ended 31 December 2024

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end (including the interests of the parents, spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				
	At 1.1.2024	Bought	Sold	Transferred	At 31.12.2024
Kossan Rubber Industries Bhd.					
Direct interests					
Tan Sri Dato' Lim Kuang Sia	70,238,904	1,000,000	(2,000,000)	-	69,238,904
Lim Kuang Yong^	64,140,500	-	-	(20,000,000)	44,140,500
Lim Leng Bung^	65,537,400	-	(500,000)	-	65,037,400
Tan Kong Chang	50,000,000	-	-	-	50,000,000
Lim Siau Tian	-	-	-	5,000,000	5,000,000
Lim Siew Bing^	15,805,000	-	-	-	15,805,000
Deemed interests					
Tan Sri Dato' Lim Kuang Sia **					
- holding company	893,068,320	-	-	-	893,068,320
- spouse	3,177,984	-	-	-	3,177,984
Lim Leng Bung ** ^					
- holding company	893,068,320	-	-	-	893,068,320
Tan Kong Chang **					
- spouse	100,000	350,000	(450,000)	-	-
Lim Kuang Yong ** ^					
- holding company	893,068,320	-	-	-	893,068,320
- children	2,019,300	-	(1,119,300)	15,000,000	15,900,000
Lim Ooi Chow**					
- holding company	893,068,320	-	-	-	893,068,320
- parents	73,416,888	1,000,000	(2,000,000)	-	72,416,888
Lim Siau Tian**					
- holding company	893,068,320	-	-	-	893,068,320
- parents	64,140,500	-	-	(20,000,000)	44,140,500
- spouse	637,900	-	-	-	637,900

Directors' Report (Cont'd)

for the Year Ended 31 December 2024

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of ordinary shares			
	At 1.1.2024	Bought	Sold	At 31.12.2024
Kossan Rubber Industries Bhd. (cont'd)				
Deemed interests (cont'd)				
Lim Siau Hing**				
- holding company	893,068,320	-	-	893,068,320
- parents	64,920,000	-	-	64,920,000
Lim Siew Bing**^				
- holding company	893,068,320	-	-	893,068,320
Cleanera HK Limited				
Direct interests				
Matthew Ang Hwee Tong^	78,866	-	-	78,866
Indirect interests				
Matthew Ang Hwee Tong^	616,134	-	-	616,134

** Shares held through person connected to the Director or holding company.

^ These are the Directors of the Company's subsidiaries in office during the financial year until the date of this report.

By virtue of their interests in the shares of the Company, Tan Sri Dato' Lim Kuang Sia, Lim Leng Bung, Lim Kuang Yong, Lim Ooi Chow, Lim Siau Tian, Lim Siau Hing and Lim Siew Bing are deemed interested in the shares of the subsidiaries during the financial year to the extent that Kossan Rubber Industries Bhd. has an interest.

None of the other Directors holding office at 31 December 2024 had 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, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 2024 are as follows:

	From the Company RM'000	From subsidiaries RM'000
Directors of the Company:		
Fees	590	-
Remunerations	0	9,709
Estimated monetary value of benefits-in-kind	2	137
	592	9,846

Directors' Report (Cont'd)

for the Year Ended 31 December 2024

DIRECTORS' BENEFITS (CONT'D)

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

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company and no debentures were issued 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.

INDEMNITY AND INSURANCE COSTS

There is no indemnity given to or insurance effected for Directors, officers or auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report (Cont'd)

for the Year Ended 31 December 2024

SUBSEQUENT EVENT

The event subsequent to the end of the reporting period is as disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM629,050 and RM62,400, respectively.

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

.....
Tan Sri Dato' Lim Kuang Sia

Director

.....
Tan Kong Chang

Director

Klang, Selangor Darul Ehsan

Date: 16 April 2025

Statements of Financial Position

As at 31 December 2024

		Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Note					
Assets					
Property, plant and equipment	3	1,492,081	1,294,426	167,988	142,221
Right-of-use assets	4	81,756	69,758	-	-
Investment properties	5	27,746	28,106	15,202	18,534
Goodwill on consolidation	6	4,926	4,926	-	-
Intangible assets	7	1,174	1,178	-	-
Investments in subsidiaries	8	-	-	312,851	307,851
Other investments	9	378	366	15	15
Deferred tax assets	10	2,293	3,952	-	-
Trade and other receivables	11	-	-	203,825	193,047
Total non-current assets		1,610,354	1,402,712	699,881	661,668
Inventories	12	244,454	239,228	-	-
Other investments	9	690,610	822,708	113,913	269,924
Trade and other receivables	11	364,263	248,389	3,754	1,922
Prepayments		25,933	19,205	155	1,530
Current tax assets		195,841	198,236	-	-
Derivative financial assets	18	-	523	-	-
Cash and cash equivalents	14	976,128	1,271,323	256,310	367,085
Total current assets		2,497,229	2,799,612	374,132	640,461
Total assets		4,107,583	4,202,324	1,074,013	1,302,129

Statements of Financial Position (Cont'd)

As at 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Equity					
Share capital	15.1	323,885	323,885	323,885	323,885
Translation reserve	15.2	11,233	14,583	-	-
Capital reserve	15.3	2,431	2,431	-	-
Treasury shares	15.4	(26,764)	(26,764)	(26,764)	(26,764)
Retained earnings		3,333,985	3,521,844	769,065	994,162
Equity attributable to owners of the Company		3,644,770	3,835,979	1,066,186	1,291,283
Non-controlling interests		22,493	27,021	-	-
Total equity		3,667,263	3,863,000	1,066,186	1,291,283
Liabilities					
Loans and borrowings	16	-	254	-	-
Lease liabilities		15,945	4,875	-	-
Deferred tax liabilities	10	118,142	120,479	6,182	4,836
Total non-current liabilities		134,087	125,608	6,182	4,836
Loans and borrowings	16	59,255	10,185	-	-
Lease liabilities		3,730	2,024	-	-
Current tax liabilities		1,151	2,112	85	216
Contract liabilities	13	4,743	7,352	-	-
Derivative financial liabilities	18	11,443	-	-	-
Trade and other payables	17	225,911	192,043	1,560	5,794
Total current liabilities		306,233	213,716	1,645	6,010
Total liabilities		440,320	339,324	7,827	10,846
Total equity and liabilities		4,107,583	4,202,324	1,074,013	1,302,129

The notes on pages 75 to 128 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	19	1,916,171	1,591,043	-	-
Other income		51,013	47,536	73,313	9,416
Changes in inventories of finished goods and work-in-progress		(13,199)	(33,386)	-	-
Raw materials and consumables used		(1,093,015)	(885,161)	-	-
Goods purchased for resale		(31,994)	(31,946)	-	-
Staff costs		(312,650)	(299,184)	(590)	(627)
Depreciation of property, plant and equipment	3	(102,445)	(108,573)	(2,086)	(763)
Reversal of impairment loss on trade receivables		2	57	-	-
Impairment loss on plant and equipment	3	-	(35,384)	-	-
Other operating expenses		(299,479)	(252,078)	(5,696)	(4,492)
Results from operating activities		114,404	(7,076)	64,941	3,534
Finance costs	20	(1,970)	(1,412)	-	(8)
Finance income	21	44,887	43,030	19,135	19,708
Profit before tax		157,321	34,542	84,076	23,234
Tax expense	23	(36,544)	(18,226)	(2,979)	(4,620)
Profit for the year	24	120,777	16,316	81,097	18,614

Section 6: OUR PERFORMANCE

Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

For the Year Ended 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other comprehensive (expense)/income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(3,586)	12,542	-	-
Other comprehensive (expense)/income for the year, net of tax		(3,586)	12,542	-	-
Total comprehensive income for the year		117,191	28,858	81,097	18,614
Profit attributable to:					
Owners of the Company		118,335	13,337	81,097	18,614
Non-controlling interests		2,442	2,979	-	-
Profit for the year		120,777	16,316	81,097	18,614
Total comprehensive income attributable to:					
Owners of the Company		114,985	24,103	81,097	18,614
Non-controlling interests		2,206	4,755	-	-
Total comprehensive income for the year		117,191	28,858	81,097	18,614
Basic earnings per ordinary share (sen)	25	4.64	0.52		
Diluted earnings per ordinary share (sen)	25	4.64	0.52		

The notes on pages 75 to 128 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2024

Group	Attributable to owners of the Company						
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	323,885	(26,764)	3,817	2,431	3,572,297	3,875,666	22,266
Foreign currency translation differences for foreign operations	-	-	10,766	-	-	10,766	1,776
Total other comprehensive income for the year	-	-	10,766	-	-	10,766	1,776
Profit for the year	-	-	-	-	13,337	13,337	2,979
Total comprehensive income for the year	-	-	10,766	-	13,337	24,103	4,755
Dividends to owners of the Company	-	-	-	-	(63,790)	(63,790)	-
At 31 December 2023	323,885	(26,764)	14,583	2,431	3,521,844	3,835,979	27,021
	Note 15.1	Note 15.4	Note 15.2	Note 15.3			

Consolidated Statement of Changes in Equity (Cont'd)

For the Year Ended 31 December 2024

	Attributable to owners of the Company						Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000	
Note							
Group							
At 1 January 2024	323,885	(26,764)	14,583	2,431	3,521,844	27,021	3,863,000
Foreign currency translation differences for foreign operations	-	-	(3,350)	-	-	(236)	(3,586)
Total other comprehensive expense for the year	-	-	(3,350)	-	-	(236)	(3,586)
Profit for the year	-	-	-	-	118,335	2,442	120,777
Total comprehensive income for the year	-	-	(3,350)	-	118,335	2,206	117,191
Dividends to owners of the Company	-	-	-	-	(306,194)	-	(306,194)
Dividends to non-controlling interests	-	-	-	-	-	(6,734)	(6,734)
At 31 December 2024	323,885	(26,764)	11,233	2,431	3,333,985	22,493	3,667,263

Note 15.1

Note 15.4

Note 15.2

Note 15.3

The notes on pages 75 to 128 are an integral part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2024

	Note	Non-distributable		Distributable	
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2023		323,885	(26,764)	1,039,338	1,336,459
Profit and total comprehensive income for the year		-	-	18,614	18,614
Dividends to owners of the Company	26	-	-	(63,790)	(63,790)
At 31 December 2023/1 January 2024		323,885	(26,764)	994,162	1,291,283
Profit and total comprehensive income for the year		-	-	81,097	81,097
Dividends to owners of the Company	26	-	-	(306,194)	(306,194)
At 31 December 2024		323,885	(26,764)	769,065	1,066,186
		Note 15.1	Note 15.4		

The notes on pages 75 to 128 are an integral part of these financial statements.

Statements of Cash Flows

For the Year Ended 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities					
Profit before tax		157,321	34,542	84,076	23,234
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	102,445	108,573	2,086	763
Depreciation of right-of-use assets	4	4,628	4,276	-	-
Depreciation of investment properties	5	360	343	372	384
Dividend income		-	-	(59,620)	-
Finance costs	20	1,970	1,412	-	8
Finance income	21	(44,887)	(43,030)	(19,135)	(19,708)
Fair value gain on other investments		(21,283)	(22,685)	(5,815)	(8,019)
(Reversal of impairment)/Impairment loss on property, plant and equipment	3	(18,432)	35,384	-	-
Reversal of impairment loss on trade receivables		(2)	(57)	-	-
Amortisation on intangible assets	7	112	94	-	-
Gain on disposal of property, plant and equipment		(259)	(335)	(167)	-
Gain on disposal of investment property		-	-	(5,740)	-
Net gain on termination of right-of-use assets		(56)	(48)	-	-
Net unrealised fair value changes on derivatives	24	11,443	(523)	-	-
Net unrealised foreign exchange differences	24	(8,990)	1,349	-	-
Property, plant and equipment written off	24	21,271	5,330	-	8
Operating profit/(loss) before changes in working capital		205,641	124,625	(3,943)	(3,330)

Statements of Cash Flows (Cont'd)

For the Year Ended 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Operating profit/(loss) before changes in working capital		205,641	124,625	(3,943)	(3,330)
Change in inventories		(5,226)	47,845	-	-
Change in trade and other receivables and prepayments		(113,087)	21,189	(11,235)	(13,529)
Change in trade and other payables		33,868	(8,131)	(4,234)	312
Change in contract liabilities		(2,609)	2,643	-	-
Cash generated from/(used in) operations		118,587	188,171	(19,412)	(16,547)
Dividend received		-	-	59,620	-
Interest received		44,887	43,030	19,135	19,708
Interest paid		(1,967)	(886)	-	(8)
Tax paid		(36,406)	(29,567)	(1,764)	(2,389)
Tax refund		618	2,010	-	-
Net cash from operating activities		125,719	202,758	57,579	764
Cash flows from investing activities					
Acquisition of property, plant and equipment (iii)		(303,133)	(86,954)	(27,882)	(35,767)
Proceeds from disposal/(Acquisition) of other investments		153,369	(75,641)	161,826	(21,446)
Acquisition of intangible assets		(108)	(164)	-	-
Increase in investments in subsidiaries		-	-	(5,000)	(433)
Proceeds from disposal of property, plant and equipment		453	614	196	28
Proceeds from intra-group transfer of property, plant and equipment		-	-	-	5,662
Proceeds from disposal of investment property		-	-	8,700	-
Net cash (used in)/from investing activities		(149,419)	(162,145)	137,840	(51,956)

Statements of Cash Flows (Cont'd)

For the Year Ended 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company		(306,194)	(63,790)	(306,194)	(63,790)
Dividends paid to non-controlling interests		(6,734)	-	-	-
Interest paid		(3)	(526)	-	-
Net proceeds from/(repayment of) other borrowings		49,108	(18,563)	-	(375)
Repayment of term loans		(292)	(43,229)	-	-
Payment of lease liabilities		(3,794)	(3,697)	-	-
Net cash used in financing activities		(267,909)	(129,805)	(306,194)	(64,165)
Net decrease in cash and cash equivalents		(291,609)	(89,192)	(110,775)	(115,357)
Effect of exchange rate fluctuations on cash held		(3,586)	12,505	-	-
Cash and cash equivalents at 1 January		1,271,323	1,348,010	367,085	482,442
Cash and cash equivalents at 31 December	(ii)	976,128	1,271,323	256,310	367,085

(i) Cash outflows for leases as a lessee

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	24	1,936	1,742	-	-
Payment relating to leases of low-value assets	24	195	183	-	-
Interest paid in relation to lease liabilities	20	623	386	-	-
Included in net cash from financing activities:					
Payment of lease liabilities		3,794	3,697	-	-
Total cash outflows for leases		6,548	6,008	-	-

Statements of Cash Flows (Cont'd)

For the Year Ended 31 December 2024

(ii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	14	114,465	102,844	1,594	1,060
Short term investments	14	808,763	1,061,979	248,416	364,025
Short term deposits placed with licensed banks	14	52,900	106,500	6,300	2,000
		976,128	1,271,323	256,310	367,085

(iii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost totalling RM303 million (2023: RM87 million), and out of which RM0.7 million (2023: RM1 million) were financed by means of hire purchase arrangement.

Statements of Cash Flows (Cont'd)

For the Year Ended 31 December 2024

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 January 2023 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Termination of lease RM'000	At 31 December 2023/ 1 January 2024 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Termination of lease RM'000	At 31 December 2024 RM'000
Term loans - unsecured	43,521	(43,229)	-	-	292	(292)	-	-	-
Revolving credit – unsecured	-	-	-	-	-	50,000	-	-	50,000
Trade finance - unsecured	27,353	(17,832)	-	-	9,521	(519)	-	-	9,002
Hire purchase financing	1,357	(731)	-	-	626	(373)	-	-	253
Lease liabilities	11,323	(3,697)	532	(1,259)	6,899	(3,794)	18,156	(1,586)	19,675
Total liabilities from financing activities	83,554	(65,489)	532	(1,259)	17,338	45,022	18,156	(1,586)	78,930

Company	At 1 January 2023 RM'000	Net changes from financing cash flows RM'000	At 31 December 2023/ 1 January 2024 RM'000	Net changes from financing cash flows RM'000	At 31 December 2024 RM'000
Hire purchase financing	375	(375)	-	-	-
Total liabilities from financing activities	375	(375)	-	-	-

The notes on pages 75 to 128 are an integral part of these financial statements.

Notes to the Financial Statements

Kossan Rubber Industries Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

PRINCIPAL PLACE OF BUSINESS/REGISTERED OFFICE

Kossan Tower
6D, Persiaran Setia Dagang
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2024 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements.

The holding company during the financial year was Kossan Holdings (M) Sdn. Bhd. which was incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 16 April 2025.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

Notes to the Financial Statements (Cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.
- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.
- from the annual period beginning on 1 January 2027 for the accounting standards that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Derivative financial instruments	Fair value
Non-derivative financial instruments at FVTPL	Fair value

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

Notes to the Financial Statements (Cont'd)

1. BASIS OF PREPARATION (CONT'D)**(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 – measurement of value-in-use of plant and machinery
- Note 4 – extension options and incremental borrowing rates in relation to leases
- Note 11 – measurement of the recoverability of trade receivables

2. CHANGES IN MATERIAL ACCOUNTING POLICIES**2.1 Global minimum top-up tax**

The Group has adopted the amendments to MFRS 112, *Income Taxes – International Tax Reform – Pillar Two Model Rules* upon their release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax, which is applied retrospectively. Since the newly enacted tax legislation in Malaysia will only come into effect in year 2025, there is no current tax impact for the current year ended 31 December 2024. The Group will continue to assess the impact of the global minimum top-up tax.

Notes to the Financial Statements (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land* RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Factory renovation RM'000	Factory furniture and equipment RM'000	Electrical installation RM'000	Office furniture, equipment and renovation RM'000	Plant and machinery under construction RM'000	Building under construction RM'000	Software under development RM'000	Total RM'000
Cost												
At 1 January 2023	354,644	430,934	1,208,573	16,768	10,663	29,269	5,413	35,182	28,448	133,116	6,263	2,259,273
Additions	-	789	5,936	1,736	135	284	-	2,877	29,508	43,665	2,024	86,954
Disposals	-	-	(1,753)	(1,647)	-	-	-	(276)	-	-	-	(3,676)
Write-off	(47)	(5,399)	(56,392)	-	(1,864)	(109)	(53)	(2,011)	(618)	(30)	-	(66,523)
Reclassification**	-	77	15,691	764	51	46	5	338	(15,691)	(515)	-	766
Intra-group transfer	-	-	-	-	-	-	-	5,662	-	-	(5,662)	-
Effect of movement in exchange rates	-	-	-	-	-	-	-	56	-	-	-	56
31 December 2023/ 1 January 2024	354,597	426,401	1,172,055	17,621	8,985	29,490	5,365	41,828	41,647	176,236	2,625	2,276,850
Additions	172,457	5,595	19,640	1,021	354	2,779	73	3,944	56,627	38,754	1,889	303,133
Disposals	-	-	(1,184)	(649)	-	-	-	(4)	-	-	-	(1,837)
Write-off	-	-	(97,616)	-	(1,982)	(4,924)	-	(2,798)	(17)	-	-	(107,337)
Reclassification	-	103,823	27,117	-	-	-	-	14,150	(27,117)	(117,973)	-	-
At 31 December 2024	527,054	535,819	1,120,012	17,993	7,357	27,345	5,438	57,120	71,140	97,017	4,514	2,470,809

Notes to the Financial Statements (Cont'd)

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

Group	Freehold land* RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Factory renovation RM'000	Factory furniture and equipment RM'000	Electrical installation RM'000	Office furniture, equipment and renovation RM'000	Plant and machinery under construction RM'000	Building under construction RM'000	Software development RM'000	Total RM'000
At 1 January 2023	-	73,603	769,162	11,186	7,525	20,068	3,593	17,212	-	-	-	902,349
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	73,603	769,162	11,186	7,525	20,068	3,593	17,212	-	-	-	902,349
Impairment loss	-	11,292	87,434	2,226	374	1,541	137	5,569	-	-	-	108,573
Disposals	-	-	33,751	-	3	1,351	6	273	-	-	-	35,384
Write-off	-	-	(1,636)	(1,550)	-	-	-	(211)	-	-	-	(3,397)
Reclassification**	-	(1,994)	(55,200)	-	(1,864)	(107)	(53)	(1,975)	-	-	-	(61,193)
Effect of movement in exchange rates	-	124	11	688	(127)	19	-	(26)	-	-	-	689
At 31 December 2023/ 1 January 2024	-	-	-	-	-	-	-	19	-	-	-	19
Accumulated depreciation	-	83,025	799,771	12,550	5,908	21,521	3,677	20,588	-	-	-	947,040
Accumulated impairment loss	-	-	33,751	-	3	1,351	6	273	-	-	-	35,384
Charge for the year	-	83,025	833,522	12,550	5,911	22,872	3,683	20,861	-	-	-	982,424
Reversal of impairment loss	-	12,104	79,796	2,095	406	1,737	80	6,227	-	-	-	102,445
Disposals	-	-	(16,851)	-	(1)	(1,309)	-	(271)	-	-	-	(18,432)
Write-off	-	-	(1,020)	(620)	-	-	-	(3)	-	-	-	(1,643)
At 31 December 2024	-	-	(77,952)	-	(1,982)	(3,611)	-	(2,521)	-	-	-	(86,066)
Accumulated depreciation	-	95,129	800,595	14,025	4,332	19,647	3,757	24,291	-	-	-	961,776
Accumulated impairment loss	-	-	16,900	-	2	42	6	2	-	-	-	16,952

Depreciation and impairment loss

At 1 January 2023

Accumulated depreciation

Charge for the year

Impairment loss

Disposals

Write-off

Reclassification**

Effect of movement in exchange rates

At 31 December 2023/
1 January 2024

Accumulated depreciation

Accumulated impairment loss

Charge for the year

Reversal of impairment loss

Disposals

Write-off

At 31 December 2024

Accumulated depreciation

Accumulated impairment loss

Notes to the Financial Statements (Cont'd)

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

Group	Freehold land* RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Factory renovation RM'000	Factory furniture and equipment RM'000	Electrical installation RM'000	Office furniture, equipment and renovation RM'000	Plant and machinery under construction RM'000	Building under construction RM'000	Software under development RM'000	Total RM'000
Carrying amounts												
At 1 January 2023	354,644	357,331	439,411	5,582	3,138	9,201	1,820	17,970	28,448	133,116	6,263	1,356,924
At 31 December 2023/ 1 January 2024	354,597	343,376	338,533	5,071	3,074	6,618	1,682	20,967	41,647	176,236	2,625	1,294,426
At 31 December 2024	527,054	440,690	302,517	3,968	3,023	7,656	1,675	32,827	71,140	97,017	4,514	1,492,081

* Included in the freehold land is an amount of USD2,694,229 equivalent to RM12.06 million as at 31 December 2024 (31 December 2023: USD2,794,500 equivalent to RM12.8 million) representing the freehold land and building of an overseas subsidiary of which the carrying amount of the building is not segregated from the freehold land as the required details are not available.

** Included in the reclassification are motor vehicles acquired by means of hire purchase arrangements which have been fully paid off and reclassified from right-of-use assets to property, plant and equipment.

Assets held under hire purchase arrangements

At the end of the financial year, the net carrying amount of motor vehicles held under hire purchase arrangements is RM 0.7 million (2023: RM1.1 million).

Impairment of plant and machinery

The current global oversupply of rubber gloves and overcapacity which resulted in low plant utilisation and other plant and machinery which were temporarily decommissioned for modification to improve cost efficiency, have prompted the Group to carry out review on its plant and machinery to ascertain if there is indicator of impairment.

The Group has carried out impairment test. Based on the impairment test performed, there is no impairment required as the estimated recoverable amounts of these plant and machinery are higher than their carrying amounts.

During the financial year, there were certain aged plant and machinery which were determined to be no longer providing any economic benefit. As a result, the impairment loss of RM18.4 million that was previously recognised was reversed, and the said plant and machinery were written off.

In the prior year, certain aged plant and machinery which were less efficient were identified for decommissioning and their carrying amount of RM35.4 million was fully impaired.

Notes to the Financial Statements (Cont'd)

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

Company	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office furniture, equipment and renovation RM'000	Building under construction RM'000	Software under development RM'000	Total RM'000
Cost							
At 1 January 2023	42,638	3,799	4,175	1,183	58,633	6,263	116,691
Additions	-	-	-	-	33,743	2,024	35,767
Disposals	-	-	-	(166)	-	-	(166)
Intra-group transfer	-	-	-	-	-	(5,662)	(5,662)
Write-off	-	-	-	(291)	-	-	(291)
At 31 December 2023/ 1 January 2024	42,638	3,799	4,175	726	92,376	2,625	146,339
Additions	-	-	-	396	25,597	1,889	27,882
Disposals	-	-	(519)	-	-	-	(519)
Reclassification	-	103,823	-	14,150	(117,973)	-	-
At 31 December 2024	42,638	107,622	3,656	15,272	-	4,514	173,702
Accumulated depreciation							
At 1 January 2023	-	1,035	2,113	628	-	-	3,776
Charge for the year	-	86	603	74	-	-	763
Disposals	-	-	-	(138)	-	-	(138)
Write-off	-	-	-	(283)	-	-	(283)
At 31 December 2023/ 1 January 2024	-	1,121	2,716	281	-	-	4,118
Charge for the year	-	948	520	618	-	-	2,086
Disposals	-	-	(490)	-	-	-	(490)
At 31 December 2024	-	2,069	2,746	899	-	-	5,714
Carrying amounts							
At 1 January 2023	42,638	2,764	2,062	555	58,633	6,263	112,915
At 31 December 2023/ 1 January 2024	42,638	2,678	1,459	445	92,376	2,625	142,221
At 31 December 2024	42,638	105,553	910	14,373	-	4,514	167,988

Notes to the Financial Statements (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**3.1 Material accounting policy information****(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	50 years
• Plant and machinery	5 - 10 years
• Motor vehicles	5 years
• Factory renovation	10 years
• Factory furniture and equipment	10 years
• Electrical installation	10 years
• Office furniture, equipment and renovation	5 - 10 years

4. RIGHT-OF-USE ASSETS

Group	Note	Land RM'000	Buildings RM'000	Motor vehicles RM'000	Total RM'000
At 1 January 2023		56,285	6,671	115	63,071
Additions		-	532	-	532
Termination		-	(1,211)	-	(1,211)
Reclassification	3,5	11,719*	-	(77)	11,642
Depreciation		(813)	(3,425)	(38)	(4,276)
At 31 December 2023/1 January 2024		67,191	2,567	-	69,758
Additions		3,496	14,660	-	18,156
Termination		(104)	(1,426)	-	(1,530)
Depreciation		(835)	(3,793)	-	(4,628)
At 31 December 2024		69,748	12,008	-	81,756

* The reclassification of land is a reclassification from investment property to right-of-use assets due to a change in the use of the asset.

Notes to the Financial Statements (Cont'd)

4. RIGHT-OF-USE ASSETS (CONT'D)

The Group leases a number of land, factory buildings, worker hostels and motor vehicles. The leasehold land has lease term of 95 years. The remaining leases typically run for a period between one to seven years, with an option to renew the leases after that date. Lease payments are increased every two to three years to reflect current market rentals.

4.1 Extension options

Some leases of factory buildings and worker hostels contain extension options exercisable by the Group not less than 6 months before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

None of the leases of motor vehicles contain extension options exercisable by the Company before the end of the non-cancellable contract period.

Group	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000	Historical rate of extension options %
Land	5,279	-	100
Buildings	6,564	-	100
	11,843	-	100

4.2 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rates of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.3 Material accounting policy information**(i) Recognition and measurement**

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

(ii) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Notes to the Financial Statements (Cont'd)

4. RIGHT-OF-USE ASSETS (CONT'D)

4.3 Material accounting policy information (cont'd)

(iii) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

5. INVESTMENT PROPERTIES

Group	Note	Leasehold Land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January 2023		42,211	-	42,211
Reclassification	4	(12,036)	-	(12,036)
At 31 December 2023/1 January 2024/31 December 2024		30,175	-	30,175
Accumulated depreciation				
At 1 January 2023		2,043	-	2,043
Depreciation charge for the year		343	-	343
Reclassification		(317)	-	(317)
At 31 December 2023/1 January 2024		2,069	-	2,069
Depreciation charge for the year		360	-	360
At 31 December 2024		2,429	-	2,429
Carrying amounts				
At 1 January 2023		40,168	-	40,168
At 31 December 2023/1 January 2024		28,106	-	28,106
At 31 December 2024		27,746	-	27,746

Notes to the Financial Statements (Cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

Company	Note	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January 2023/31 December 2023/1 January 2024		10,100	12,305	22,405
Disposal		(1,300)	(2,800)	(4,100)
At 31 December 2024		8,800	9,505	18,305
Accumulated depreciation				
At 1 January 2023		-	3,487	3,487
Charge for the year		-	384	384
At 31 December 2023/1 January 2024		-	3,871	3,871
Charge for the year		-	372	372
Disposal		-	(1,140)	(1,140)
At 31 December 2024		-	3,103	3,103
Carrying amounts				
At 1 January 2023		10,100	8,818	18,918
At 31 December 2023/1 January 2024		10,100	8,434	18,534
At 31 December 2024		8,800	6,402	15,202

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Lease income	361	838	1,133	1,303
Direct operating expenses:				
- income generating investment properties	(994)	(994)	(540)	(470)

Notes to the Financial Statements (Cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

5.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Less than one year	390	341	137	719
Total undiscounted lease payments	390	341	137	719

5.2 Fair value information

Fair value of investment properties are categorised as follows:

	Group Level 3 RM'000	Company Level 3 RM'000
2024		
Land and buildings	149,050	44,544
2023		
Land and buildings	143,630	68,464

The following table shows the valuation technique used in the determination of fair value within Level 3.

Type	Description of valuation technique and inputs used
Land and buildings	Fair value of land and buildings has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter of comparable properties.

5.3 Material accounting policy information

Investment properties are initially and subsequently measured at cost. Investment properties are accounted for similarly to property, plant and equipment.

Notes to the Financial Statements (Cont'd)

6. GOODWILL ON CONSOLIDATION

	Group	
	2024 RM'000	2023 RM'000
At cost	4,926	4,926

6.1 Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2024 RM'000	2023 RM'000
Technical rubber products	864	864
Cleanroom products	4,062	4,062
Total	4,926	4,926

Key assumptions used in determining the recoverable amount

For the purpose of impairment testing, the carrying amounts are allocated to the individual entities which are the cash-generating units ("CGU"). Recoverable amount of each CGU is estimated based on its value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on past experiences, actual operating results and financial budgets approved by management covering a 5-year period.

The key assumptions for the computation of value-in-use of CGU containing goodwill, pertained to cleanroom products, include the following:

- The revenue in the 5-year cash flow projection is expected to increase by a compounded annual growth rate of 2% over the 5 years.
- The terminal value was estimated using the perpetuity growth model, with nil growth rate to perpetuity which is consistent with prior year.
- A pre-tax discount rate of 10.2% (2023: 9.3%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Group's weighted average cost of capital.
- There will be no other significant changes in the government policies and regulations which will directly affect the investees' businesses. The inflation for the operating expenses is in line with the estimated gross domestic product growth rate for the country, in which the CGU operates, based on past trends.

The key assumptions represent management's assessment of future trends in the cleanroom industry and are based on both external sources and internal sources of information (historical data).

The Group believes that no reasonably foreseeable changes in the above key assumptions that would cause the carrying amount of the CGU to materially exceed its recoverable amount other than changes in the prevailing operating environment of which the impact is not ascertainable.

6.2 Material accounting policy information

Goodwill arises from business combinations is measured at cost less any accumulated impairment losses.

Notes to the Financial Statements (Cont'd)

7. INTANGIBLE ASSETS

Group	Patents RM'000	Intellectual property rights RM'000	Total RM'000
Cost			
At 1 January 2023	1,281	1,639	2,920
Additions	164	-	164
At 31 December 2023/1 January 2024	1,445	1,639	3,084
Additions	108	-	108
At 31 December 2024	1,553	1,639	3,192

Amortisation and impairment loss

At 1 January 2023

Accumulated amortisation	173	-	173
Accumulated impairment loss	-	1,639	1,639
	173	1,639	1,812
Amortisation for the year	94	-	94

At 31 December 2023/1 January 2024

Accumulated amortisation	267	-	267
Accumulated impairment loss	-	1,639	1,639
	267	1,639	1,906
Amortisation for the year	112	-	112

At 31 December 2024

Accumulated amortisation	379	-	379
Accumulated impairment loss	-	1,639	1,639
	379	1,639	2,018

Carrying amounts

At 1 January 2023	1,108	-	1,108
At 31 December 2023/1 January 2024	1,178	-	1,178
At 31 December 2024	1,174	-	1,174

Company**Cost**

At 1 January 2023/31 December 2023/ 1 January 2024/31 December 2024	-	1,639	1,639
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Accumulated impairment loss

At 1 January 2023/31 December 2023/ 1 January 2024/31 December 2024	-	1,639	1,639
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Carrying amounts

At 1 January 2023/31 December 2023/ 1 January 2024/31 December 2024	-	-	-
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Notes to the Financial Statements (Cont'd)

7. INTANGIBLE ASSETS (CONT'D)

7.1 Material accounting policy information

(i) Recognition and measurement

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for the patent is 10 years.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 RM'000	2023 RM'000
Cost of investment	312,851	307,851

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2024 %	2023 %
Perusahaan Getah Asas Sdn. Bhd.	Malaysia	Manufacturing of latex examination gloves	100	100
Kossan Latex Industries (M) Sdn. Bhd.	Malaysia	Manufacturing of latex examination gloves	100	100
Hibon Corporation Sdn. Bhd.	Malaysia	Manufacturing and marketing of rubber based parts and products	90.4	90.4
Doshin Rubber Products (M) Sdn. Bhd.	Malaysia	Manufacturing and trading of rubber products	90	90
Ideal Quality Sdn. Bhd.	Malaysia	Manufacturing of latex examination gloves	100	100
Kossan Engineering (M) Sdn. Bhd.	Malaysia	Fabrication and installation of machinery	100	100
Kossan International Sdn. Bhd.	Malaysia	Trading of latex examination gloves	100	100
Kossan Sdn. Bhd.	Malaysia	Investment holding	100	100

Notes to the Financial Statements (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2024 %	2023 %
Premium Medical Products Sdn. Bhd.	Malaysia	Investment holding	100	100
Cleanera (Malaysia) Sdn. Bhd.	Malaysia	Trading of latex examination gloves and cleanroom products	100	100
Cleanera HK Limited+	Hong Kong	Investment holding and trading of cleanroom products	83	83
KPH Logistics, Inc.#	United States of America	Distribution of household goods	100	100
KPH (San Francisco), LLC.#	United States of America	Property holding	100	100
KISB Asia Pacific Sdn. Bhd.	Malaysia	Investment holding	100	100
Kossan Labuan Bhd.	Malaysia	Investment holding	100	100
Kossan Industries Sdn. Bhd.	Malaysia	Manufacturing and sales of rubber products	100	100
Kossan Security Services Sdn. Bhd.	Malaysia	Dormant	100	100
Kossan Trading Sdn. Bhd.	Malaysia	Manufacturing, processing and trading of chemicals and rubber compound	100	100
Kossan Ceramics Sdn. Bhd.	Malaysia	Manufacturing of formers and ceramic products	100	100
Aseptapak (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Kossan Management Services Sdn. Bhd.	Malaysia	Provision of management services	100	100
Kossan Research & Development Sdn. Bhd.	Malaysia	Research and development on gloves and rubber related products and provision of analytical services	100	100
Wear Safe (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing of surgical, procedure and examination gloves	100	100
Kossan Gloves Sdn. Bhd.	Malaysia	Investment holding	100	100

Notes to the Financial Statements (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2024 %	2023 %
Subsidiary of Doshin Rubber Products (M) Sdn. Bhd.				
Quality Profile Sdn. Bhd.	Malaysia	Manufacturing and sales of rubber products	90	90
Subsidiary of Cleaner HK Limited				
Dongguan Cleaner Cleanroom Products Company Limited+	The People's Republic of China	Manufacturing and sales of cleanroom products	83	83
Subsidiary of Kossan Labuan Bhd.				
PT. Kossan Setia Jaya#	Republic of Indonesia	Dormant	100	100
Subsidiary of Kossan International Sdn. Bhd.				
KISB HK Limited+	Hong Kong	Investment holding	100	100
Subsidiary of KISB HK Limited				
KISB Limited Shanghai+	The People's Republic of China	Trading of machinery parts	100	100
Subsidiary of KISB Limited Shanghai				
Pureshield (Shanghai) Health Science and Technology Co. Limited+	The People's Republic of China	Trading of latex examination gloves	100	100

Not required to be audited under the laws of the place/country of incorporation. The financial statements of the subsidiaries are consolidated using management accounts.

+ Not audited by KPMG PLT.

8.1 Material non-controlling interests in subsidiaries

There are no non-controlling interests that are material to the Group for the year ended 31 December 2024.

8.2 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less accumulated impairment losses.

8.3 Increase of investment in subsidiary - Kossan Research & Development Sdn. Bhd.

On 27 June 2024, the Company subscribed an additional 4,999,998 ordinary shares at RM1.00 per share in Kossan Research & Development Sdn. Bhd. for a cash consideration of RM4,999,998.

Notes to the Financial Statements (Cont'd)

9. OTHER INVESTMENTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current				
Fair value through profit or loss	378	366	15	15
Current				
Fair value through profit or loss	690,610	822,708	113,913	269,924
	690,988	823,074	113,928	269,939

Other investments in current assets represents investments in money market with a redemption notice of one (1) business day and has insignificant risk in the underlying assets invested.

9.1 Material accounting policy information

(i) Money market funds placed with financial institution

The Group classifies money market funds placed with financial institution not held for working capital purposes that has a maturity of more than three months as other investments.

(ii) Deposits with licensed banks

The Group classifies deposits with licensed banks not held for working capital purposes that has a maturity of more than three months as other investments.

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group						
Property, plant and equipment	-	-	(120,454)	(126,125)	(120,454)	(126,125)
Right-of-use assets	-	-	(7,795)	(4,435)	(7,795)	(4,435)
Revaluation on properties#	-	-	(3,016)	(4,149)	(3,016)	(4,149)
Unutilised reinvestment allowance and unabsorbed capital allowances	8,101	5,177	-	-	8,101	5,177
Tax loss carried forward	6,076	7,032	-	-	6,076	7,032
Provisions	8,235	9,647	-	-	8,235	9,647
Lease liabilities	8,346	4,915	-	-	8,346	4,915
Derivatives	2,897	7	-	-	2,897	7
Fair value gain on other investments	-	-	(15,520)	(9,492)	(15,520)	(9,492)
Others	-	896	(2,719)	-	(2,719)	896

Notes to the Financial Statements (Cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Recognised deferred tax assets/(liabilities) (cont'd)

	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group						
Tax assets/(liabilities)	33,655	27,674	(149,504)	(144,201)	(115,849)	(116,527)
Set off of tax	(31,362)	(23,722)	31,362	23,722	-	-
Net tax assets/(liabilities)	2,293	3,952	(118,142)	(120,479)	(115,849)	(116,527)
Company						
Property, plant and equipment	-	-	(4,111)	(905)	(4,111)	(905)
Fair value gain on other investments	-	-	(4,851)	(3,456)	(4,851)	(3,456)
Revaluation on properties#	-	-	(401)	(475)	(401)	(475)
Unabsorbed capital allowances	3,181	-	-	-	3,181	-
	3,181	-	(9,363)	(4,836)	(6,182)	(4,836)

This pertained to properties that the Group and the Company elected to apply the optional exemption to use previous revaluation or valuation at the date of transition to MFRSs as deemed cost under MFRSs in the financial year ended 31 December 2012.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2024 RM'000	2023 RM'000
Unutilised tax losses	21,015	25,359
Other deductible temporary differences	5,194	3,982
	26,209	29,341
Tax at 24% (2023: 24%)	6,290	7,042

In accordance with the provision of the Finance Act 2021, the unutilised tax losses are available for utilisation in the next ten (10) years, for which, any excess at the end of the tenth (10th) year, will be disregarded, except for the other deductible temporary differences which do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which certain subsidiaries within the Group can utilise the benefits there from. Tax losses for which no deferred tax asset was recognised expire as follows:

	Group	
	2024 RM'000	2023 RM'000
Expiring in 2028	58	58
Expiring in 2033	20,538	25,301
Expiring in 2034	419	-
	21,015	25,359

Notes to the Financial Statements (Cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movement in temporary differences during the year

Unutilised reinvestment allowance and												
Note	Property, plant and equipment	Right-of-use assets	Revaluation on properties	unabsorbed capital allowances	Tax loss carried forward	Provisions	Lease liabilities	Derivatives	Fair value gain on other investments	Others	Total	
												RM'000
Group												
At 1 January 2023	(146,459)	(5,667)	(4,775)	8,052	1,927	10,278	6,157	264	(4,048)	822	(133,449)	
Recognised in profit or loss	23	20,334	1,232	626	(2,875)	(631)	(1,242)	(257)	(5,444)	74	16,922	
At 31 December 2023/ 1 January 2024	(126,125)	(4,435)	(4,149)	5,177	7,032	9,647	4,915	7	(9,492)	896	(116,527)	
Recognised in profit or loss	23	5,671	(3,360)	1,133	2,924	(1,412)	3,431	2,890	(6,028)	(3,615)	678	
At 31 December 2024	(120,454)	(7,795)	(3,016)	8,101	6,076	8,235	8,346	2,897	(15,520)	(2,719)	(115,849)	
Company												
At 1 January 2023	(796)	-	(498)	-	-	-	-	-	(1,532)	-	(2,826)	
Recognised in profit or loss	23	(109)	-	23	-	-	-	-	(1,924)	-	(2,010)	
At 31 December 2023/ 1 January 2024	(905)	-	(475)	-	-	-	-	-	(3,456)	-	(4,836)	
Recognised in profit or loss	23	(3,205)	-	74	3,181	-	-	-	(1,396)	-	(1,346)	
At 31 December 2024	(4,110)	-	(401)	3,181	-	-	-	-	(4,852)	-	(6,182)	

10.1 Material accounting policy information

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Notes to the Financial Statements (Cont'd)

11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	11.1	-	-	203,825	193,047
Current					
Trade					
Trade receivables		347,112	238,199	-	-
Less: Allowance for impairment loss		(170)	(539)	-	-
	11.4	346,942	237,660	-	-
Amount due from related parties	11.2	1	31	-	-
		346,943	237,691	-	-
Non-trade					
Amount due from subsidiaries	11.3	-	-	3,643	1,281
Other receivables		10,843	5,300	1	536
Refundable deposits		6,417	5,393	110	105
Amount due from related parties		60	5	-	-
		17,320	10,698	3,754	1,922
		364,263	248,389	3,754	1,922
		364,263	248,389	207,579	194,969

11.1 The non-trade amount due from subsidiaries is unsecured, subject to interest at 3.38% (2023: 3.17%) per annum and repayable beyond the next 12 months.

11.2 The trade amount due from related parties is subject to negotiated trade terms.

11.3 The non-trade amount due from subsidiaries is unsecured, subject to interest at 3.38% (2023: 3.17%) per annum and repayable on demand.

11.4 The key assumptions for the estimation of recoverability of trade receivables include the following:

- The Group uses ageing analysis to monitor the credit quality of trade receivables. Any trade receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.
- The Group considers that any trade receivables with past due less than 90 days are having low credit risk by considering historical payment trends and financial strength of the trade receivables. The amount of the allowance for impairment loss on these balances is negligible.

Notes to the Financial Statements (Cont'd)

12. INVENTORIES

	Group	
	2024 RM'000	2023 RM'000
Raw materials	73,256	62,762
Work-in-progress	3,068	3,591
Finished goods	168,130	172,875
	244,454	239,228
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,138,208	950,493

12.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

13. CONTRACT LIABILITIES

	Group	
	2024 RM'000	2023 RM'000
Contract liabilities	4,743	7,352

The contract liabilities primarily relate to the advance consideration received from customers for the purchase of gloves, for which revenue is recognised at a point in time upon transfer of control as per International Commercial Terms ("INCOTERM"). The contract liabilities are expected to be recognised as revenue within a year.

Significant changes to contract liabilities balances during the financial period are as follows:

Group	2024 RM'000	2023 RM'000
Contract liabilities at the beginning of the period recognised as revenue	(7,352)	(4,709)
Advances received during the year	30,830	44,552
Advances received and utilised during the year	(26,087)	(37,200)
	(2,609)	2,643

Notes to the Financial Statements (Cont'd)

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	114,465	102,844	1,594	1,060
Short term investments	808,763	1,061,979	248,416	364,025
Short term deposits placed with licensed banks	52,900	106,500	6,300	2,000
	976,128	1,271,323	256,310	367,085

15. CAPITAL AND RESERVES**15.1 Share capital**

	Group and Company			
	Number of shares 2024 '000	Amount 2024 RM'000	Number of shares 2023 '000	Amount 2023 RM'000
Ordinary shares, issued and fully paid with no par value classified as equity instruments:				
At 1 January/31 December	2,557,872	323,885	2,557,872	323,885

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

15.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations.

15.3 Capital reserve

The capital reserve comprises the difference between the consideration paid and net assets acquired in acquisition of non-controlling interests.

15.4 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. As at 31 December 2024, the Company held a total of 6,252,000 (2023: 6,252,000) of its 2,557,871,616 (2023: 2,557,871,616) issued ordinary shares as treasury shares.

There were no shares repurchased during the year.

Notes to the Financial Statements (Cont'd)

16. LOANS AND BORROWINGS

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current					
Hire purchase financing - secured	16.2	-	254	-	-
		-	254	-	-
Current					
Term loans - unsecured	16.1	-	292	-	-
Hire purchase financing - secured	16.2	253	372	-	-
Trade finance - unsecured	16.3	59,002	9,521	-	-
		59,255	10,185	-	-
		59,255	10,439	-	-

16.1 Term loans - unsecured

In prior year, RM denominated term loan of RM0.29 million represented a 5-year term loan obtained in 2019 with monthly repayment instalments, and bore interest rates of 4.10% to 4.47% per annum.

16.2 Hire purchase financing payable

The hire purchase financing are payable as follows:

Group	Payment RM'000	Interest RM'000	Principal RM'000
2024			
Less than one year	258	5	253
Between one and five years	-	-	-
Total undiscounted lease payments	258	5	253
2023			
Less than one year	392	20	372
Between one and five years	258	4	254
Total undiscounted lease payments	650	24	626

16.3 Trade finance - unsecured

The trade finance facilities are utilised for working capital purposes and are subject to interest rate at 3.2% to 5.85% (2023: 2.95% to 4.92%) per annum.

Notes to the Financial Statements (Cont'd)

17. TRADE AND OTHER PAYABLES

		Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Note					
Trade					
		134,996	108,582	-	-
Trade payables					
Amount due to related parties	17.1	895	393	-	-
		135,891	108,975	-	-
Non-trade					
		1,734	2,920	-	-
Amount due to related parties	17.2				
Other payables		27,980	32,760	1,105	4,007
Accrued expenses		60,306	47,388	455	1,787
		90,020	83,068	1,560	5,794
		225,911	192,043	1,560	5,794

17.1 The trade amount due to related parties is subject to negotiated trade terms.

17.2 The non-trade amount due to related parties is unsecured, interest free and repayable on demand.

18. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	2024			2023		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Group						
Derivatives at fair value through profit or loss						
- Forward foreign exchange contracts	306,153	-	(11,443)	34,923	523	-

Forward foreign exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. Most of the forward foreign exchange contracts have maturities of less than one year after the end of the reporting period and have matured subsequent to year end.

Notes to the Financial Statements (Cont'd)

19. REVENUE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Sales of rubber products	1,916,171	1,591,043	-	-

Disaggregation of revenue by geographical location and by segment is as disclosed in Note 27.

Nature of goods	Timing of recognition or method used to recognise revenue	Significant payment terms
Rubber products	Revenue is recognised at a point in time upon transfer of control as per International Commercial Terms ("INCOTERM")	Average credit terms of 60 - 90 days

There are no variable element in consideration, obligation for returns or refunds nor warranty in substantially all of the contracts for the provision of goods by the Group.

Transaction price allocated to remaining performance obligations

Most of the Group's contracts are based on purchase orders whereby the contracted volumes are agreed upon. An insignificant amount of contracts have original contract period of more than one year, for which the remaining performance obligation is expected to be fulfilled in the next twelve months. Hence, there is no further disclosure on future performance obligation.

20. FINANCE COSTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest expense on:				
- Hire purchase	19	45	-	8
- Term loans	3	526	-	-
- Trade finance	1,325	455	-	-
Interest on lease liabilities	623	386	-	-
	1,970	1,412	-	8

Notes to the Financial Statements (Cont'd)

21. FINANCE INCOME

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost	44,887	43,030	19,135	19,708

22. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors:				
- Fees	590	590	590	590
- Remunerations	12,488	12,081	-	-
- Estimated monetary value of benefits-in-kind	216	213	2	35
	13,294	12,884	592	625
Other key management personnel:				
- Remunerations	13,445	10,467	-	-
- Estimated monetary value of benefits-in-kind	124	107	-	-
	13,569	10,574	-	-

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entities either directly or indirectly.

Notes to the Financial Statements (Cont'd)

23. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax expense				
Current year	38,266	35,569	1,603	1,213
(Over)/Under provision in prior year	(1,044)	(421)	30	1,397
	37,222	35,148	1,633	2,610
Deferred tax expense				
Origination and reversal of temporary differences	(428)	(17,972)	1,401	1,975
(Over)/Under provision in prior year	(250)	1,050	(55)	35
	(678)	(16,922)	1,346	2,010
Total tax expense	36,544	18,226	2,979	4,620
Reconciliation of tax expense				
Profit before tax	157,321	34,542	84,076	23,234
Income tax calculated using Malaysian tax rate of 24% (2023: 24%)	37,757	8,290	20,178	5,576
Effect of tax rates in foreign jurisdiction	(322)	(551)	-	-
Non-deductible expenses	7,382	8,633	1,288	2,612
Effect of deferred tax assets not recognised	752	7,028	-	-
Income not subject to tax	(7,708)	(5,754)	(18,439)	(4,977)
Revaluation reserve crystallised	(23)	(23)	(23)	(23)
Others	-	(26)	-	-
	37,838	17,597	3,004	3,188
(Over)/Under provision in prior year				
- income tax expense	(1,044)	(421)	30	1,397
- deferred tax expense	(250)	1,050	(55)	35
	36,544	18,226	2,979	4,620

Notes to the Financial Statements (Cont'd)

24. PROFIT FOR THE YEAR

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the year is arrived at after charging/(crediting)					
Auditors' remuneration					
Audit fees:					
- KPMG PLT		629	590	62	62
- Other auditors		90	90	-	-
Non-audit fees:					
- KPMG PLT		10	50	10	50
- Local affiliates of KPMG PLT		220	360	5	82
Material expenses/(income)					
Depreciation of property, plant and equipment	3	102,445	108,573	2,086	763
Depreciation of right-of-use assets	4	4,628	4,276	-	-
Depreciation of investment properties	5	360	343	372	384
Amortisation of intangible assets	7	112	94	-	-
(Reversal of impairment)/Impairment loss on plant and equipment	3	(18,432)	35,384	-	-
Personnel expenses (including key management personnel):					
- Contributions to Employees' Provident Fund		20,337	20,377	-	-
- Wages, salaries and others		292,313	278,807	590	627
Property, plant and equipment written off		21,271	5,330	-	8
Net unrealised fair value changes on derivatives		11,443	(523)	-	-
Net unrealised foreign exchange differences		(8,990)	1,349	-	-
Net realised loss on foreign exchange		1,458	820	-	-

Notes to the Financial Statements (Cont'd)

24. PROFIT FOR THE YEAR (CONT'D)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Material expenses/(income) (continued)					
Net gain on disposal of property, plant and equipment		(259)	(335)	(167)	-
Gain on disposal of investment property		-	-	(5,740)	-
Gain on termination of right-of-use asset		(56)	(48)	-	-
Interest on short-term deposits placed with licensed banks		(40,224)	(38,637)	(11,853)	(12,846)
Interest income on other investments		(4,663)	(4,393)	(1,219)	(1,458)
Interest on amount due from subsidiaries		-	-	(6,063)	(5,404)
Dividend income		-	-	(59,620)	-
Rental income		(443)	(838)	(1,961)	(1,303)
Fair value gain on other investments		(21,283)	(22,685)	(5,815)	(8,019)
Expenses arising from leases					
Expenses relating to short-term leases	a	1,936	1,742	-	-
Expenses relating to leases of low-value assets	a	195	183	-	-
Net gain on impairment of financial instruments					
Financial assets at amortised cost		(2)	(57)	-	-

Note a

The Group leases premises with contract terms of less than 1 year and office equipment with contract terms of 1 to 5 years. These leases are short-term leases and leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to the Financial Statements (Cont'd)

25. EARNINGS PER ORDINARY SHARE

Basic earnings per share

The calculation of basic earnings per share at the end of the reporting period was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2024 RM'000	2023 RM'000
Profit for the year attributable to owners of the Company	118,335	13,337

Weighted average number of ordinary shares

	Group	
	2024 RM'000	2023 RM'000
Weighted average number of ordinary shares at 31 December, net of treasury shares	2,551,620	2,551,620

	Group	
	2024 Sen	2023 Sen
Basic earnings per share	4.64	0.52

There is no dilution in earnings per share as there are no dilutive potential ordinary shares.

26. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2024			
Interim single tier 2023 ordinary	2.00	51,032	8 April 2024
Final single tier 2023 ordinary	2.00	51,032	18 July 2024
Interim single tier 2024 ordinary	2.00	51,032	12 December 2024
Special single tier 2024 ordinary	6.00	153,098	12 December 2024
		306,194	
2023			
Interim single tier 2022 ordinary	2.00	63,790	22 March 2023

Notes to the Financial Statements (Cont'd)

27. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group Managing Director/Chief Executive Officer ("Group MD/CEO") reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Technical rubber products
- Gloves (other than cleanroom gloves)
- Cleanroom products
- Others

Other operations of the Group mainly comprise investment holding and engineering services which are not of sufficient size to be reported separately.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group MD/CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group MD/CEO. Segment total assets is used to measure the return on assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group MD/CEO.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Notes to the Financial Statements (Cont'd)

27. OPERATING SEGMENTS (CONT'D)

Geographical segments

The four segments are managed on a worldwide basis and the Group's manufacturing facilities are primarily based in Malaysia (country of domicile) with sales offices operating both out of Malaysia and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of the sales offices. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include right-of-use assets, investment properties, goodwill and intangible asset, other investments and deferred tax assets.

Group	2024 RM'000	2023 RM'000
Revenue		
Sales offices located in Malaysia		
- for local market	130,430	127,156
- for export market	1,736,518	1,419,230
Sales offices located outside of Malaysia	49,223	44,657
	1,916,171	1,591,043
Non-current assets		
Located in Malaysia	1,478,153	1,279,620
Located outside of Malaysia	13,928	14,806
	1,492,081	1,294,426

Major customers

The following was a major customer with revenue equal or more than 10% of the Group's total revenue for the year ended 31 December 2024:

Group	2024 RM'000	Segment
Customer A (11.7%)	224,249	Gloves

There were no major customers with revenue equal or more than 10% of the Group's total revenue for the year ended 31 December 2023.

Notes to the Financial Statements (Cont'd)

27. OPERATING SEGMENTS (CONT'D)

	Technical rubber products			Gloves			Cleanroom products			Others			Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Business segments														
Total external revenue	201,559	204,592	1,600,149	1,286,392	114,463	100,059	-	-	1,916,171	1,591,043				
Segment results	26,040	33,653	80,330	(38,410)	11,345	3,226	(3,311)	(5,545)	114,404	(7,076)				
Finance costs									(1,970)	(1,412)				
Finance income									44,887	43,030				
Tax expense									(36,544)	(18,226)				
Profit for the year									120,777	16,316				
Segment assets	237,925	275,986	2,987,976	2,822,942	115,020	103,842	766,662	999,554	4,107,583	4,202,324				
Segment liabilities	36,056	26,820	370,002	281,020	7,903	9,069	26,359	22,415	440,320	339,324				
<i>Included in the measure of segment assets are:</i>														
Capital expenditure	11,525	11,040	256,821	38,888	121	42	34,666	36,984	303,133	86,954				
<i>Included in the measure of segment results are:</i>														
Depreciation	8,971	9,598	88,564	96,790	256	50	4,654	2,135	102,445	108,573				

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Financial assets measured at amortised cost ("FAAC");
- (b) Financial liabilities measured at amortised cost ("FLAC"); and
- (c) Fair value through profit or loss ("FVTPL"); - Mandatorily required by MFRS 9.

	Note	Carrying amount RM'000	FAAC/(FLAC) RM'000	Mandatorily at FVTPL RM'000
2024				
Financial assets				
Group				
Other investments	9	690,988	-	690,988
Trade and other receivables	11	364,263	364,263	-
Cash and cash equivalents	14	976,128	976,128	-
		2,031,379	1,340,391	690,988
Company				
Other investments	9	113,928	-	113,928
Trade and other receivables	11	207,579	207,579	-
Cash and cash equivalents	14	256,310	256,310	-
		577,817	463,889	113,928
Financial liabilities				
Group				
Loans and borrowings	16	(59,255)	(59,255)	-
Trade and other payables	17	(225,911)	(225,911)	-
Derivative financial liabilities	18	(11,443)	-	(11,443)
		(296,609)	(285,166)	(11,443)
Company				
Trade and other payables	17	(1,560)	(1,560)	-
		(1,560)	(1,560)	-

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 Categories of financial instruments (cont'd)

	Note	Carrying amount RM'000	FAAC/(FLAC) RM'000	Mandatorily at FVTPL RM'000
2023				
Financial assets				
Group				
Other investments	9	823,074	-	823,074
Trade and other receivables	11	248,389	248,389	-
Cash and cash equivalents	14	1,271,323	1,271,323	-
Derivative financial assets	18	523	-	523
		2,343,309	1,519,712	823,597
Company				
Other investments	9	269,939	-	269,939
Trade and other receivables	11	194,969	194,969	-
Cash and cash equivalents	14	367,085	367,085	-
		831,993	562,054	269,939
Financial liabilities				
Group				
Loans and borrowings	16	(10,439)	(10,439)	-
Trade and other payables	17	(192,043)	(192,043)	-
		(202,482)	(202,482)	-
Company				
Trade and other payables	17	(5,794)	(5,794)	-
		(5,794)	(5,794)	-

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)**28.2 Net gains and losses arising from financial instruments**

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	14,503	27,601	7,034	9,477
Financial assets at amortised cost	47,758	36,525	17,916	18,250
Financial liabilities at amortised cost	(1,347)	(1,026)	-	(8)
	60,914	63,100	24,950	27,719

28.3 Financial risk management

The Group and the Company have exposures to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Credit risk is risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers. It is the Group's policy that local customers who wish to trade on credit terms are subject to credit verification procedures, and hence there is no requirement for collateral. New overseas customers will be required either to provide in advance telegraphic transfers or letter of credits issued by reputable banks in countries where the customers are based.

Once the local or overseas customers become regular customers and proven to be creditworthy, these customers will be assigned a credit term approved by management and letter of credit will no longer be required.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amount of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (cont'd)

Trade receivables (cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

A significant portion of these trade receivables are regular customers that have been transacting with the Group.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and 90 days past due.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any trade receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group considers that any trade receivables with past due less than 90 days are having low credit risk by considering historical payment trends and financial strength of the trade receivables. The amount of the allowance for impairment loss on these balances is negligible.

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

Group	2024			2023		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current (not past due)	284,566	-	284,566	202,212	-	202,212
0-30 days past due	51,454	-	51,454	29,655	(171)	29,484
31-60 days past due	6,032	(1)	6,031	3,904	(60)	3,844
61-90 days past due	1,360	(1)	1,359	366	(2)	364
91-120 days past due	150	(11)	139	530	-	530
More than 120 days past due	3,550	(157)	3,393	1,532	(306)	1,226
	347,112	(170)	346,942	238,199	(539)	237,660

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

Group	Total RM'000
Balance at 1 January 2023	664
Net measurement of loss allowance – credit impaired	(57)
Amounts written off	(68)
Balance at 31 December 2023/1 January 2024	539
Net measurement of loss allowance – credit impaired	(2)
Amounts written off	(367)
Balance at 31 December 2024	170

Cash and cash equivalents and other investments

The cash and cash equivalents and other investments are placed with licensed banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These licensed banks and financial institutions have low credit risks. The Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. Based on management's assessment, the probability of the default of these receivables is low and hence, no loss allowance has been made.

Financial guarantees

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- 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*.

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)**28.4 Credit risk (cont'd)****Financial guarantees (cont'd)***Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM59 million (2023: RM9.8 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

Recognition and measurement of impairment loss

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

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

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company loans and advances*Risk management objectives, policies and processes for managing the risk*

The Company provides management services, unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Management services and loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable.

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2024							
<i>Non-derivative financial liabilities</i>							
Trade finance - unsecured	59,002	3.2 - 5.85	59,002	59,002	-	-	-
Hire purchase financing - secured	253	4.1 - 4.57	258	258	-	-	-
Lease liabilities	19,675	4.55	28,763	4,479	3,550	4,835	15,899
Trade and other payables	225,911	-	225,911	225,911	-	-	-
	304,841		313,934	289,650	3,550	4,835	15,899
<i>Derivative financial assets</i>							
Forward foreign exchange contracts (gross settled):							
Inflow	-	-	(306,153)	(306,153)	-	-	-
Outflow	11,443	-	317,596	317,596	-	-	-
	316,284		325,377	301,093	3,550	4,835	15,899

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2023							
<i>Non-derivative financial liabilities</i>							
Term loans - unsecured	292	4.10 - 4.47	292	292	-	-	-
Trade finance - unsecured	9,521	2.95 - 4.92	9,521	9,521	-	-	-
Hire purchase financing - secured	626	4.10 - 4.57	650	392	258	-	-
Lease liabilities	6,899	4.55	12,503	2,306	700	866	8,631
Trade and other payables	192,043	-	192,043	192,043	-	-	-
	209,381		215,009	204,554	958	866	8,631
<i>Derivative financial assets</i>							
Forward foreign exchange contracts (gross settled):							
Inflow	(523)	-	(34,923)	(34,923)	-	-	-
Outflow	-	-	34,400	34,400	-	-	-
	208,858		214,486	204,031	958	866	8,631

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Company							
2024							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	1,560	-	1,560	1,560	-	-	-
Financial guarantee	-	-	59,002	59,002	-	-	-
	1,560		60,562	60,562	-	-	-
2023							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	5,794	-	5,794	5,794	-	-	-
Financial guarantee	-	-	9,814	9,814	-	-	-
	5,794		15,608	15,608	-	-	-

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

28.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group uses forward foreign exchange contracts to hedge its foreign currency risk. Most of the forward foreign exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward foreign exchange contracts are rolled over at maturity.

In respect of other monetary assets and liabilities held in currencies other than RM, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

As at the end of reporting date, forward foreign exchange contracts were entered into with the following amounts:

Forward foreign exchange contracts used to hedge receivables and payables

Group	Amount to be received/(paid) USD'000	Average contract rate USD/MYR	Equivalent RM'000
Hedged item			
2024			
Trade receivables	71,200	4.2999	306,153
2023			
Trade receivables	7,500	4.6564	34,923

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (cont'd)

28.6.1 Currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Group Denominated in USD	
	2024 RM'000	2023 RM'000
Bank balances	24,463	14,464
Trade receivables	324,802	214,656
Trade payables	(64,678)	(37,892)
Forward foreign exchange contracts used to hedge receivables and payables	(11,443)	523
Net exposure	273,144	191,751

Currency risk sensitivity analysis

A 5% (2023: 5%) strengthening of RM against USD at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant.

Group	Profit or loss	
	2024 RM'000	2023 RM'000
USD	(10,379)	(7,287)

A 5% (2023: 5%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on equity and post-tax profit or loss respectively, on the basis that all other variables remained constant.

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (cont'd)

28.6.2 Interest rate risk

The Group's investments in fixed rate financial assets and its fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's investments in variable rate financial assets are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arising from the Group's loans and borrowings, deposits placed with licensed banks and investments with financial institutions is managed through monitoring and reviewing interest rates in the market and their impact to the Group's financial performance.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

		Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Note					
Fixed rate instruments					
Deposits placed with licensed banks	14	52,900	106,500	6,300	2,000
Short term investments	14	808,763	1,061,979	248,416	364,025
Lease liabilities		(19,675)	(6,899)	-	-
Trade finance					
- unsecured	16	(59,002)	(9,521)	-	-
Hire purchase financing	16	(253)	(626)	-	-
Term loans					
- unsecured	16	-	(292)	-	-
		782,733	1,151,141	254,716	366,025
Floating rate instruments					
Other investments	9	690,610	822,708	113,913	269,924
Amount due from subsidiaries	11	-	-	203,825	193,047
		690,610	822,708	317,738	462,971

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (cont'd)

28.6.2 Interest rate risk (cont'd)

*Interest rate risk sensitivity analysis**(a) Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 (2023: 50) basis points ("bp") in interest rates at the end of the reporting period would have (decreased)/increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	50 bp increase RM'000	50 bp decrease RM'000
Group		
2024		
Floating rate instruments	2,624	(2,624)
2023		
Floating rate instruments	3,126	(3,126)
Company		
2024		
Floating rate instruments	1,207	(1,207)
2023		
Floating rate instruments	1,759	(1,759)

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The tables below analyses other financial instruments at fair value.

Fair value of financial instruments carried at fair value												Fair value of financial instruments not carried at fair value				Total fair value		Carrying amount											
Level 1 RM'000												Level 2 RM'000		Level 3 RM'000		Total RM'000		Level 1 RM'000		Level 2 RM'000		Level 3 RM'000		Total RM'000		Total RM'000		Carrying amount RM'000	
Group																													
2024																													
Financial assets																													
Other investments		-	690,610	-	690,610	-	-	-	378	378	690,988	690,988	690,988																
Financial liabilities																													
Forward foreign exchange contracts		-	(11,443)	-	(11,443)	-	-	-	-	-	(11,443)	(11,443)	(11,443)																
Hire purchase financing – secured		-	-	-	-	-	-	-	(253)	(253)	(253)	(253)	(253)																
		-	(11,443)	-	(11,443)	-	-	-	(253)	(253)	(11,696)	(11,701)	(11,701)																
2023																													
Financial assets																													
Other investments		-	822,708	-	822,708	-	-	-	366	366	823,074	823,074	823,074																
Forward foreign exchange contracts		-	523	-	523	-	-	-	-	-	523	523	523																
		-	823,231	-	823,231	-	-	-	366	366	823,597	823,597	823,597																
Financial liabilities																													
Term loans – unsecured		-	-	-	-	-	-	-	(292)	(292)	(292)	(292)	(292)																
Hire purchase financing – secured		-	-	-	-	-	-	-	(650)	(650)	(650)	(650)	(650)																
		-	-	-	-	-	-	-	(942)	(942)	(942)	(942)	(942)																

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.7 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Company										
2024										
Financial assets										
Other investments	-	113,913	-	113,913	-	-	-	-	113,913	113,913
Amount due from subsidiaries	-	-	-	-	-	-	203,825	203,825	203,825	203,825
	-	113,913	-	113,913	-	-	203,825	203,825	317,738	317,738
2023										
Financial assets										
Other investments	-	269,924	-	269,924	-	-	15	15	269,939	269,939
Amount due from subsidiaries	-	-	-	-	-	-	193,047	193,047	193,047	193,047
	-	269,924	-	269,924	-	-	193,062	193,062	462,986	462,986

Notes to the Financial Statements (Cont'd)

28. FINANCIAL INSTRUMENTS (CONT'D)**28.7 Fair value information (cont'd)*****Level 2 fair value****Other investments with financial institutions*

The fair value of other investments with financial institutions is determined based on the fair value quoted by the counter-party.

Derivatives

The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2023: no transfer in either directions).

Level 3 fair value*Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loans, hire purchase financing and amount due from subsidiaries	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

Notes to the Financial Statements (Cont'd)

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio and make relevant adjustment to the capital structure in light of changes in economic conditions.

The debt-to-equity ratio at 31 December 2024 and at 31 December 2023 were as follows:

	Note	Group	
		2024 RM'000	2023 RM'000
Total borrowings	16	59,255	10,439
Lease liabilities		19,675	6,899
Less: Cash and cash equivalents	14	(976,128)	(1,271,323)
Net cash position		(897,198)	(1,253,985)
Total equity		3,644,770	3,835,979
Debt-to-equity ratio		-.*	-.*

There was no change in the Group's approach to capital management during the financial year.

* Not presented as the Group is in net cash position.

30. CAPITAL AND OTHER COMMITMENTS

	Group	
	2024 RM'000	2023 RM'000
Property, plant and equipment		
Within one year:		
Contracted but not provided for	52,238	53,388

31. RELATED PARTIES**Significant related party transactions**

Related party transactions have been entered into in the normal course of business under negotiated trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 22), are shown below. The balances related to the below transactions are shown in Notes 11 and 17.

Notes to the Financial Statements (Cont'd)

31. RELATED PARTIES (CONT'D)

Significant related party transactions (cont'd)

	Transaction amounts for the year ended 31 December	
	2024 RM'000	2023 RM'000
Group		
Ultimate holding company		
<i>Kossan Holdings (M) Sdn. Bhd.</i>		
Rental expenses	(334)	(355)
<i>Kossan Chemical Industries (M) Sdn. Bhd.</i>		
Rental expenses	(2,592)	(2,241)
Purchase of land and building	(9,300)	-
<i>Hai Poh Marketing Sdn. Bhd.</i>		
Purchase of chemicals and processing services	(13,387)	-
<i>Kossan Paint (M) Sdn. Bhd.</i>		
Sales*	62	136
Purchase of paint, consumables and processing fees	(1,566)	(1,668)
<i>Pan Asian Corporation Sdn. Bhd.</i>		
Rental expenses	(987)	(823)
<i>Chemtube (M) Sdn. Bhd.</i>		
Sales*	17	16
Upkeep of plant and machinery	(8,315)	(3,178)
<i>KJR Hi-Tech Sdn. Bhd.</i>		
Sales*	1	-
Companies in which certain Directors have financial interests		
<i>Gemilang Jaya Sdn. Bhd.</i>		
Upkeep of plant and machinery	(467)	-
<i>HT Ceramics (M) Sdn. Bhd.</i>		
Sales*	-	6
Purchase of formers	(10,504)	(6,562)
<i>Kossan F.R.P. Industries (M) Sdn. Bhd.</i>		
Sales*	1	14
Upkeep of plant and machinery	(561)	(59)
<i>Kossan Adhesive (M) Sdn. Bhd.</i>		
Sales*	14	15

Notes to the Financial Statements (Cont'd)

31. RELATED PARTIES (CONT'D)

Significant related party transactions (cont'd)

	Transaction amounts for the year ended 31 December	
	2024 RM'000	2023 RM'000
Company		
Subsidiaries		
<i>Kossan Engineering (M) Sdn. Bhd.</i>		
Engineering service	(20)	-
<i>Doshin Rubber Products (M) Sdn. Bhd.</i>		
Dividend income	58,500	-
<i>Kossan Latex Industries (M) Sdn. Bhd.</i>		
Intra-group transfer of property, plant and equipment	-	76
<i>Perusahaan Getah Asas Sdn. Bhd.</i>		
Rental income	207	235
Sale of land and buildings	8,700	-
Intra-group transfer of property, plant and equipment	-	64
<i>Wear Safe (Malaysia) Sdn. Bhd.</i>		
Intra-group transfer of property, plant and equipment	-	89
<i>Ideal Quality Sdn. Bhd.</i>		
Intra-group transfer of property, plant and equipment	-	725
<i>Kossan International Sdn. Bhd.</i>		
Intra-group transfer of property, plant and equipment	-	4,594
<i>Kossan Trading Sdn. Bhd.</i>		
Intra-group transfer of property, plant and equipment	-	114
<i>Kossan Industries Sdn. Bhd.</i>		
Rental income	726	726
<i>Cleanera HK Limited</i>		
Dividend income	1,120	-
<i>Premium Medical Products Sdn. Bhd.</i>		
Interest income	5,393	4,793
<i>Kossan Security Services Sdn. Bhd.</i>		
Security charges	-	(91)
<i>Kossan Ceramics Sdn. Bhd.</i>		
Interest income	670	609

Notes to the Financial Statements (Cont'd)

31. RELATED PARTIES (CONT'D)**Significant related party transactions (cont'd)**

	Transaction amounts for the year ended 31 December	
	2024 RM'000	2023 RM'000
Company		
Subsidiaries (cont'd)		
<i>Kossan Management Services Sdn. Bhd.</i>		
Rental income	1,027	342
Maintenance fee	(259)	-
Management fee expense	(1,167)	(834)

* There are no allowances for impairment loss being provided in respect of the related companies and related parties balances outstanding at year end and no impairment loss made during the year.

32. SUBSEQUENT EVENT

On 20 February 2025, the Board of Directors of the Company proposed for the winding up of Kossan Security Services Sdn. Bhd. and Aseptapak Sdn. Bhd., both wholly-owned subsidiaries, that had remained dormant since cessation of operations with no plans to resume business activities. The winding up process is expected to commence within the next financial year.

Kossan Rubber Industries Bhd. and its subsidiaries

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 63 to 128 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

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

.....
Tan Sri Dato' Lim Kuang Sia
Director

.....
Tan Kong Chang
Director

Klang, Selangor Darul Ehsan

Date: 16 April 2025

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Lee Hon Chee**, the officer primarily responsible for the financial management of Kossan Rubber Industries Bhd., do solemnly and sincerely declare that the financial statements set out on pages 63 to 128 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Lee Hon Chee, MIA CA6481, at Klang in the State of Selangor Darul Ehsan on 16 April 2025.

.....
Lee Hon Chee

Before me:

Commissioner for Oaths
Selangor Darul Ehsan

Independent Auditors' Report

to the Members of Kossan Rubber Industries Bhd.

(Registration No. 197901003918 (48166-W))

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kossan Rubber Industries Bhd., which comprise the statements of financial position as at 31 December 2024 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 year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 63 to 128.

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 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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.

Independent Auditors' Report (Cont'd)

to the Members of Kossan Rubber Industries Bhd.

(Registration No. 197901003918 (48166-W))

(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Impairment of plant and equipment	
Refer to Note 3 – Property, plant and equipment.	
The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the total carrying amount of plant and machinery of the Group amounted to RM303 million. There were indications of impairment on certain plant and machinery due to global oversupply of rubber gloves and overcapacity which resulted in low plant utilisation. The operations of the certain plant and machinery were temporarily ceased for upgrading works to improve efficiency. The Group has determined the recoverable amount of those plant and machinery based on value-in-use which is calculated using the cash flow projections. The cash flow projections involve significant management estimation and judgement on the assumptions on projected revenue, profit margins, plant utilisation rate and discount rate.	We performed the following audit procedures, among others: • We evaluated management's impairment assessment model against the requirements of the relevant accounting standard. • We challenged the Group's key assumptions used such as projected revenue, profit margins, plant utilisation and discount rates by comparing them to available external and internal sources of information. • Assessed the sensitivity of key assumptions to fluctuations to understand the impact of their reasonable changes to the recoverable amounts. • We considered the adequacy of the Group's disclosure on the key assumptions used.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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 MFRS Accounting Standards, 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.

Independent Auditors' Report (Cont'd)

to the Members of Kossan Rubber Industries Bhd.

(Registration No. 197901003918 (48166-W))

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or 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.
- 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 gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report (Cont'd)

to the Members of Kossan Rubber Industries Bhd.

(Registration No. 197901003918 (48166-W))

(Incorporated in Malaysia)

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 auditors' 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 8 to the financial statements.

Other Matter

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Malaysia

Date: 16 April 2025

Chan Chee Keong
Approval Number: 03175/04/2025 J
Chartered Accountant

Section 7: OTHER INFORMATION

List of Top 10 Properties

as at 31 December 2024

	Location	Description	Date of Acquisition/ Valuation*	Age of Building	Land Area	Tenure	Existing Use	Net Book Value 2024 RM'000
1	HS(D) 166440, PT 85115, Mukim Kapar, Daerah Klang	Industrial land	07/05/2024	-	28.732 hectares	Freehold	-	167,737
2	HS(D) 264386, PT 26537, Mukim Bukit Raja, Daerah Petaling, Negeri Selangor	Commercial land Office complex	05/02/2016	- 1 yr	2.5 acres	Freehold	- Office	42,638 102,961
3	HSD 24213 and HSD 24212, PT 10477 and PT 10478, Mukim Bidor, Batang Padang, Perak	Commercial land and Industrial land Building	12/03/2018	- n/a	824.11 acres	Leasehold 99 years expire 22/11/2114	- Under Construction	96,288 37,018
4	Geran 52935, Lot 6103, Mukim Kapar, Daerah Klang, Negeri Selangor	Industrial land Factory	12/12/2014	- 6 yrs	5.3292 hectares	Freehold	- Factory and office	40,611 42,281
5	GRN 52936 Lot 6104; GRN 52937 Lot 6106; GRN 52939 Lot 6108, Mukim Kapar, Daerah Klang, Negeri Selangor	Industrial land Factory	10/06/2013	- 4 yrs	12.766 acres	Freehold	- Factory and office	21,506 53,687
6	Geran 45731, Lot 6074, Mukim Kapar, Daerah Klang, Negeri Selangor	Industrial land Factory Factory	06/07/2020	- 22-25 yrs n/a	4.0494 hectares	Freehold	- Factory and office Under Construction	29,395 11,217 26,207
7	Geran 45732, Lot 6075, Mukim Kapar, Daerah Klang, Negeri Selangor	Industrial land Factory	28/02/2014	- 6 yrs	10 acres (3.7492 hectares)	Freehold	- Factory and office	20,191 31,003
8	Geran 45715, Lot 6130, Jln Meru, 41050 Klang, Negeri Selangor	Industrial land Factory	01/01/2011*	- 16 yrs	4.0519 hectares	Freehold	- Factory	15,603 25,224
9	HSD 283117, PT 7414, Mukim Bestari Jaya, Daerah Kuala Selangor, Negeri Selangor	Industrial land	18/03/2014	-	56 acres (226,620 sq.mtr)	Freehold	-	36,589
10	Geran 173929, Lot 63616, (formerly HSD 116841, PT 54924), Mukim Kapar, Daerah Klang, Negeri Selangor	Industrial land Factory and Office Plant A Plant B Plant C	01/01/2011*	- 14 yrs 13 yrs 7 yrs	4.544 hectares	Freehold	- Factory and office	6,800 13,985 5,272 10,963

Additional Compliance Information

(a) Utilisation of Proceeds

The Company did not implement any fund-raising exercise.

(b) Material Contracts

Save as disclosed, the Company and its subsidiaries did not have any material contracts involving directors' and major shareholders' interests either still subsisting at the end of the financial year or, if not subsisting, entered into since the end of the previous financial year.

(c) Conflict of Interest

Saved as disclosed, none of the Directors have any family relationships with other Directors and/or major shareholders of the Company or have any personal interest in any business arrangements involving the Company.

(d) Audit and Non-Audit Fees

The audit fees paid or payable by the Group and the Company to the external auditors, KPMG PLT, amounted to RM629,050 and RM62,400, respectively.

The non-audit fees paid or payable by the Group and the Company for services rendered by the external auditors, KPMG PLT, and firms affiliated to the external auditors amounted to RM230,100 and RM15,100 respectively.

(e) Variation in Results

There was no material variance between the result for the financial year and the unaudited results previously announced by the Company.

Section 7: OTHER INFORMATION

Statistics on Shareholdings

As at 7 April 2025

Total number of issued shares : 2,557,871,616
 Class of shares : Ordinary share
 Number of shareholders : 27,298
 Voting right : 1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	428	1.57	4,721	0.00 ¹
100 - 1,000	6,664	24.41	4,542,993	0.18
1,001 - 10,000	14,243	52.18	62,676,145	2.46
10,001 - 100,000	5,060	18.54	153,649,565	6.04
100,001 to less than 5% of issued shares	902	3.30	1,429,032,872	56.20
5% and above of issued shares	1	0.00 ¹	893,068,320	35.12
Total	27,298	100.00	2,542,974,616*	100.00

* Exclusive of 14,897,000 treasury shares

¹ Negligible

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares			
		Direct Interest	%	Indirect Interest	%
1	Tan Sri Dato' Lim Kuang Sia	70,238,904	2.76	896,246,304 ²	35.24
2	Tan Kong Chang	50,000,000	1.97	350,000 ³	0.01
3	Lim Siau Tian	5,000,000	0.20	637,900 ³	0.03
4	Lim Siau Hing	-	-	-	-
5	Lim Ooi Chow	-	-	-	-
6	Lee Choo Hock	-	-	-	-
7	Hoh Kim Hyan	-	-	-	-
8	Mohamed Shafeii Bin Abdul Gaffoor	-	-	-	-
9	Sharon Shanthly a/p Dorairaj	-	-	-	-

² through holding company and spouse³ through spouse

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares			
		Direct Interest	%	Indirect Interest	%
1	Kossan Holdings (M) Sdn. Bhd.	893,068,320	35.12	-	-
2	Employees Provident Fund Board	147,275,300 ⁴	5.79	-	-
3	Aberdeen Group plc (formerly known as abrdn plc)	-	-	143,789,900 ⁵	5.65
4	abrdn Holdings Limited	-	-	143,789,900 ⁵	5.65
5	abrdn Malaysia Sdn. Bhd.	-	-	141,816,800 ⁵	5.58

⁴ This is an aggregation of securities from different securities accounts belonging to the same Registered Holder⁵ through its subsidiaries

Statistics on Shareholdings (Cont'd)

As at 7 April 2025

TOP 30 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	KOSSAN HOLDINGS (M) SDN. BHD.	893,068,320	35.12
2	LIM KUANG SIA	70,238,904	2.76
3	LIM KUANG WANG	65,570,000	2.58
4	LIM LENG BUNG	64,328,900	2.53
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	54,198,700	2.13
6	TAN KONG CHANG	50,000,000	1.97
7	LIM KUANG YONG	44,140,500	1.74
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	42,888,000	1.69
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	41,129,500	1.62
10	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	34,642,540	1.36
11	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	34,273,100	1.35
12	TIAN SENN RESOURCES SDN BHD	32,000,000	1.26
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	25,750,000	1.01
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	24,180,000	0.95
15	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	21,281,386	0.84
16	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	19,659,200	0.77
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)	19,194,100	0.75
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	18,997,700	0.75
19	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	18,251,300	0.72
20	LIM WOI KOK	15,905,000	0.63

Section 7: OTHER INFORMATION**Statistics on Shareholdings (Cont'd)**

As at 7 April 2025

TOP 30 SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
21	LIM SEOW KIANG	15,805,000	0.62
22	LIM SIEW BING	15,805,000	0.62
23	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	15,695,500	0.62
24	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	15,021,700	0.59
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	13,795,500	0.54
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (ABERDEEN 2)	12,187,450	0.48
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABDN EQ ABSR FD)	11,619,100	0.46
28	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	11,163,300	0.44
29	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	10,775,061	0.42
30	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND	10,775,061	0.42
TOTAL		1,722,314,761	67.73

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 45th Annual General Meeting ("AGM") of Kossan Rubber Industries Bhd. ("Company") will be held at Ballroom 1, Ground Floor, Setia City Convention Centre, 1 Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 29 May 2025 at 10.30 a.m. for the purpose of considering and if thought fit, passing the resolutions, as ordinary resolutions, set out in this notice.

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon.
2. To approve the proposed payment of Directors' fees of up to RM670,000 for the financial year ending 31 December 2025 (2024: RM670,000). **(Resolution 1)**
3. To re-elect the following Directors who are retiring by rotation pursuant to Article 86 of the Company's Constitution and who, being eligible, have offered themselves for re-election:
 - (a) Mr. Tan Kong Chang **(Resolution 2)**
 - (b) Mr. Lim Ooi Chow **(Resolution 3)**
 - (c) Mdm. Hoh Kim Hyan **(Resolution 4)**
4. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2025 and to authorise the Directors to fix their remuneration. **(Resolution 5)**

SPECIAL BUSINESS

5. **Proposed Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** **(Resolution 6)**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares so issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) as at the date of this Annual General Meeting ("AGM");

THAT pursuant to Section 85 of the Companies Act 2016, read together with Article 52 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016;

THAT the Directors be and are also empowered to obtain from Bursa Malaysia Securities Berhad ("Exchange") the approval for the listing of and quotation for the additional shares so issued on the Exchange;

AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

Notice of Annual General Meeting (Cont'd)

SPECIAL BUSINESS (CONT'D)**6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 7)**

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of shareholders' mandate for the Company and/or its subsidiaries ("KOSSAN Group") to enter into recurrent related party transactions of a revenue or trading nature with the related party ("Proposed Mandate for RRPT"), which are necessary for the day-to-day operations of the KOSSAN Group, provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Section 2.5 of the Document to shareholders of the Company dated 29 April 2025;

THAT such approval conferred by the shareholders' mandate shall continue to be in force until:-

- (a) the conclusion of the next annual general meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at such general meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier;

AND THAT the Directors of the Company or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Company's Constitution, as may be required) as they may consider expedient or necessary to give effect to the Proposed Mandate for RRPT."

7. Proposed Renewal of Shareholders' Mandate on Share Buy-Back ("Proposed Share Buy-Back") (Resolution 8)

"THAT subject to the Companies Act 2016 ("Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Company's Constitution and other relevant statutory and/or regulatory requirements, the Company be and is hereby authorised to utilise an amount not exceeding the retained profits of the Company to purchase such number of ordinary shares in the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the ordinary shares so purchased pursuant to this resolution shall in aggregate with the treasury shares as defined under Section 127 of the Act ("Treasury Shares"), if any, then still held by the Company did not exceed 10% of the total issued and paid-up share capital of the Company;

THAT such authority shall commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company unless earlier revoked or varied by a resolution of the shareholders of the Company at a general meeting;

Notice of Annual General Meeting (Cont'd)

SPECIAL BUSINESS (CONT'D)

7. **Proposed Renewal of Shareholders' Mandate on Share Buy-Back ("Proposed Share Buy-Back") (cont'd)**

AND THAT the Directors be and are hereby authorised to either cancel the shares so purchased, retain as Treasury Shares, distribute as share dividend, sell, transfer and/or deal in any other manner they deem fit and expedient in the best interest of the Company and in accordance with the Act, the Listing Requirements, the Company's Constitution and other relevant statutory and/or regulatory requirements for the time being in force."

8. To transact any other business of which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD
KOSSAN RUBBER INDUSTRIES BHD.

CHIA ONG LEONG (SSM P.C. No. 201908000832, MIA 4797)
CHIA YEW NGO (SSM P.C. No. 202008000487, LS 0001831)
Company Secretaries

Klang, Selangor Darul Ehsan
29 April 2025

NOTES

1. Proxy

- 1.1 A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- 1.2 Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- 1.3 Only members whose names appear in the Record of Depositors as at 21 May 2025 shall be entitled to participate and vote at the AGM or appoint a proxy(ies) to participate and vote in his/her stead.
- 1.4 A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one (1) proxy in respect of each securities account. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 1.5 The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney duly authorised in writing and in the case of a corporation, be executed under its common seal or the hand of the attorney duly authorised.
- 1.6 The instrument appointing a proxy must be deposited at the office of the share registrar, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, 5 Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or via electronic means through the Boardroom Smart Investor Online Portal at <https://www.boardroomlimited.my/> not less than 24 hours before the time of the meeting and any adjournment thereof. Please refer to the Administrative Details for further information on electronic submission.

Notice of Annual General Meeting (Cont'd)

EXPLANATORY NOTES

2. Receiving of the Audited Financial Statements for Financial Year Ended 31 December 2024

- 2.1 Item 1 of the agenda is intended for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this item is not put forward for voting.

3. Ordinary Resolution 1: Non-Executive Directors' ("NEDs") Remuneration

- 3.1 Section 230 (1) of the Companies Act 2016 provides, amongst others, that the fee of a director and any benefits to a director of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that approval of the shareholders be sought for the payments of Directors' fees to the NEDs.
- 3.2 Ordinary Resolution 1 refers to the payment of Directors' fees of up to RM670,000 for the financial year ending 31 December 2025 (2024: RM670,000). The amount has been estimated based on the Directors' fees of the preceding year approved by the shareholders of the Company.
- 3.3 The actual payment of Directors' fees for the financial year 2024 was RM590,000 (2023: RM590,000).
- 3.4 This resolution, if passed, will facilitate the payment of Directors' fees on a current financial year basis. The Board is of the view that it is just and equitable for Directors' fees to be paid upon the discharge of their responsibilities and services to the Company.
- 3.5 Any NED who is a shareholder of the Company will abstain from voting on Ordinary Resolution 1 at the 45th AGM.

4. Ordinary Resolutions 2 to 4: Re-election of Directors who retire in accordance with Article 86 of the Company's Constitution

- 4.1 Article 86 of the Company's Constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company and be eligible for re-election. Hence, three (3) Directors are to retire at the 45th AGM in accordance with Article 86 of the Company's Constitution.
- 4.2 For the purpose of determining the eligibility of the retiring Directors to stand for re-election at the 45th AGM, the Board through the Nominating Committee ("NC") had assessed each of the retiring Director, taking into account the following:-
- (a) The outcome of the Board Effectiveness Evaluation 2024;
 - (b) The Director's performance and contribution to the Board;
 - (c) The independence demonstrated by the independent director; and
 - (d) The Director's character, integrity, experience, competence and time commitment based on the criteria set out in the Directors' Fit and Proper Policy.
- 4.3 Based on the assessments, each individual Director met the performance criteria required of an effective Board. The Board thus supported the NC's recommendations that the retiring Directors are eligible to stand for re-election. All retiring directors, being eligible, have offered themselves for re-election at the 45th AGM. The profiles of the retiring directors are set out in the Profile of the Board of Directors in this Integrated Annual Report.
- 4.4 Each of the retiring Directors abstained at the Board deliberations and decisions regarding his/her own eligibility to stand for re-election.
- 4.5 Any retiring Director referred to in Ordinary Resolutions 2 to 4, who is a shareholder of the Company, will abstain from voting on the resolution in respect of his/her re-election at the 45th AGM.
- 4.6 Mr. Lee Choo Hock having served as an Independent Non-Executive Director of the Company would reach his twelfth-year on 25 August 2025. In this regard, Mr. Lee has indicated that he will not stand for re-election and will be retiring from the Board upon the conclusion of the AGM.

Notice of Annual General Meeting (Cont'd)

EXPLANATORY NOTES (CONT'D)

5. Ordinary Resolution 5: Re-appointment of Auditors

- 5.1 The Audit Committee ("AC") at its meeting held on 20 February 2025 undertook an annual assessment of the suitability and independence of the external auditors, KPMG PLT. In the assessment, the AC considered the audit scope, performance and independence of the external auditors.
- 5.2 The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at the private meetings, which demonstrated their independence, objectivity and professionalism.
- 5.3 The AC, in its review, also satisfied with the suitability of KPMG PLT based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied in its review that the provisions of non-audit services by KPMG PLT and its affiliates to the Company for financial year 2024 did not in any way impair their objectivity and independence as external auditors of the Company.
- 5.4 The Board at its meeting held on 20 February 2025 supported the AC's recommendation on the re-appointment of KPMG PLT as the external auditors of the Company for the financial year 2025 at the 45th AGM, subject to the approval of the shareholders under Ordinary Resolution 5.

Special Business

6. Ordinary Resolution 6: Proposed Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

- 6.1 The proposed Ordinary Resolution 6, if passed, will empower the Directors from the conclusion of this AGM to the next AGM, to allot and issue up to a maximum of 10% of the issued share capital of the Company (excluding treasury shares) at the time of issue for such purposes as they consider would be in the best interest of the Company.
- 6.2 Ordinary Resolution 6 also includes a waiver of the statutory pre-emptive rights of shareholders which will enable the Company to issue new shares, which rank equally to existing issued shares, without having to offer such new shares to the existing shareholders of the Company in proportion of their shareholdings from the issuance of the new shares under this mandate.
- 6.3 This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. This authority will provide flexibility to the Company for any possible fund-raising exercise, including but not limited to placement of shares for purpose of funding investment projects, working capital and/or acquisition.
- 6.4 This is a renewal of the general mandate for the issue of new ordinary shares in the Company which was approved at the last AGM. The Company did not issue any new shares under the previous mandate.
- 6.5 At this juncture, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and/or utilisation of proceeds arising from such an issue of shares.

7. Ordinary Resolution 7: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposal")

- 7.1 The proposed Ordinary Resolution 7 is to seek shareholders' approval on the recurrent related party transactions ("RRPT") entered or to be entered into by the Group and the related parties in the ordinary course of business. These are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and may arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions and it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPT.

Notice of Annual General Meeting (Cont'd)

EXPLANATORY NOTES (CONT'D)

Special Business (cont'd)

7. Ordinary Resolution 7: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposal") (cont'd)

- 7.2 By obtaining the shareholders' mandates on the renewal of RRPT on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent RPT occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objective of the Group or adversely affecting the business opportunities available to the Group.
- 7.3 As such, the Board is seeking the renewal of shareholders' mandate pursuant to Part E, Paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad for the RRPT to allow the Group to enter into such transactions, made at arm's length and on normal commercial terms, not more favourable to the related parties than those generally available to the public and which will not be to the detriment of the minority shareholders of the Company. Further details on the Proposal are set out in Part A of the Document to shareholders of the Company dated 29 April 2025.

8. Ordinary Resolution 8: Proposed Renewal of Share Buy-Back Authority

- 8.1 The proposed Ordinary Resolution 8, if passed, will empower the Directors to purchase the Company's shares of up to a maximum of 10% of the issued share capital of the Company by utilising funds allocated out of retained profits of the Company. The 10% limit shall be the aggregate of current shares purchased and existing Treasury Shares. Further details on the Proposed Renewal of Share Buy-Back Authority are set out in Part B of the Document to shareholders of the Company dated 29 April 2025.

STATEMENT ACCOMPANYING THE NOTICE OF AGM

No individual is seeking election as a Director at this AGM.

Details of the Directors who are standing for re-election at this AGM are set out in the Profile of the Board of Directors on pages 36 to 40 of this Integrated Annual Report.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands losses and damages as a result of the member's breach of warranty.



STRETCHING LIMITS • SINCE 1979

KOSSAN RUBBER INDUSTRIES BHD.
Company No. 197901003918 (48166-W)
(Incorporated in Malaysia)

No. of Shares held

CDS Account No.

PROXY FORM

I/We _____
(FULL NAME IN CAPITALS)

of _____
(ADDRESS)

being a member of **KOSSAN RUBBER INDUSTRIES BHD.** ("the Company") hereby appoint:

Full Name (in Capitals)	NRIC/Passport No.	No. of Shares	%
Address			

And

Full Name (in Capitals)	NRIC/Passport No.	No. of Shares	%
Address			

or failing him/her THE CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf, at the 45th Annual General Meeting of the Company to be held at Ballroom 1, Ground Floor, Setia City Convention Centre, 1 Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 29 May 2025 at 10.30 a.m. or at any adjournment thereof, in the manner indicated below:

AGENDA		First		Second	
		Proxy A		Proxy B	
		FOR	AGAINST	FOR	AGAINST
AS ORDINARY BUSINESS:					
Ordinary Resolution 1	To approve the payment of Directors' fees of up to RM670,000 for the financial year ending 31 December 2025.				
Ordinary Resolution 2	To re-elect Tan Kong Chang retiring by rotation pursuant to Article 86 of the Company's Constitution.				
Ordinary Resolution 3	To re-elect Lim Ooi Chow retiring by rotation pursuant to Article 86 of the Company's Constitution.				
Ordinary Resolution 4	To re-elect Hoh Kim Hyan retiring by rotation pursuant to Article 86 of the Company's Constitution.				
Ordinary Resolution 5	To re-appoint KPMG PLT as auditors of the Company and to authorise the Directors to fix their remuneration.				
AS SPECIAL BUSINESS:					
Ordinary Resolution 6	To approve the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.				
Ordinary Resolution 7	To approve the renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.				
Ordinary Resolution 8	To approve the renewal of shareholders' mandate for share buy-back.				

Please indicate with an "X" on the spaces provided on how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain from voting at his/her discretion.

Dated this _____ day of _____ 2025.

Signature of Member(s)/Common Seal

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Notes:

- (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- (ii) Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- (iii) Only members whose names appear in the Record of Depositors as at 21 May 2025 shall be entitled to participate and vote at the AGM or appoint a proxy(ies) to participate and vote in his/her stead.
- (iv) A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one (1) proxy in respect of each securities account. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (v) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney duly authorised in writing and in the case of a corporation, be executed under its common seal or the hand of the attorney duly authorised.
- (vi) The instrument appointing a proxy must be deposited at the office of the share registrar, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, 5 Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or via electronic means through the Boardroom Smart Investor Online Portal at <https://www.boardroomlimited.my/> not less than 24 hours before the time of the meeting and any adjournment thereof. Please refer to the Administrative Details for further information on electronic submission.

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AFFIX
STAMP

The Share Registrar,

KOSSAN RUBBER INDUSTRIES BHD.
C/O BOARDROOM SHARE REGISTRARS SDN. BHD.
11th Floor Menara Symphony
5 Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7890 4700
Fax : 03-7890 4670
Website : <https://www.boardroomlimited.com/my>

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KOSSAN RUBBER INDUSTRIES BHD.

Company No.: 197901003918 (48166-W)



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