

RISK ASSESSMENT CHECKLIST

Date : 02-10-2023
A/A No. : FP/Sep23/316

Originator : Ivan Wiu
Lead : -

1. Client Information

- (a) Name: GIIB Rubber Compound Sdn. Bhd. (“**GIIB RUBBER**”)
- (b) Business Registration No: 198501014767 (147222 - D)
- (c) Incorporation Date: 9 November 1985
- (d) Paid-up Capital: RM 12,458,482.00 as of 30 June 2022
- (e) Total Equity/Net Asset: -RM22,735,763.00 as of 30 June 2022
- (f) Current Ratio (times): 0.23 as of 30 June 2022
- (g) Management Team :-

#	Name	Designation	Experience
(i)	Mr. Tai Qisheng	Managing Director	15 years
(ii)	Ms. Alison Wong	Executive Director	15 years
(iii)	Mr. Rajamanikam	General Manager Operations	12 years
(iv)	Mr. Albert Ngok	Head of Sales	10 years
(v)	Ms. Parameshwari	Finance Manager	10 years
(vi)	Ms Wong Kuan Yin	Treasury	10 years

2. Financial Statements of GIIB Rubber Compound Sdn. Bhd. (Information obtained from AFS 2022)

Financial Year End	30 Jun 2022	31 Dec 2020
Profit & Loss		
Revenue	49,659,114.00	24,883,802.00
Profit / (Loss) Before Tax (PBT)	5,485,439.00	-65,196,508.00
Profit / (Loss) After Tax (PAT)	6,357,439.00	-63,536,613.00
Balance Sheet		
Non-Current Assets	35,577,804.00	38,452,720.00
Current Assets	15,663,871.00	17,909,985.00
Total Assets	51,241,675.00	56,362,705.00
Paid Up Capital	12,458,482.00	12,458,482.00
Accumulated Profit Carried Forward	-50,553,623.00	-56,911,062.00
Total Equity	-22,735,763.00	-29,093,202.00
Non-Current Liabilities	5,156,469.00	13,169,251.00
Current Liabilities	68,820,969.00	72,286,656.00
Total Liabilities	73,977,438.00	85,455,907.00
Total Equity & Liabilities	51,241,675.00	56,362,705.00

3. Experian & CTOS Credit Check: [Satisfactory/Non-Satisfactory]

Date of report: 02-10-2023

(a)	#	Name	Description	Status	Comments
	(i)	GIIB Rubber Compound Sdn. Bhd.	Applicant	Summons	There are adverse remarks. Refer Item 2c
	(ii)	Tai Boon Wee*	Personal Guarantor	Summons	There are adverse remarks. Refer Item 2c
	(iii)	Wong Ping Kiong*	Personal Guarantor	No record	No adverse remarks
	(iv)	GIIB Holdings Berhad	Corporate Guarantor	No record	No adverse remarks

***Note:** The Directors of the Company have been changed and are reflected in the SSM report as of September 2023. In view of all the new directors listed in SSM search are merely nominee directors, RM proposes **Personal Guarantors** by the formal director and founder of GIIB from its inception (**Tai Boon Wee and Wong Ping Kiong**), which have higher credibility level. Additionally, both Personal Guarantors are the directors of GIIB Holdings Berhad, the parent company of GIIB Rubber Compound Sdn. Bhd., and a publicly listed company in Malaysia.

(v) Companies Registry's Cyber Search Centre (Hong Kong) Details

Name	Description	Status	Company Registration No.	Comments
Kowloon Motor Bus Company (1933) Limited	Contract Awarder	Active	0001168	No adverse remarks

(vi) Australian Securities & Investments Commission (ASIC) Details

Name	Description	Status	ACN Code	Comments
Black Rubber Pty Ltd	Contract Awarder	Active	162 283 427	No adverse remarks

(vii) New Zealand Companies Register Details

Name	Description	Status	NZBN Code	Comments
Carters Tyre Service Limited	Contract Awarder	Active	9429036734580	No adverse remarks

(b) Unsatisfied Charges

- Based on the SSM report, there are **13 unsatisfied charges** against the Company. The details of the unsatisfied charges are attached as **Appendix A**.

(c) Status of Applicant - Legal Suits:

Based on Experian & CTOS search, the Applicant and Guarantor (Tai Boon Wee) has a legal suit as defendant. However, all legal cases have been settled. The details are tabulated as below: -

(i) GIIB Rubber Compound Sdn. Bhd. as Defendants

No	Plaintiff	Case No	Case Status	Remarks	Outstanding Amount (RM)
1.	Super Press Printing Sdn Bhd	NA-A72NCVC-335-07-2023	Settled	The Plaintiff demands an amount of RM16,285 due to the failure to pay the debt for the goods sold. However, the Applicant has paid the said amount on 6/9/2023. The settlement letter from Chambers of Atika & Partners is attached.	-
2.	Weld Safety Industrial Supply Sdn Bhd	NA-A72NCC-65-02-2023	Withdraw	The Plaintiff has withdrawn the case with liberty to file afresh. The settlement letter from Nor Affiza & Co dated 6/3/2023 and the statement of account is attached.	-

(i) Tai Boon Wee as Defendants

No	Plaintiff	Case No	Case Status	Remarks	Outstanding Amount (RM)
1.	Employees Provident Fund Board (EPF Board)	BKI-A52NCVC-126/11-2021	Settled	The EPF board (Plaintiff) has agreed on the settlement payment amount submitted by Tai Boon Wee (Defendant) regarding outstanding EPF contribution claims. Therefore, the Plaintiff has terminated the prohibition judgment preventing the Defendant from leaving the country.	-
2.	Yee Voon Hon (NRIC: 840712-14-5905)	BA-22NCvC-140-04/2022	Dismissal with prejudice	The Plaintiff is granted to withdraw or dismiss the case without freedom to file again.	-

(ii) All supporting documents and payment proofs are attached as **Appendix B.**

4. Project Information

#	Customer	Job Description	Duration	Contract	
				Amount	Period (Months)
1.	Kowloon Motor Bus Company (1933) Limited (KMB)	To Supply bus spare parts - Cushion Gum, Cement Solution, and Tread Rubber PO No.: L272235	17-May-2023 to 31-Dec-2024	USD 1,669,974.50 *RM7,848,880.15 *** 1USD: RM4.7	19
2.	Black Rubber Pty Ltd (Black Rubber)	To Supply Rubber Part for Retreading Services in Perth and Sydney PO No.: 1236772 & 6081975	21-Jul-2023 to 31-Dec-2023	AUD130,383.12 *RM397,668.50 *** AUD: 3.05	5
3.	Carters Tyre Service Co Tire & Retreading Co Ltd. (Carters Tyre)	To Supply Rubber Part for Precured Tyre Tread PO No: 341562, 341563, 517562, 518679, 345072, 345073, 519241, 347703, 347706, 519980, 349850, 521551, 353745, 353746	9-May-2023 to 31-Dec-2023	AUD 1,045,997.78 *RM3,190,293.23*** AUD: 3.05	7
Estimated Total Contract Value in RM				RM11,436,841.88	

Note: The Purchase Orders (PO) from Contract Awardee are attached under **Appendix C**.

Assessment: -

(a) Kowloon Motor Bus Company (1933) Limited (KMB)

- 1) The nature of the PO is to supply bus spare parts such as cushion gum, cement solution, and tread rubber to KMB Overhaul Centre in Hong Kong.
- 2) The **total PO value** is USD 1,669,974.50, which is approximately equivalent to RM7,848,880.15.
- 3) The PO is structured as staggered claim, and the payment shall be remitted in USD.
- 4) The verification of the PO has been made by the Risk Team and Operations Team. KMB's PIC, Mr Wilson Cheung (Head of Procurement) has confirmed the genuinity and the validity of the PO via PDV. The Pre-Disbursement Verification Checklist (PDV) is attached under **Appendix D**.
- 5) Through the PDV conducted, the PIC has informed that the Applicant can choose to submit a Bank Guarantee to KMB or retention money (10% of the total amount of each invoice).
- 6) In view of Point (e) above, the margin of factoring shall be reduced up to 70% to cater the anticipated 10% of retention sums from each invoice raised.
- 7) The payment term by Contract Awardee is 45 days after the goods are received in Hong Kong.

(b) **Black Rubber Pty Ltd (Black Rubber)**

- 1) The nature of the PO is **one-off** supply of rubber parts for Michelin tyre retreading factories in Perth and Sydney, Australia.
- 2) There are 2 Purchase Orders (POs) with a value of **AUD130,383.12** which is equivalent to **RM397,668.50**. The details of PO(s) as tabulated below:

No	Purchase Order No	Total in AUD
1.	1236772	64,868.16
2.	6081975	65,514.96
		130,383.12

(c) **Carters Tyre Service Co Tire & Retreading Co Ltd. (Carters Tyre Service)**

- 1) The nature of the Proforma Invoice is to **supply** of rubber part for precured tyre tread as illustrated below: -



- 2) There are 14 Proforma Invoice with a value of **AUD1,045,997.78** as follows:

No	Proforma Invoice No.	Order Date	Total in AUD
1	341562	09/05/2023	82,140.88
2	341563	09/05/2023	81,450.96
3	517562	09/05/2023	75,763.42
4	518679	02/06/2023	71,008.60
5	345072	07/06/2023	67,926.04
6	345073	07/06/2023	76,148.40

7	519241	24/07/2023	77,310.24
8	347703	04/07/2023	70,236.60
9	347706	04/07/2023	75,652.84
10	519980	24/07/2023	81,681.58
11	349850	01/08/2023	72,077.68
12	521551	22/08/2023	79,452.28
13	353745	07/09/2023	69,629.44
14	353746	07/09/2023	65,518.82
			1,045,997.78

3) Total amount for all Proforma Invoice is equivalent to RM3,190,293.23.

- (d) For **Black Rubber** and **Carters Tyre Service project**, the verification of the Purchase Orders is not able to be conducted due to the sensitivity issue and Contract Awarders' policy of no third-party communication.
- (e) However, we able to obtain the information via email from Mr. Brian Smith and Mr. James Gleeson which is the main liaison/contact for the Oceanic Region under agreement with GIIB Public listed Company Malaysia. The email correspondence from them is attached under **Appendix E**.

5. Site Visit

Assessment:

- (a) The Applicant is **GIIB Rubber Compound Sdn. Bhd.** (GIIB Rubber), a wholly owned subsidiary of GIIB Holdings Berhad.
- (i) GIIB Rubber is the leading Malaysian rubber compound manufacturer that specialises in producing high-quality rubber compounds for various industries in over 60 countries worldwide. They develop, manufacture, and market rubber and rubber-related compounds such as technical, retread, and tyre compounds, as well as tyre retreading services.
- (ii) GIIB Holdings Berhad which is a Corporate Guarantee for this facility, holds the status of a public limited company and is enlisted on the Main Board of Bursa Malaysia Berhad.
- (iii) Site visit to the Applicant has been conducted by Ivan Wui and Ivanna Loh on 25 September 2023 at its factory address located at Lot PT 1654 & PT 1657, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan. - Site Visit Report by RM is attached as **Appendix F**.

- (b) Waiver of site visit to the Contract Awarders based on the below justifications: -

1) Kowloon Motor Bus Company (1933) Limited (KMB)

- (i) KMB is based in Hong Kong and was established in 1933 and a subsidiary of Transport International Holdings Limited, which is the leading public transport operator in Hong Kong and China Mainland.
- (ii) KMB is the largest franchised bus operator in Hong Kong, serving more than 2.8 million passenger-trips each day on its fleet of around 4,100 buses.
- (iii) As of 31 December 2021, KMB provided franchised public bus services with 423 routes covering Kowloon, the New Territories, and Hong Kong Island.
- (iv) They have a high-quality service on a fleet of around 4,000 buses operating with 423 routes covering Kowloon, the New Territories, and Hong Kong Island.
- (v) The official website: www.kmb.hk



Photo: Kowloon Bus

2) Black Rubber Pty Ltd (Black Rubber)

- (i) Black Rubber is based in Australia and a specialized company that focuses on providing tyre supply and service solutions for various industries, including transport, industrial, mining, and resource sectors, as well as the passenger car market.
- (ii) They offer efficient and safe tyre management services and are specifically accredited as an approved Michelin Service Centre, indicating their expertise in handling Michelin tyres and related services on behalf of Michelin Australia.

- (iii) Black Rubber has a long-standing relationship with Michelin Australia, a subsidiary of Michelin Group which is the world's largest tyre manufacturer.
- (iv) Black Rubber operates retail fleet tyre management centres and retread factories in Perth and Sydney, along with another retread factory in Brisbane. More than 60% of Black Rubber's revenue comes from selling truck, bus and agricultural tyres to commercial fleets and other B2B customers.
- (v) The official website: www.black-rubber.net.au

3) Carters Tyre Service Co Tire & Retreading Co Ltd. (Carters Tyre Service)

- (i) Carters Tyre Service is based in New Zealand and was established over 35 years ago and the best specialist tyre business in New Zealand with over 45 stores nationwide.
 - (ii) Carter's supplies a range of commercial products and tyre management solutions for truck and bus fleets as well as off-the-road and agribusiness vehicles. It has achieved a leading market position by remaining focused on these segments of the tyre market.
 - (iii) The company owned and operated an in-house retread plant, and their mission was committed to manufacturing quality-controlled retreads using high tech New Tyre compounds.
 - (iv) As of January 2022, Australia-headquartered tyre wholesaler National Tyre & Wheel Limited (NTAW) has completed its acquisition of Carters Tyre Service Limited, C.O. Tire & Retreading Co. Limited and Tyre Distributors New Zealand Limited (Carters). The acquisition was made through its wholly owned subsidiary, NTAW Holdings (NZ) Limited.
 - (v) The official website: www.carterstyres.co.nz
- (c) For all contracts, the collection period is expected to be **60 days** upon invoice submission and the collection of the proceeds is through **EFT** to the RHB Bank Escrow account.
- (d) As part of the conditions before the disbursements being the invoice verification to identify if the invoice(s) raised is good for payments, an additional documents in relation to the delivery of the supplies are to be furnished together with the invoice(s). the list of trade documents is as below: -
- i. Invoices
 - ii. Packing List
 - iii. Delivery Order
 - iv. Bill of Lading

- (e) In addition to that, the representative from Ops shall be kept in the loop for all the email correspondence in relation to the orders and submission of the invoices to the contract awarders. This is as part of verification to indicate that the contract awarders have received and acknowledge the invoices raised to be processed further for factoring.

6. Analysis of GIB Rubber's Bank Statements for the past 6 months

(a) Bank Ending Balance (In RM)

CIMB Bank Berhad				
Months	Opening Balance (RM)	Ending Balance (RM)	Debit (RM)	Credit (RM)
Aug-23	251,287.77	382,933.36	6,181,654.51	6,313,300.10
Jul-23	276,605.99	251,287.77	5,159,785.81	5,134,467.59
Jun-23	622,353.28	276,605.99	4,276,338.16	3,930,590.87
May-23	713,885.46	622,353.28	4,198,569.72	4,107,037.54
Apr-23	655,434.11	713,885.46	3,170,493.32	3,228,944.67
Mar-23	944,897.93	655,434.11	2,991,689.05	2,702,225.23

(b) Related Party Transactions (In RM):

a. Transactions to Directors

Month	Nature of Transaction	Debit (RM)
Aug-23	Transaction to PG, Wong Ping Kiong	251,458.65
Jul-23	Transaction to PG, Wong Ping Kiong	50,000.00
Jun-23	Transaction to PG, Tai Boon Wee	80,611.44
	Transaction to PG, Wong Ping Kiong	60,855.40
May-23	Transaction to PG, Wong Ping Kiong	3,903.08
Apr-23	Transaction to PG, Tai Boon Wee	191,516.90
	Transaction to PG, Wong Ping Kiong	77,574.91
Mar-23	Transaction to PG, Tai Boon Wee	100,000.00
	Transaction to PG, Wong Ping Kiong	40,000.00

(c) Payment Track Record from Contract Awarders

	KMB (in RM)	Black Rubber (in RM)	Carters Tyre Service		TOTAL MYR
			(in AUD)	(in RM)	
Feb-23	309,617.35	-	63,600.16	187,620.47	560,837.98
Apr-23	-	262,051.61	-	-	262,051.61
May-23	-	-	197,229.56	585,771.79	783,001.35
Jul-23	-	-	298,171.84	909,424.11	1,207,595.95
TOTAL	309,617.35	262,051.61	559,001.56	1,682,816.37	2,813,486.89

Note:

- (1) Based on the payment track record, the payment from KMB and Black Rubber has been remitted to the Applicant's Ambank Account (A/C No: 0012022002165).
- (2) As for the payment from Carters Tyre Service, the payments have been remitted to the Applicant's Cimb Bank Account (A/C No: 80-0439989-2).
- (3) The bank statements for payment track record are attached under **Appendix G**.

7. Credit Support

- (a) **Factoring-i Agreement** between SAPMSB and GIIB Rubber.;
- (b) **Guarantee and indemnity** by

#	Name	Designation
(i)	Tai Boon Wee	Personal Guarantor
(ii)	Wong Ping Kiong	Personal Guarantor
(iii)	GIIB Holdings Berhad	Corporate Guarantor

- (c) **Letter of Offer** of Islamic Factoring Facilities indicating acceptance of offer of the facility(ies) by GIIB Rubber.
- (d) **Deed of Assignment** of the Contract Proceeds.
- (e) Letter of Undertaking on the Escrow Account by GIIB.
- (f) Standing Instruction of Curlec e-Mandate on the current collection accounts of Applicant being Ambank and CIMB accounts.

8. Project Viability: [Favourable/Not Favourable]

- 1) The Kowloon Motor Bus Company (1933) Limited (KMB)

Sales Price (RM) (a)	Total Cost (RM) (b)	Profit	
		Gross (RM) (c = a - b)	Margin (%) (d = c ÷ a)
7,848,880.15	6,000,000	1,848,880.15	23.6%

2) Black Rubber Pty Ltd

Sales Price (RM) (a)	Total Cost (RM) (b)	Profit	
		Gross (RM) (c = a – b)	Margin (%) (d = c ÷ a)
397,668.50	280,000	117,668.50	29%

3) Carters Tyre Service Tyre & Retreading Co Ltd

Sales Price (RM) (a)	Total Cost (RM) (b)	Profit	
		Gross (RM) (c = a – b)	Margin (%) (d = c ÷ a)
2,928,793.67	1,900,000	1,028,793	35.1%

9. Identified Risks and Mitigations

Risk Factors	Mitigations and Justifications
Contract	<p>The Contract Awarders are: -</p> <ol style="list-style-type: none"> 1) KMB is a subsidiary of Transport International Holdings Limited, a prominent public transport operator in Hong Kong and China Mainland. 2) Black Rubber is based on Australia and a specialized company dedicated to supplying and handling Michelin tires, as well as offering related services on behalf of Michelin Australia. 3) Carters Tyre Service was established over 35 years ago and the best specialist tyre business in New Zealand with over 45 stores nationwide.
Collection	The collection of the proceeds is through EFT to the Escrow account .
Performance	<p>The Applicant had over 33 years of experience in manufacturing of rubber base products. It had performed more than 100 contracts with prestigious companies such as Kowloon Motor Bus, Continental, and Goodyear.</p> <p>Applicant's Company Profile are attached under Appendix H.</p>
Industry	<p>The legal retread tyre industry is an important business for Malaysia. The 50 Sirim-certified retread factories bring in a revenue of RM200 million per annum. And the retread manufacturers make a significant contribution to Malaysia natural rubber industry too.</p> <p>Today, Malaysian manufacturers produce quality precured treads and retreading materials for various markets around the world.</p>
Litigation by Creditors	There are adverse remarks as per item 2(c)

List of appendices:-

- | | |
|------------|---|
| Appendix A | - Unsatisfied Charges |
| Appendix B | - Legal Supporting Documents |
| Appendix C | - Purchase Orders (PO) from Contract Awarder |
| Appendix D | - Pre-Disbursement Verification Checklist (PDV) |
| Appendix E | - Email Correspondence from Mr. Brian Smith and Mr. James Gleeson |
| Appendix F | - Site Visit Report by RM |
| Appendix G | - Bank Statements for Payment Track Record |
| Appendix H | - Applicant's Company Profile |

Prepared by:



Afiqah Ainani
Senior Executive, Risk and Credit

Reviewed by:



Kamarul Rozlan
Associate Director, Special Projects