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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents set out in Part C of this Circular in relation to the Proposed Change of Name (as defined below) prior to its issuance as the said contents fall under the category of Exempt Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of the Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Circular.



REX INDUSTRY BERHAD

Registration No.: 199301027926 (282664-K)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN REX CANNING CO. SDN BHD AND REX TRADING SDN BHD BY REX INDUSTRY BERHAD ("REX") TO DARMENDRAN KUNARETNAM FOR A TOTAL DISPOSAL CONSIDERATION OF RM40.00 MILLION TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED DISPOSAL")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF REX IN RELATION TO THE PROPOSED DISPOSAL

PART C

PROPOSED CHANGE OF NAME OF THE COMPANY FROM "REX INDUSTRY BERHAD" TO "ETA GROUP BERHAD" ("PROPOSED CHANGE OF NAME")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A

UOBKayHian

UOB Kay Hian (M) Sdn Bhd

(formerly known as UOB Kay Hian Securities (M) Sdn Bhd)

Registration No. 199001003423 (194990-K)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B



SCS Global Advisory (M) Sdn Bhd

Registration No. 200901020913 (864010-V)

The Extraordinary General Meeting ("**EGM**") of Rex will be held at Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D, Bukit Kiara, 60000 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 18 November 2025 at 10.00 a.m. The Notice of EGM, together with the Form of Proxy for the EGM are enclosed herewith.

A member of Rex entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on his/ her behalf. In such event, the completed and signed Form of Proxy should be deposited at the Company's Share Registrar office (Securities Services (Holdings) Sdn Bhd), situated at Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 16 November 2025 at 10.00 a.m.

Date and time of the EGM : Tuesday, 18 November 2025 at 10.00 a.m.

This Circular is dated 24 October 2025

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	Companies Act 2016
"Balance Disposal Consideration"	:	Remaining RM36.00 million of the Disposal Consideration payable by the Purchaser, pursuant to the Proposed Disposal
"Board"	:	The Board of Directors of Rex
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
"Circular"	:	This circular to shareholders of Rex dated 24 October 2025 in relation to the Proposed Disposal and Proposed Change of Name
"Completion Date"	:	Date of completion of the SSA, being within 7 market days after the fulfilment or waiver of all conditions precedent of the SSA
"Deposit"	:	Deposit of RM4.00 million paid by the Purchaser upon signing of the SSA, as part of the Disposal Consideration
"Director(s)"	:	Director(s) of Rex, and shall have the meaning given in Section 2(1) of the Capital Markets And Services Act 2007, and includes any person who is or was, within the preceding 6 months of the date on which the terms of the Proposed Disposal were agreed upon:- (i) a director of Rex, its subsidiaries or holding company; and (ii) a chief executive of Rex, its subsidiaries or holding company
"Disposal Consideration"	:	The total disposal consideration of RM40.00 million
"Disposal Subsidiaries"	:	RCCSB and RTSB, collectively
"DK" or "Purchaser"	the	Darmendran Kunaretnam, the Non-Independent Executive Director and Group Managing Director of Rex. DK is the former Major Shareholder of Rex
"EGM"	:	Extraordinary general meeting of the Company
"EPS"/ "(LPS)"	:	Earnings/ (Loss) per Share
"ETAI"	:	ETA Industries Sdn Bhd (Registration No. 201401017846 (1093933-D))
"F&B"	:	Food and beverages
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"Independent Adviser" or "SCS Global"	:	SCS Global Advisory (M) Sdn Bhd (Registration No.: 200901020913 (864010-V))
"Interested Directors"	:	DK and Kong Wai Fa, collectively

DEFINITIONS

"Interested Parties"	:	DK, Chee Cheng Chun, Kong Wai Fa, ETAI and Lim Chin Hui, collectively
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	1 October 2025, being the last practicable date of this Circular
"Major Shareholder"	:	Pursuant to Paragraph 1.01 of the Listing Requirements, a person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:- (i) 10% or more of the total number of voting shares in the Company; or (ii) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purposes of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act. A Major Shareholder includes any person who is or was within the preceding 6 months of the date on which terms of the transaction were agreed upon, a major shareholder of the Company, or any other corporation which is its subsidiary or holding company
"NA"	:	Net assets attributable to owners of the company
"PAT"/ "(LAT)"	:	Profit/ (loss) after taxation attributable to owners of the company
"PBT"/ "(LBT)"	:	Profit/ (loss) before taxation attributable to owners of the company
"Proposed Change of Name"	:	Proposed change of name of the Company from "Rex Industry Berhad" to "ETA Group Berhad"
"Proposed Disposal"	:	Proposed disposal of the entire equity interest in RCCSB and RTSB by Rex to the Purchaser for the Disposal Consideration, to be satisfied entirely via cash
"PT Rex"	:	P.T. Rex Canning (Registration No.:8120013012443)
"RCCSB"	:	Rex Canning Co. Sdn Bhd (Registration No. 197201001412 (13079-V))
"RCCSB Share(s)"	:	Ordinary shares in RCCSB
"Rex" or the "Company" or the "Vendor"	:	Rex Industry Berhad (Registration No.: 199301027926 (282664-K))
"Rex Group" or the "Group"	:	Rex and its subsidiaries, collectively
"Rex Share(s)" or "Share(s)"	:	Ordinary share(s) in Rex
"Rex Warrant(s)"	:	Outstanding Warrants 2022/2027 in Rex. Each Warrant is exercisable into 1 new Rex Share at an exercise price of RM0.15 per Rex Share payable in cash during a tenure of 5-year exercise period up to 23 August 2027
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively

DEFINITIONS

"RPT"	:	Related party transaction
"RTSB"	:	Rex Trading Sdn Bhd (Registration No. 198901013381 (190691-H))
"RTSB Share(s)"	:	Ordinary shares in RTSB
"Rules"	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC
"SC"	:	Securities Commission Malaysia
"SSA"	:	Conditional share sale agreement entered into between Rex and the Purchaser dated 17 September 2025, pursuant to the Proposed Disposal
"UOBKH" or the "Adviser"	:	UOB Kay Hian (M) Sdn Bhd (formerly known as UOB Kay Hian Securities (M) Sdn Bhd) (Registration No.: 199001003423 (194990-K))
"USA"	:	United States of America

All references to "**you**" or "**your(s)**" in this Circular is to the shareholders of the Company who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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NOTICE OF EGM	ENCLOSED
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FORM OF PROXY	ENCLOSED
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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Disposal and Proposed Change of Name. You are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposed Disposal and Proposed Change of Name before voting at the forthcoming EGM.

Key information	Description	Reference to Circular												
Details of the Proposed Disposal	The Proposed Disposal entails the disposal of:- 20,040 RCCSB Shares, representing 100% equity interest in RCCSB, by Rex to the Purchaser; and 1,000,000 RTSB Shares, representing 100% equity interest in RTSB, by Rex to the Purchaser, for a Disposal Consideration of RM40.00 million to be satisfied entirely via cash.	Section 2, Part A												
Details of the Proposed Change of Name	The Company proposes to change the name of the Company from "Rex Industry Berhad" to "ETA Group Berhad".	Section 2, Part C												
Utilisation of proceeds of the Proposed Disposal	The total proceeds to be received from the Proposed Disposal of RM40.00 million is intended to be utilised in the following manner:- <table border="1"> <thead> <tr> <th>Details of utilisation</th><th>Timeframe for utilisation</th><th>RM'000</th></tr> </thead> <tbody> <tr> <td>Working capital requirements</td><td>Within 24 months from completion</td><td>39,700</td></tr> <tr> <td>Estimated expenses for the Proposed Disposal</td><td>Upon completion</td><td>300</td></tr> <tr> <td>Total</td><td></td><td>40,000</td></tr> </tbody> </table>	Details of utilisation	Timeframe for utilisation	RM'000	Working capital requirements	Within 24 months from completion	39,700	Estimated expenses for the Proposed Disposal	Upon completion	300	Total		40,000	Section 3, Part A
Details of utilisation	Timeframe for utilisation	RM'000												
Working capital requirements	Within 24 months from completion	39,700												
Estimated expenses for the Proposed Disposal	Upon completion	300												
Total		40,000												
Rationale and justifications	<u>Proposed Disposal</u> The Proposed Disposal is undertaken in line with the Group's strategy to streamline and rationalise its business operations by exiting its loss-making Malaysian operations, which have continued to record operating losses in recent years. The Proposed Disposal will enable the Group to reallocate its resources towards its business in Indonesia, which has been the Group's main revenue and profit contributor, and is better positioned to serve international markets such as the USA, Europe and Asia. This is expected to strengthen the Group's financial performance and enhance shareholder value moving forward. <u>Proposed Change of Name</u> The Proposed Change of Name from "Rex Industry Berhad" to "ETA Group Berhad" is intended to better reflect the Company's new corporate identity and direction following the completion of the mandatory general offer by ETAI on 25 July 2020.	Section 4, Part A Section 3, Part C												

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

Key information	Description	Reference to Circular
	<u>Proposed Change of Name</u> None of the Directors, major shareholders of Rex and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Change of Name.	Section 5, Part C
Board's recommendation	<u>Proposed Disposal</u> The Board (save for the Interested Directors) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.	Section 12, Part A
	<u>Proposed Change of Name</u> The Board recommends that you vote in favour of the special resolution pertaining to the Proposed Change of Name to be tabled at the forthcoming EGM.	Section 7, Part C
SCS Global's recommendation	SCS Global is of the opinion that the Proposed Disposal is fair and reasonable and not detrimental to the non-interested shareholders of Rex. Accordingly, SCS Global recommends that the non-interested shareholders of Rex vote in favour of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.	Part B

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PART A

CIRCULAR TO THE SHAREHOLDERS OF REX IN RELATION TO THE PROPOSED DISPOSAL



REX INDUSTRY BERHAD
Registration No.: 199301027926 (282664-K)
(Incorporated in Malaysia)

Registered Office

No. 46C, Plaza Damansara
Jalan Medan Setia 2
Bukit Damansara
50490 Kuala Lumpur
Wilayah Persekutuan

24 October 2025

Board of Directors

Hong Kok Cheong (*Independent Non-Executive Chairman*)
Darmendran Kunaretnam (*Non-Independent Executive Director and Group Managing Director*)
Chris Kong Wai Fa (*Non-Independent Executive Director*)
Adnan bin Ahmad (*Independent Non-Executive Director*)
Mak Ai-Leen (*Independent Non-Executive Director*)
Law Ngee Song (*Independent Non-Executive Director*)
Eau Yong Eun (*Independent Non-Executive Director*)

To: The shareholders of Rex

Dear Sir/ Madam,

PROPOSED DISPOSAL

1. INTRODUCTION

On 17 September 2025, on behalf of the Board, UOBKH announced that Rex had on even date entered into the SSA with the Purchaser for the following:-

- i. the proposed disposal of 20,040 RCCSB Shares, representing 100% equity interest in RCCSB, by Rex to the Purchaser; and
- ii. the proposed disposal of 1,000,000 RTSB Shares, representing 100% equity interest in RTSB, by Rex to the Purchaser,

for a Disposal Consideration of RM40.00 million to be satisfied entirely via cash.

The Proposed Disposal is deemed as a RPT pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interest of the Interested Parties and Interested Directors of the Company as set out in **Section 10, Part A** of this Circular. Pursuant thereto, the Board (save for the Interested Directors) had appointed SCS Global on 17 September 2025 to act as the Independent Adviser, to advise the non-interested directors and non-interested shareholders of Rex as to whether the Proposed Disposal is fair and reasonable so far as the non-interested directors and non-interested shareholders of Rex are concerned, and whether the Proposed Disposal is to the detriment of the non-interested shareholders of Rex.

On 15 October 2025, UOBKH had, on behalf of the Board, announced that the SC had vide its letter dated 15 October 2025, approved the application submitted by UOBKH on behalf of ETAl for the consent of the SC under Note 3 to Paragraph 18.01 of the Rules in relation to the Proposed Disposal.

The approval granted by the SC for the above is subject to the following conditions:-

- i. The Independent Adviser to the Company for the Proposed Disposal states that in its opinion the terms of the Proposed Disposal are fair and reasonable;
- ii. The Proposed Disposal is approved at a general meeting of the shareholders of Rex. At this meeting, the vote must be a separate vote by the non-interested shareholders; and
- iii. UOBKH to furnish the SC with a written confirmation of compliance with the conditions of SC's approval once the conditions above are met.

Further details of the Proposed Disposal are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

Rex had on 17 September 2025 entered into the SSA with the Purchaser for the Proposed Disposal, which entails the disposal of Rex's 100% equity interest in RCCSB and RTSB to the Purchaser, for the Disposal Consideration of RM40.00 million to be satisfied entirely via cash. Upon completion of the Proposed Disposal, RCCSB and RTSB will cease to be wholly-owned subsidiaries of Rex.

For the avoidance of doubt, the Proposed Disposal is not classified as a Major Disposal pursuant to Paragraph 10.02(eA) of the Listing Requirements as the completion of the Proposed Disposal will not result in Rex Group being classified as a cash company, affected listed issuer or Practice Note 17 Issuer pursuant to Paragraphs 8.03, 8.03A and 8.04 of the Listing Requirements, respectively. Further, the Disposal Subsidiaries do not fall under the definition of a major subsidiary pursuant to Paragraph 1.01 of the Listing Requirements, given that the Disposal Subsidiaries did not contribute 70% or more of the PBT or total assets employed of Rex on a consolidated basis, based on the latest audited financial statements of RCCSB, RTSB and Rex for the FYE 30 June 2024 as well as the unaudited financial statements of RCCSB, RTSB and Rex for the 12-month FPE 30 June 2025.

Please refer to **Appendix I** of this Circular for the salient terms of the SSA.

2.1 Information of RCCSB

RCCSB was incorporated in Malaysia on 25 October 1972 as a private limited company under the Companies Act 1965 and is deemed registered under the Act. As at the LPD, RCCSB has a total issued share capital of RM2,004,000 comprising 20,040 RCCSB Shares. RCCSB does not have any convertible securities.

As at the LPD, RCCSB is principally involved in the procurement and processing of canned food products, beverages, coconut milk and premix in Malaysia, as further elaborated below:-

- i. **Procurement of canned food products** - RCCSB engages third party contract manufacturers to manufacture the finished product of Rex branded canned foods such as seafood, chicken, mushroom, bean, etc.; and
- ii. **Processing of beverages, coconut milk and premix** - RCCSB also processes and refines beverages (i.e. fruit flavoured drinks, soya milk, etc), coconut milk and premix (i.e. chocolate malt premix).

For information purposes, RCCSB previously undertook the manufacturing of Rex branded canned food in-house. However, as part of the Group's initiative to reduce its operating cost and rationalise its Malaysian operations, RCCSB had decommissioned its manufacturing facility located in Bukit Minyak, Penang ("**Bukit Minyak Facility**") in the FYE 30 June 2023, and had opted to switch its business model to purchasing its canned food products from third party contract manufacturers, further details of which are set out in **Section 4, Part A** of this Circular.

As at the LPD, RCCSB does not have any subsidiaries or associate companies.

The directors and shareholder of RCCSB and their shareholding in RCCSB as at the LPD are as follows:-

Directors and shareholder	Designation	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Rex	Shareholder	Malaysia	20,040	100.00	-	-
DK	Director	Malaysian	-	-	-	-
Chee Cheng Chun	Director	Malaysian	-	-	-	-
Kong Wai Fa	Director	Malaysian	-	-	-	-

Please refer to **Appendix II** of this Circular for further details on RCCSB.

2.2 Information of RTSB

RTSB was incorporated in Malaysia on 11 December 1989 as a private limited company under the Companies Act 1965 and is deemed registered under the Act. As at the LPD, RTSB has a total issued share capital of RM1,000,000 comprising 1,000,000 RTSB Shares. RTSB does not have any convertible securities.

As at the LPD, RTSB is principally involved in the trading of canned food, beverages coconut milk and premix. Specifically, RTSB is the trading arm of Rex Group's F&B business operations in Malaysia, whereby RTSB purchases the canned food, beverages, coconut milk and premix from RCCSB, which RTSB subsequently sells to end customers in Malaysia.

As at the LPD, RTSB does not have any subsidiaries or associate companies.

The directors and shareholder of RTSB and their shareholding in RTSB as at the LPD are as follows:-

Directors and shareholder	Designation	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	% ^{*1}	No. of shares	% ^{*1}
Rex	Shareholder	Malaysia	1,000,000	100.00	-	-
DK	Director	Malaysian	-	-	-	-
Chee Cheng Chun	Director	Malaysian	-	-	-	-
Kong Wai Fa	Director	Malaysian	-	-	-	-

Please refer to **Appendix II** of this Circular for further details on RTSB.

2.3 Information of the Purchaser

DK, a Malaysian, aged 64, is currently the Non-Independent Executive Director and Group Managing Director of Rex.

DK graduated from Universiti Kebangsaan Malaysia with a Business Degree majoring in Accounting and is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He began his career in audit and accounting from 1985 to 1995 at an international public accounting firm. He then joined Gold Bridge Engineering & Construction Berhad ("**Gold Bridge**") as the General Manager of the Finance and Corporate Planning Division in 1996 and successfully listed Gold Bridge on the Main Market of Bursa Securities. He went on to restructure and list Safeguards Corporation Berhad ("**Safeguards**") on the Main Market of Bursa Securities in June 1997, and was appointed to the board of directors of Safeguards in the same year. DK was appointed as the Non-Executive Director of Kejuruteraan Samudra Timur Berhad in February 2009 and was redesignated to Executive Director in August 2009, a position he holds till present. On 3 March 2015, DK was appointed to the Board of Rex as the Group Managing Director, a position he holds till present.

DK is also a director of both RCCSB and RTSB, as set out in **Sections 2.1 and 2.2, Part A** of this Circular.

Following the completion of the Proposed Disposal, DK will continue to serve as the Non-Independent Executive Director and Group Managing Director of Rex. Concurrently, he will be involved in the Disposal Subsidiaries to the extent of providing high-level strategic oversight to the management team of the Disposal Subsidiaries from time to time, wherein this management team will independently manage the day-to-day operations of the Disposal Subsidiaries.

For the avoidance of doubt, the involvement and interests of DK in the Disposal Subsidiaries will not affect his contribution and performance in the Group. In addition, DK's involvement in the Disposal Subsidiaries is not expected to give rise to any potential conflict of interest situation due to the following reasons:-

- i. Moving forward, the Group's sole F&B operations will be conducted through PT Rex, which specialises in the manufacturing and export of canned food products on a contract manufacturing basis to international markets including the USA, Europe, and Asia. The business of PT Rex is distinct from that of the Disposal Subsidiaries, which mainly focuses on the procurement, processing and sale of canned food products, beverages and premix to the Malaysian market.

Due to the different customer geography and products offerings of PT Rex as compared to the Disposal Subsidiaries, the target customers of both businesses would differ depending on their preference, as illustrated below:-

	Disposal Subsidiaries	PT Rex
Customer geography	Predominantly in Malaysia, with minor 5% of products exported to Singapore and Brunei for the latest FYE 30 June 2024	Exports products to international markets such as the USA, Europe and Asia.
Product offering	• Canned food (i.e. tuna, sardines, grill clam, chicken, mushroom, beans, etc.) • Beverages • Premix products.	• Canned food (i.e. crab meat, baby clam, cuttlefish, snail) • Frozen food (crab meat)
Business activity	Procurement, processing and sale of canned food products, beverages and premix	Manufacturing of canned food in-house

- ii. DK will not be involved in the day-to-day management of the Disposal Subsidiaries as these companies will have their own management teams to undertake their respective day-to-day management and operations. His involvement will be limited to providing high-level strategic oversight, while the day-to-day operations of the Disposal Subsidiaries will be managed independently by his own appointed management team.

2.4 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following:-

- i. the latest unaudited NA of the Disposal Subsidiaries as at 30 June 2025 of RM44.39 million based on the unaudited pro forma combined financial statements of the Disposal Subsidiaries for the 12-month FPE 30 June 2025. For clarification, a limited review on the unaudited pro forma combined financial statements of the Disposal Subsidiaries for the 12-month FPE 30 June 2025 was performed by Messrs Raki CS Tan & Ramanan, being the external auditors of the Company.

Based on the above, the Disposal Consideration represents a discount of RM4.39 million or 9.87% to the latest unaudited NA of the Disposal Subsidiaries as at 30 June 2025. For information purposes, based on the audited financial statements of the Disposal Subsidiaries for the FYE 30 June 2024, the Disposal Consideration represents a premium of RM0.52 million or 1.31% to the aggregate audited NA of the Disposal Subsidiaries as at 30 June 2024; and

- ii. the rationale and benefits arising from the Proposed Disposal, further details of which are set out in **Section 4, Part A** of this Circular.

The Board (save for the Interested Directors) is of the view that the Proposed Disposal provides an opportunity for the Group to exit its Malaysian operations entirely, which has been mostly loss-making since the FYE 30 June 2020 (save for the FYE 30 June 2021 and FYE 30 June 2022), based on the unaudited pro forma combined financial statements of the Disposal Subsidiaries for the FYE 30 June 2020 up to the 12-month FPE 30 June 2025 as shown below:-

	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
Disposal Subsidiaries	RM'000	RM'000	RM'000
Revenue	55,533	55,694	70,432
PBT/ (LBT)	(3,519)	4,129 ^{*1}	283 ^{*1}

	FYE 30 June 2023	FYE 30 June 2024	12-month FPE 30 June 2025
Disposal Subsidiaries	RM'000	RM'000	RM'000
Revenue	68,294	59,240	55,852
PBT/ (LBT)	(45,172)	(2,918)	4,905 ^{*2}

Notes:-

^{*1} For clarification purposes, the Disposal Subsidiaries recorded other income of RM6.68 million and RM1.93 million for the FYE 30 June 2021 and FYE 30 June 2022, respectively, mainly due to profits generated from non-recurring items or events outside the ordinary and usual course of business such as wages subsidy, gain on disposal of fixed assets, reversal of write-down of inventories and waiver of debts. Excluding the contribution of the other income, the Disposal Subsidiaries would have been in a loss-making position, recording LBT of RM2.55 million and RM1.65 million for the FYE 30 June 2021 and FYE 30 June 2022, respectively.

^{*2} For clarification purposes, the Disposal Subsidiaries recorded other income of RM16.53 million for the 12-month FPE 30 June 2025, mainly due to profits generated from the disposal of properties. Excluding the contribution of the other income, the Disposal Subsidiaries would have been in a loss-making position, recording LBT of RM11.62 million for the 12-month FPE 30 June 2025.

Pursuant to the Proposed Disposal, the Group intends to focus its resources towards its F&B segment in Indonesia, which is operated through its wholly-owned subsidiary PT Rex. As opposed to the business model of the Disposal Subsidiaries, PT Rex manufactures and exports canned food products on a contract manufacturing basis under the labelling and specifications of its customers (rather than under the Rex brand), focusing solely on the export market. The financial performance of PT Rex for the past 5 financial years up to the FYE 30 June 2024, and the unaudited 12-month FPE 30 June 2025, are set out below:-

	Audited		
	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
PT Rex	RM'000 ^{*1}	RM'000 ^{*1}	RM'000 ^{*1}
Revenue	89,481	100,230	89,042
PBT/ (LBT)	3,506	4,515	3,288

	Audited		Unaudited
	FYE 30 June 2023	FYE 30 June 2024	12-month FPE 30 June 2025 ^{*2}
PT Rex	RM'000 ^{*1}	RM'000 ^{*1}	RM'000 ^{*1}
Revenue	94,311	75,266	85,725
PBT/ (LBT)	2,941	(699)	2,086

Notes:-

^{*1} PT Rex's individual financial statements are presented in Indonesian Rupiah, which is the functional currency of PT Rex. However, for the purpose of preparing the Group's consolidated financial statements for the respective financial years/ period, the financial results of PT Rex are translated into the Group's presentation currency (i.e. Ringgit Malaysia), using the Indonesian Rupiah to Ringgit Malaysia exchange rates as quoted by Bank Negara Malaysia.

^{*2} For information purposes, the Company had on 4 June 2025 announced a change in the Group's financial year end from 30 June to 31 December.

In line with the Group's business strategy to streamline and rationalise its business operations, the Board (save for the Interested Directors) is of the view that the Proposed Disposal will enable the Group to lower its operating costs by exiting its Malaysian operations entirely, while prioritising its resources towards the business operations of PT Rex in Indonesia, which has been contributing larger revenue and profitability to the Group. Additionally, the Proposed Disposal will also provide the Group with cash of RM40.00 million, which the Group can readily deploy towards the working capital requirements of PT Rex.

In assessing the Disposal Consideration, the Board (save for the Interested Directors) opines that the discount of 9.87% to the latest unaudited NA of the Disposal Subsidiaries as at 30 June 2025 of RM44.39 million is justifiable, taking cognisance of the following:-

- i. the financial track record of the Disposal Subsidiaries, which have consistently been recording losses since the FYE 30 June 2020 (excluding profits generated from non-recurring items or events outside the ordinary and usual course of business), and have gradually eroded the shareholder value of Rex;
- ii. the discount serves to incentivise the Purchaser to proceed with the acquisition of the Disposal Subsidiaries, taking into account their historical loss-making financial performance, while not resulting in an excessive undervaluation of the Disposal Subsidiaries; and
- iii. the Proposed Disposal will enable the Group to cease its key loss-making subsidiaries, while also raising RM40.00 million in funds which can be readily deployed towards the working capital requirements of PT Rex, which is the Group's profitable subsidiary.

Please refer to **Section 4, Part A** of this Circular for further details on the rationale and justifications for the Proposed Disposal.

2.5 Mode of settlement for the Disposal Consideration

The Disposal Consideration of RM40.00 million shall be settled entirely via cash by the Purchaser to the Company in accordance with the terms and conditions of the SSA, in the following manner:-

Payment terms	Timing	RM'000	%
i. Deposit	Paid to the Purchaser's solicitors, as stakeholders, on the execution of the SSA	4,000	10.00
ii. Balance Disposal Consideration	Payable to the Purchaser's solicitors, as stakeholders, on or before the Completion Date, failing which the Purchaser shall be granted an automatic extension of one (1) month from the Completion Date provided the Purchaser pays interest at the rate of eight per centum (8%) per annum calculated on a daily basis until settlement	36,000	90.00
Total		40,000	100.00

2.6 Original date and cost of investment in the Disposal Subsidiaries

Rex's original date and cost of investment in the Disposal Subsidiaries since their inception to date are as follows:-

RCCSB

Date of investment	No. of RCCSB Shares	Cost of investment
	Unit	RM'000
26 October 1972	2	0.20
27 December 1972	1,000	100.00
22 December 1977	1,002	100.20
31 December 2007	18,036	1,803.60
30 June 2022	-	9,115.64
30 June 2023	-	27,878.53
Total	20,040	38,998.17

RTSB

Date of investment	No. of RTSB Shares	Cost of investment
	Unit	RM'000
26 August 2002	250,000	250.00
31 October 2013	250,000	250.00
8 July 2014	500,000	500.00
30 June 2021	-	18,191.72
Total	1,000,000	19,191.72

2.7 Liabilities to remain with Rex

Save for the obligations and liabilities pursuant to the SSA, there are no other liabilities, including contingent liabilities, in relation to the Proposed Disposal which remain with Rex Group and there are no guarantees given by Rex Group to the Purchaser pursuant to the Proposed Disposal.

2.8 Expected loss arising from the Proposed Disposal

The Proposed Disposal is expected to result in an estimated pro forma loss of RM4.69 million to the Rex Group, details of which are set out below:-

	RM'000
Disposal Consideration	40,000
(Less): NA of the Disposal Subsidiaries as at 30 June 2025 ^{*1}	(44,388)
	(4,388)
(Less): Estimated expenses for the Proposed Disposal ^{*2}	(300)
Pro forma loss from the Proposed Disposal	(4,688)

Notes:-

^{*1} Based on the unaudited pro forma combined financial statements of the Disposal Subsidiaries for the 12-month FPE 30 June 2025.

^{*2} The estimated expenses in relation to the Proposed Disposal are as follows:-

	RM'000
Professional fees	200
Regulatory fees	30
Other incidental expenses in relation to the Proposed Disposal	70
Total	300

The above pro forma computation is derived based on the management's estimates, and the actual amount of the gain/ loss on disposal will depend on the fair value of the Disposal Subsidiaries upon completion of the Proposed Disposal and subject to fair value adjustment review with auditors.

3. UTILISATION OF PROCEEDS

The total proceeds to be received from the Proposed Disposal of RM40.00 million is intended to be utilised in the following manner:-

Details of utilisation	Timeframe for utilisation	RM'000
Working capital requirements ^{*1}	Within 24 months from completion	39,700
Estimated expenses for the Proposed Disposal ^{*2}	Upon completion	300
Total		40,000

Notes:-

^{*1} The Group intends to utilise RM39.70 million of the proceeds raised from the Proposed Disposal to finance its general working capital requirements, which include amongst others, purchase of raw & packaging materials and general operating expenses (e.g. marketing cost, staff costs, maintenance expenses, administrative expenses, etc.).

Upon completion of the Proposed Disposal, the Group's sole operating subsidiary involved in the F&B business will be PT Rex in Indonesia, which engages in contract manufacturing activities focusing solely on exporting to international markets such as the USA, Europe, and Asia. As such, a significant portion of the proceeds allocated towards the Group's working capital requirements will be channelled towards funding the day-to-day operations of PT Rex. The Group proposes to utilise such proceeds received in the following manner:-

	%
Purchase of raw and packaging materials	75.00
General operating expenses (e.g. marketing cost, staff costs, maintenance expenses, administrative expenses, etc.)	25.00
Total	100.00

In recent years, the raw material prices required for PT Rex's products (e.g. crabmeat, baby clam, snails, cuttlefish, etc.) have gradually increased, resulting in an increase to PT Rex's manufacturing costs. Given the nature of PT Rex's business activities as a contract manufacturer, PT Rex is required to supply its customers with fixed quantities of finished products during the duration of the respective contract. Certain of PT Rex's contracts may require the supply of large quantities of finished products on a recurrent basis over several months, and the failure to supply the stipulated quantity may result in breach of contract and the loss of the respective customer and market reputation. Accordingly, the Board (save for the Interested Directors) opines that it is necessary to allocate the proceeds raised from the Proposed Disposal to the working capital requirements of PT Rex, in order to ensure that PT Rex will have sufficient cash reserves to continue purchasing raw materials required for its contract manufacturing business in a timely manner.

Further, as stated in **Section 4, Part A** of this Circular, PT Rex has been the Group's largest revenue contributor since the FYE 30 June 2019 and has remained mostly profitable since then. Given that the Group's business strategy moving forward is to exit its Malaysian operations entirely in order to prioritise the business operations of PT Rex, the Board (save for the Interested Directors) takes note of the importance of maintaining PT Rex's cash reserves, in order to continue its business operations, which is fundamental to the financial performance of the Group moving forward. Nevertheless, the Board (save for the Interested Directors) retains absolute full discretion to determine the actual utilisation of funds, including any reallocation within the working capital categories of the Group, based on the working capital requirements at the relevant point in time.

^{*2} The proceeds earmarked for estimated expenses in relation to the Proposed Disposal will be utilised as follows:-

	RM'000
Professional fees	200
Regulatory fees	30
Other incidental expenses in relation to the Proposed Disposal	70
Total	300

Pending the utilisation of the proceeds for the abovementioned purposes, the amount will be placed as deposit with financial institutions or short-term money market instruments. Any interest derived from such placement and short-term investments will be utilised as additional working capital of the Group as referred to in Note 1 above.

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED DISPOSAL

The Proposed Disposal is undertaken in line with the Group's business strategy to streamline and rationalise its business operations by discontinuing its loss-making business activities in Malaysia (which primarily serve the domestic market) and reallocating resources to its operations in Indonesia via PT Rex (which cater to international markets such as the USA, Europe, and Asia). For information, PT Rex's products are exported to several countries within these regions, including but not limited to France, Belgium, Netherlands and Germany in Europe; and Indonesia, Japan, Hong Kong, Taiwan and Singapore in Asia. This strategic shift is initiated by the Board (save for the Interested Directors) and the new major shareholder of Rex, being ETAI. For shareholders' information, ETAI had on 13 June 2025 acquired 266,977,403 Rex Shares and 21,475,831 Rex Warrants from Daiman Taipan Sdn Bhd (the former major shareholder of Rex), resulting in ETAI launching a mandatory take-over offer pursuant to Paragraph 4.01 of the Rules, for all the remaining Rex Shares and Rex Warrants not owned by ETAI and its controlling shareholder Lim Chin Hui ("**2025 Takeover**"). The 2025 Takeover closed on 25 July 2025, with ETAI holding 361,989,767 Rex Shares (or 55.04% equity interest in Rex) and 21,475,864 Rex Warrants.

As highlighted in the Offer Document for the 2025 Takeover dated 4 July 2025, ETAI had conducted their assessment on the overall business operations of Rex Group, in order to formulate the appropriate business strategies with the intention of improving the financial performance of Rex Group and to maximise the value of the Rex Group for all Rex shareholders. The Board, having jointly assessed the business operations of Rex Group together with ETAI, have initiated the Proposed Disposal with the intention to enhance the Group's overall financial performance moving forward, after taking into consideration of the Group's loss-making position in recent financial years, as shown below:-

Rex Group	Audited		
	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
	RM'000	RM'000	RM'000
Revenue	149,245	160,539	161,111
PBT/ (LBT)	(8,396)	3,912	2,934

Rex Group	Audited		Unaudited
	FYE 30 June 2023	FYE 30 June 2024	12-month FPE 30 June 2025 ^{*1}
	RM'000	RM'000	RM'000
Revenue	162,408	130,522	133,616
PBT/ (LBT)	(43,414)	(4,181)	9,244

Note:-

^{*1} For information purposes, the Company had on 4 June 2025 announced a change in the Group's financial year end from 30 June to 31 December.

Since 2023, the Group had begun rationalising its loss-making Malaysian business operations through the decommissioning and the subsequent disposal of its Bukit Minyak Facility, together with the land of which the manufacturing facility was erected thereon. The decommissioning was completed in June 2023, and the disposal of the Bukit Minyak Facility was completed in October 2024. The Bukit Minyak Facility was previously utilised by RCCSB as a manufacturing facility, whereby RCCSB would undertake the manufacturing of Rex branded canned food in-house, as opposed to purchasing from contract manufacturers. However, as part of the Group's initiative to reduce its operating cost and rationalise its Malaysian operations, the Group had opted to switch its business model from undertaking canned food manufacturing activities in-house, to purchasing its canned food products from third party contract manufacturers.

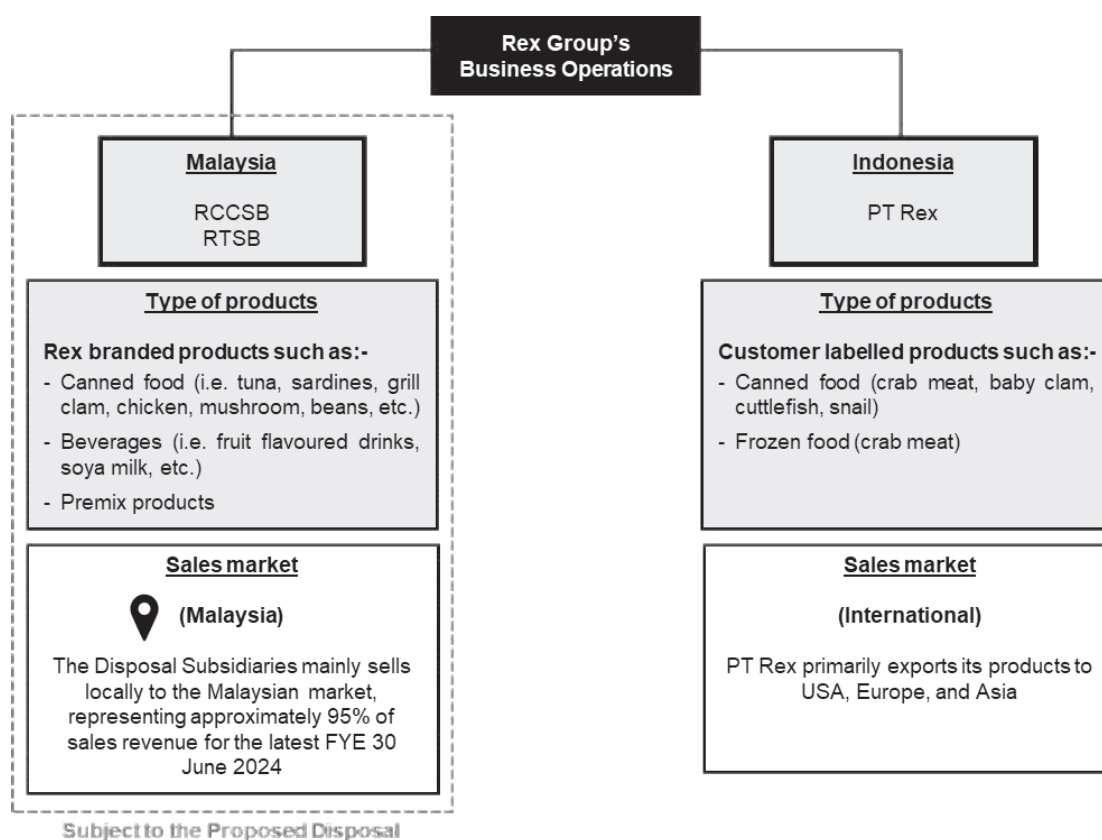
Following the decommissioning and disposal of the Bukit Minyak Facility, the Disposal Subsidiaries continued to incur operating losses despite transitioning to a new business model involving the procurement of canned food products from third party contract manufacturers. The continued losses incurred by the Malaysian operations were primarily attributable to higher procurement costs from the third party contract manufacturers for certain food products, driven by shortages of key ingredients such as squid, clams, and chicken. Furthermore, the Disposal Subsidiaries were unable to pass on the increased cost of purchases to end customers, given past experience indicating that price increases for its canned food products in Malaysia had led to reduced consumer demand and lower sales volumes.

The Board (save for the Interested Directors) having taken cognisance of the above and that the Disposal Subsidiaries have been recording operating losses since the FYE 30 June 2020, had decided to undertake the Proposed Disposal in order to enable the Group to exit its Malaysian operations entirely, while prioritising its resources towards the business operations of PT Rex in Indonesia, which has been contributing larger revenue and profitability to the Group.

Background information of Rex Group's F&B business

Presently, Rex Group operates its F&B business in 2 countries (i.e. Malaysia and Indonesia). The Group's Malaysian operations are carried out through RCCSB, as the procurement and processing arm, and RTSB, as the trading arm of the Malaysian operations, for Rex branded canned food, beverages, coconut milk and premix. In contrast, the Group's Indonesian operations are carried out through Rex's wholly-owned subsidiary, PT Rex in Indonesia, which manufactures and exports canned food products on a contract manufacturing basis under the labelling and specifications of its customers (rather than under the Rex brand). Effectively, the Group's F&B business is conducted through the aforementioned 3 key subsidiaries. The remaining subsidiaries of Rex consist of 1 investment holding company and 5 dormant entities.

Further information on the business activities of Rex Group are set out in the diagram below:-



Loss-making position of the Disposal Subsidiaries in Malaysia

Since the FYE 30 June 2020, the Group's revenue contribution from the international market has exceeded that of the domestic market, primarily due to strong demand for the Group's canned products (in particular crab meat, baby clam, cuttlefish and snail) which are sourced from Indonesia, as set out in the following tables:-

External revenue by region	Audited					
	FYE 30 June 2020		FYE 30 June 2021		FYE 30 June 2022	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	53,372	35.78	55,511	34.59	68,459	42.59
International (i.e. USA, Europe, Asia excluding Malaysia)	95,873	64.22	105,028	65.41	92,652	57.41
Total	149,245	100.00	160,539	100.00	161,111	100.00

External revenue by region	Audited FYE 30 June				Unaudited	
	FYE 30 June 2023		FYE 30 June 2024		12-month FPE 30 June 2025	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	65,943	40.59	56,791	43.58	52,627	39.39
International (i.e. USA, Europe, Asia excluding Malaysia)	96,465	59.41	73,731	56.42	80,989	60.61
Total	162,408	100.00	130,522	100.00	133,616	100.00

The Board (save for the Interested Directors) have also taken cognisance of the financial track record of the Disposal Subsidiaries based on its unaudited pro forma combined financial statements since the FYE 30 June 2020 up to the 12-month FPE 30 June 2025, which has been mostly loss-making (save for the FYE 30 June 2021 and FYE 30 June 2022), as shown below:-

Disposal Subsidiaries	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
	RM'000	RM'000	RM'000
Revenue	55,533	55,694	70,432
PBT/ (LBT)	(3,519)	4,129 ^{*1}	283 ^{*1}

Disposal Subsidiaries	FYE 30 June 2023 ^{*3}	FYE 30 June 2024 ^{*3}	12-month FPE 30 June 2025
	RM'000	RM'000	RM'000
Revenue	68,294	59,240	55,852
PBT/ (LBT)	(45,172)	(2,918)	4,905 ^{*2}

Notes:-

^{*1} For clarification purposes, the Disposal Subsidiaries recorded other income of RM6.68 million and RM1.93 million for the FYE 30 June 2021 and FYE 30 June 2022, respectively, mainly due to profits generated from non-recurring items or events outside the ordinary and usual course of business such as wages subsidy, gain on disposal of fixed assets, reversal of write-down of inventories and waiver of debts. Excluding the contribution of the other income, the Disposal Subsidiaries would have been in a loss-making position, recording LBT of RM2.55 million and RM1.65 million for the FYE 30 June 2021 and FYE 30 June 2022, respectively.

^{*2} For clarification purposes, the Disposal Subsidiaries recorded other income of RM16.53 million for the 12-month FPE 30 June 2025, mainly due to profits generated from the disposal of properties. Excluding the contribution of the other income, the Disposal Subsidiaries would have been in a loss-making position, recording LBT of RM11.62 million for the 12-month FPE 30 June 2025.

^{*3} From the FYE 30 June 2023 to the FYE 30 June 2024, the Disposal Subsidiaries had also incurred certain one-off expenses in relation to the decommissioning of the Bukit Minyak Facility. Such one-off expenses include impairment of certain fixed assets (i.e. canning and beverages machines) amounting to RM20.63 million, allowance for obsolete and slow-moving inventories amounting to RM5.45 million, the provision for employee termination benefits for employees at the Bukit Minyak Facility amounting to RM0.90 million and expenses incurred for dismantling and relocation of machineries from the Bukit Minyak Facility.

The loss-making position of the Disposal Subsidiaries arose mainly due to the following:-

- i. the weakening of the Malaysia Ringgit since 2022, coupled with an increase in the prices of raw materials required for the Disposal Subsidiaries' products. The products purchased by RCCSB were mainly imported from foreign sellers, as opposed to PT Rex, which sourced its raw materials locally in Indonesia. As such, the weakening of the Malaysia Ringgit had increased the operating expenditure of the Disposal Subsidiaries, thereby negatively impacting its profitability; and
- ii. the Disposal Subsidiaries had decommissioned its Bukit Minyak Facility in the FYE 30 June 2023, as part of its efforts to rationalise its Malaysian business operations. The decision to decommission the Bukit Minyak Facility was driven by the high cost of maintaining the aging production infrastructure, frequent machinery breakdowns, low production efficiency, and as a strategic move to consolidate operations to its 2 other production facilities in Jawa Timur, Indonesia and Batu Pahat, Johor. In conjunction with this, the Disposal Subsidiaries had incurred certain one-off expenses such as the impairment of certain fixed assets (i.e. canning and beverages machines) amounting to RM20.63 million, allowance for obsolete and slow-moving inventories amounting to RM5.45 million, the provision for employee termination benefits for employees at the Bukit Minyak Facility amounting to RM0.90 million and expenses incurred for dismantling and relocation of machineries from the Bukit Minyak Facility. Accordingly, these one-off expenses incurred had contributed to the loss-making position of the Disposal Subsidiaries.

Strategic shift to Indonesia operations and international market

After taking consideration of the above, the Board (save for the Interested Directors) have opined that the Group should focus solely on its Indonesian operations as the Group's larger revenue contributor, and discontinuing its loss-making business activities in Malaysia in order to reduce the Group's overall operating expenditures. For information purposes, PT Rex engages in contract manufacturing activities focusing solely on exporting to international markets such as the USA, Europe, and Asia. The financial performance of PT Rex for the past 5 financial years up to the FYE 30 June 2024, and the unaudited 12-month FPE 30 June 2025, are set out below:-

PT Rex	Audited		
	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
	RM'000 ^{*1}	RM'000 ^{*1}	RM'000 ^{*1}
Revenue	89,481	100,230	89,042
PBT/ (LBT)	3,506	4,515	3,288

PT Rex	Audited		Unaudited
	FYE 30 June 2023	FYE 30 June 2024	12-month FPE 30 June 2025 ^{*2}
	RM'000 ^{*1}	RM'000 ^{*1}	RM'000 ^{*1}
Revenue	94,311	75,266	85,725
PBT/ (LBT)	2,941	(699)	2,086

Notes:-

^{*1} PT Rex's individual financial statements are presented in Indonesian Rupiah, which is the functional currency of PT Rex. However, for the purpose of preparing the Group's consolidated financial statements for the respective financial years/ period, the financial results of PT Rex are translated into the Group's presentation currency (i.e. Ringgit Malaysia), using the Indonesian Rupiah to Ringgit Malaysia exchange rates as quoted by Bank Negara Malaysia.

^{*2} For information purposes, the Company had on 4 June 2025 announced a change in the Group's financial year end from 30 June to 31 December.

As shown above, PT Rex has been profitable in recent financial years, save for the FYE 30 June 2024, whereby PT Rex had slower moving inventories in relation to certain of its contracts, resulting in an increase in storage costs and lower revenue recognition from the respective contracts. Notwithstanding the above, the Board (save for the Interested Directors) take note of PT Rex's financial track record across the abovementioned FYEs/ FPE, whereby PT Rex has returned to profitability for the 12-month FPE 30 June 2025, and has recorded higher revenue and profitability as compared to the Disposal Subsidiaries.

Further, the Group intends to refocus its business model on the products manufactured and sold by PT Rex through contract manufacturing, as opposed to the Rex branded products that are procured, processed and sold by the Disposal Subsidiaries in Malaysia. The Group has taken cognisance of the following benefits of contract manufacturing as compared to its Rex branded products:-

- i. Through contract manufacturing, PT Rex's products may be sold to a wider customer base and therefore has a higher demand as compared to its Rex branded products. The products from contract manufacturing are sold to customers for them to subsequently label and finish the products to be resold under the customer's own brand name, and therefore has a larger customer variety (i.e. F&B manufacturers, traders, distributors). Conversely, the Rex branded products may only be directly sold to retail customers (i.e. supermarkets, convenience stores, online groceries);
- ii. PT Rex's contract manufacturing model enables the Group to budget its costs in a more stable manner compared to its Rex branded products. By entering into contracts with customers, PT Rex is able to fix a production capacity and unit cost per item upfront, thereby enabling PT Rex to obtain a more fixed gross margin for its products. Conversely, the Group's Rex branded products are subject to the demand of retail customers, failing which the Group may have additional inventory that are unsold post expiry and may be written off, affecting the profitability of the Group. The Group also incurs higher marketing expenses to increase the demand of its Rex branded products, as opposed to the products from contract manufacturing.

While the contract manufacturing model does not directly enable PT Rex to pass on increase in raw material costs to its customers, the contract manufacturing model is more advantageous compared to the retail sale of Rex branded products given that PT Rex will be able to determine the quantity of output it is required to produce upfront, given that these quantities are stipulated in PT Rex's customer contracts. On the other hand, the Disposal Subsidiaries are required to estimate the level of output required based on its assessment of retail customers' demand for Rex branded products. The demand of retail customers is subject to numerous variables (market conditions, competitors, spending power, product popularity) which are subject to change at any given time. As such, the Disposal Subsidiaries may not be able to sell the entire quantity of its product output, resulting in these products being written off; and

- iii. the financial performance of the Group's Rex branded products are also subject to achieving economies of scale, whereby the Group is required to increase the volume of its sales in order to reduce its overall cost per unit (through bulk purchasing raw materials and more efficient equipment use). In contrast, given that the production capacity and unit cost per item is fixed upfront pursuant to PT Rex's contracts, the contract manufacturing model will not be as largely affected by economies of scale, and PT Rex may manage its costs according to the production capacity stipulated in its contracts, in order to obtain a consistent margin. Additionally, PT Rex has established several relationships with recurring customers, that routinely engage PT Rex for its contract manufacturing.

Premised on the above, the Board (save for the Interested Directors) opines that by shifting the business strategy of the Group's F&B business to a contract manufacturing model that caters solely for the international market, the Group may be able to obtain a more stable gross margin, thereby enabling the Group to manage its operating costs accordingly in order to achieve profitability. Through the Proposed Disposal, the Group will be able to rationalise its overall business operations by eliminating the operating costs of its business in Malaysia, and allocating its resources to its contract manufacturing export oriented business in Indonesia, which has been providing a larger revenue contribution to the Group since the FYE 30 June 2019. Further, the Board (save for the Interested Directors) having reviewed the historical financial performance of PT Rex, opines that its financial performance has remained relatively stable (with the exception for the FYE 30 June 2024), and that continuing the business of PT Rex on a business-as-usual basis is the appropriate strategy for the Group moving forward.

Further, the Board (save for the Interested Directors) takes cognisance of the overview and outlook of the food industry in Indonesia, the USA, Europe and Asia as set out in **Sections 5.3, 5.4, 5.5 and 5.6 of this Circular**, respectively, and is of the view that the Group's focus on PT Rex's export-oriented operations is aligned with the demand and projected growth in these markets, which may improve the Group's financial performance following the completion of the Proposed Disposal.

Commencement of the Group's property development and construction business

As set out in the Offer Document for the 2025 Takeover, the Group intends to commence business activities in the property development and construction segment. This follows the emergence of ETAI as the new major shareholder of Rex following the 2025 Takeover, wherein ETAI and its major shareholder (i.e. Lim Chin Hui) have expertise and experience operating in the property development and construction segment. With the inception of the Group's property development and construction segment, the Group had on 24 September 2025, announced the incorporation of 3 new subsidiaries:-

- i. ETA Development Sdn Bhd – principally involved in property development, property management and investment;
- ii. ETA Design & Build Sdn Bhd – principally involved in the construction of industrial properties; and
- iii. ETA Trading Sdn Bhd – principally involved in the trading and distribution of construction materials.

At this juncture, the abovementioned subsidiaries are in its respective gestation periods, wherein the Group is identifying the key personnel required to spearhead its property development and construction business, as well as planning the allocation of its internal resources between the business of PT Rex and the new property development and construction business. It is the intention of the Group for DK to oversee the business of PT Rex moving forward, while the Group identifies other key personnel to manage the property development and construction business. The Board opines that the property development and construction business is beneficial to the Group in order to reduce its concentration risk on the F&B business operated solely by PT Rex (after the Proposed Disposal), while enabling the Group to generate additional income streams.

For the avoidance of doubt, the Board will monitor the contributions of the property development and construction business closely. In the event that the Board anticipates the said new business may contribute 25% or more of the net profits or result in a diversion of 25% or more of the NA of the Group, the Board will make the relevant announcement and seek the approval from the shareholders of Rex for the diversification of the existing business activities of the Group to include property development and construction activities, in accordance with Paragraph 10.13(1) of the Listing Requirements.

Based on the above, the Board (save for the Interested Directors) is of the view that the Proposed Disposal augurs well with the Group's business strategy to streamline and rationalise its business operations, as the Proposed Disposal enables the Group to reduce its overall operating costs and fully prioritise its more profitable business operation, in order to improve its financial performance moving forward. Notwithstanding the Group's healthy cash and bank balances of approximately RM42.98 million as at 30 June 2025, and the recognition of an estimated loss of approximately RM4.70 million arising from the Proposed Disposal, the Board (save for the Interested Directors) is of the opinion that it is timely to proceed with the Proposed Disposal, after taking into consideration the following key factors as highlighted above:-

- i. the opportunity to adopt a cut-loss position in respect of the Disposal Subsidiaries in Malaysia; and
- ii. the Group's plan to expand its income stream through the commencement of its property development and construction business.

5. INDUSTRY OVERVIEW AND OUTLOOK

5.1 Overview and outlook of the Malaysian economy

In 2025, the economy is expected to grow between 4% and 4.8%, underpinned by firm domestic demand. From the demand perspective, private consumption is anticipated to remain resilient, supported by higher disposable income, favourable labour market conditions, targeted assistance programmes and vibrant tourism activities. Investment momentum will be sustained by the realisation of multi-year projects and strong inflows into high-growth segments such as semiconductors and data centres. From a supply perspective, the services and manufacturing sectors will continue to lead growth. The services sector will be driven by robust tourism activities, dynamic retail trade and increased demand for business-related services. Meanwhile, the manufacturing sector will benefit from growing semiconductor demand due to the expansion of the digital economy and the increasing use of AI edge applications as well as strong performance in domestic-oriented industries.

In 2026, Malaysia's economy is projected to expand between 4% and 4.5%, supported by resilient domestic demand and a steady external sector. Growth will be anchored by private consumption, boosted by the implementation of the salary adjustment under Phase 2 of the Public Service Remuneration System ("**SSPA**"), continuation of targeted assistance programmes and robust tourism activities in conjunction with Visit Malaysia 2026 ("**VM2026**"). In addition, strong investment performance will be supported by higher capital expenditures, particularly in high-impact strategic sectors. The services and manufacturing will remain key drivers of growth, complemented by sustained construction and agriculture sectors.

In 2026, domestic demand is expected to register a growth of 5.4%, steered by sustained private sector expenditure at 5.7%. Strong consumption and investment activities will keep the private sector's contribution significant at 4.5 ppt to GDP growth. Meanwhile, public expenditure is anticipated to rise by 4.4%, contributing 0.8 ppt to overall growth.

Private consumption is projected to grow by 5.1%, driven by sustained income growth and favourable employment prospects. In addition, spillover effects from the implementation of Phase 2 of the SSPA, Sumbangan Tunai Rahmah (STR) and the BUDI MADANI RON95 (BUDI95) targeted subsidy programme are expected to provide further impetus to household spending, particularly among lower- and middle-income groups. Consumer spending will also be stimulated by higher tourism-related activities alongside major national and international events, including VM2026 and Malaysia Agriculture, Horticulture & Agrotourism Exhibition 2026 as well as the 2026 FIFA World Cup and BWF Thomas & Uber Cup 2026.

Private investment is anticipated to register a growth of 7.8% in 2026, driven by increased capital spending on structures and machinery & equipment in technology-intensive manufacturing and services sectors. The large volume of approved investments is expected to be realised, particularly in semiconductors, renewable energy and data centres. This outlook is reinforced by the strong implementation track record, with the execution of 85.1% of manufacturing projects approved between 2021 and June 2025. Strong global demand for electrical and electronics ("E&E"), coupled with automation and digitalisation, is expected to further stimulate investment in high-value and innovation-led activities. At the same time, ongoing initiatives such as GEAR-uP and the rollout of national masterplans will strengthen investor confidence and Malaysia's position as a competitive investment destination.

(Source: Economic Outlook 2026, Ministry of Finance Malaysia)

5.2 Overview and outlook of the food industry in Malaysia

The manufacturing sector expanded by 4.2% in 2024 (2023: 0.7%). Growth was driven by a recovery in export-oriented clusters following stronger global trade and tech upcycle. The primary-related cluster was lifted by higher refined petroleum output, on account of improved production at a key refinery in Johor. Consumer-related growth was underpinned by higher crude palm oil production and a continued increase in motor vehicle output.

(Source: Economic and Monetary Review 2024, Bank Negara Malaysia)

The manufacturing sector grew by 3.9% in the first half of 2025, supported by expansion in both export- and domestic-oriented industries. The export-oriented industries dominated the first half performance, recording a steady growth of 4.8%, primarily driven by strong gains in the E&E segment. This growth is on the back of demand for data centre-related components and the emergence of initial artificial intelligence (AI) edge applications. Meanwhile, the domestic-oriented industries registered a growth of 2.2%, contributed by continued household spending and construction-related activities.

For the second half of the year, the sector is projected to record a growth of 3.6%, in line with steady performance in all subsectors. Meanwhile, robust domestic consumption in the consumer goods and construction segments is anticipated to support the domestic-oriented industries. The demand for consumer-related products, particularly in the food and beverages as well as transportation segments, will be underpinned by higher tourism-related activities. Hence, the manufacturing sector is projected to register a growth of 3.8% in 2025.

The F&B and accommodation subsector expanded by 8.4% in the first half of 2025, spurred by higher hotel occupancy rates and increased patronage at restaurants. Building from the notable surge in visitor arrivals by 17.9% in the first half of the year, the subsector is expected to expand by 10.5% in the second half of the year.

This improvement is expected to be buoyed by an influx of visitors for both business and leisure purposes along with numerous meetings, incentives, conferences and exhibitions (MICE) events in conjunction with ASEAN-Malaysia Chairmanship 2025. The upward momentum is boosted by improved accessibility through progressive visa policies and continuous improvement in regional connectivity as well as intensified promotional activities for VM2026. The subsector is forecast to register a growth of 9.5% in 2025.

(Source: Economic Outlook 2026, Ministry of Finance Malaysia)

5.3 Overview and outlook of the food industry in Indonesia

With a continually increasing population and soaring demand, Indonesia's F&B industry has reached a crucial point in supporting the economy, contributing 7.15% to the national GDP in the first half of 2024. Despite rising production costs and regulatory changes, the sector has maintained stable growth, projected to increase by 4.53% in 2024. As we approach 2025, opportunities in this sector continue to expand, although challenges such as rising production costs and regulatory shifts will demand that businesses innovate and adapt to maintain growth.

The F&B sector has shown remarkable GDP growth over recent years. According to data from Indonesia's Central Statistics Agency, the sector saw a 4.47% increase in 2023, reaching Rupiah 853.716 trillion, and further projected growth of 4.53% by year-end 2024. This performance underlines the sector's resilience and its importance to the national economy.

Several drivers underpin this sustained growth. Increased domestic consumption, fueled by population growth and evolving consumer habits, keeps demand high, while an expanding export market opens up additional opportunities. According to data from the Central Bureau Statistics of Indonesia, the F&B industry accounted for the third-largest contribution to the national GDP in the first half of 2024, following wholesale trade and construction. This underscores the significant role the F&B sector plays in Indonesia's economy. With anticipated GDP growth rates in 2025, industry players are optimistic about reaching new milestones by leveraging innovation and tapping into rising consumer trends.

Indonesia's growing population—projected to surpass 281 million by 2025—continues to fuel demand for F&B, underscoring the sector's potential. Since 2015, an annual population increase of around 3 million has consistently pressured the industry to enhance production capacity. This growth also brings diversified consumption preferences, especially as younger generations lean towards healthy, convenient, and technology-integrated food options.

According to the latest data from Euromonitor International, as reported by the United States Department of Agriculture ("**USDA**") in the April 2023 edition titled "Indonesia: Food Processing Ingredients", packaged F&B sales hit a high of USD 40.11 billion (Rupiah 601.65 trillion) in 2023, driven by the rapid expansion of minimarkets and shifting consumer preferences toward convenience.

Observing consistent growth year-on-year, with an impressive growth rate of 11.9% in 2022, the packaged F&B market in Indonesia continues to demonstrate a strong demand. Euromonitor International and the USDA underscore that urban Indonesians are increasingly relying on processed and packaged foods, with a steady demand for items like frozen meals and snacks. This momentum, expected to carry into 2025, points to a profitable market for companies prioritizing accessibility and variety through these channels.

(Source: Rising Opportunities in Indonesia's F&B Sector: Key Growth Insights for 2024 and Beyond, November 2024, CRIF Indonesia)

5.4 Overview and outlook of the food industry in the USA

Atradius Group expects USA food and beverages output to increase by 1.4% in 2025 and by 2.0% next year (2026). Consumer spending is underpinned by a tight labour market and growth of real wages. Consumer confidence has improved in recent months due to interest rate cuts and decreasing gas prices.

That said, food price inflation will continue to put pressure on household budgets despite some easing in 2024, which affects purchasing patterns. In the grocery retail sector, USA households still face food prices that are almost 30% higher than pre-Covid. Consumers are seeking affordable options, and competition in the food sector is increasingly focused on price, which is creating margin pressure for food and beverages producers as well as retailers.

Increasing merger and acquisition activity will put additional pressure on the margins of smaller food businesses. An imposition of tariffs by the new administration is a downside risk for the USA food industry. It could complicate supply chains, reduce food production by raising the price of agricultural imports, and lead to higher food prices (e.g. more than 50% of USA fruit and vegetables imports come from Mexico).

(Source: Industry trends – food and beverages report by Atradius Group, January 2025)

5.5 Overview and outlook of the food industry in Europe

After a 0.4% increase in 2024, food and beverages sales in the European Union and United Kingdom are forecast to grow 0.1% in 2025 and 0.7% in 2026. While easing inflation and lower interest rates should support sector growth, prices for food items remain above 2019 levels. Cost drivers in the industry have been higher energy, transport, labour, and increased loan costs.

In many European markets, the profit margins of food producing and processing businesses are structurally thin and under pressure. This is due to a fiercely competitive environment, in which the bargaining power of major retailers and discounters is very strong. Consumers remain price-sensitive, which means that across Europe large discounters and private label products will remain very popular. Price wars will continue as food retailers compete for price-conscious customers.

Premium, organic, and artisanal products have become increasingly popular in Western Europe due to a shift towards health-conscious and sustainable food options. However, for smaller producers and retailers in this segment, another surge in food price inflation and economic issues that negatively affect household purchasing power are downside risks.

Adverse weather conditions such as the heatwaves that scorched southern Europe last summer (2024), as well as the likelihood of more floods, remain a downside risk for agri-food output and price developments.

(Source: Industry trends – food and beverages report by Atradius Group, January 2025)

5.6 Overview and outlook of the food industry in Asia

Atradius Group expects global food production to increase by 2.4% in 2025 and by 3.1% in 2026; annual global food sales are expected to grow in the same range. Among regions, Asia Pacific is projected to record above-average growth rates of more than 3% in 2025 and 5% in 2026.

Compared to other industries, the direct impact of tariffs on the food and beverages sector is modest, given its relatively low trade exposure and the perishable nature of output, which makes large cross-border trade costly and less economically viable. The food and drink industry benefits from regional self-sufficiency, although some specific product categories could face vulnerabilities.

However, there is an indirect impact from tariffs in the form of lower economic growth and higher inflation, affecting disposable household incomes. For the food sector, this could mean that consumers buy goods at lower price points, reduce spending on non-essential food and drink products, and maintain rather than increase their consumption level.

The slide in food commodity prices, which began after the shock of the February 2022 Russian invasion of Ukraine faded, has continued. Food prices decreased further quarter-on-quarter in Q1 2025, supported by better growing conditions in South America. Due to ample supply conditions, global food prices are forecast to decrease in 2025 and then stabilise in 2026. However, any escalation of current trade disputes could have adverse effects on supply chains and raise the price of agricultural imports. Additionally, adverse weather conditions remain a downside risk as they could disrupt global food supply, putting upward pressure on prices.

In the long term, emerging markets will lead sectoral growth. In many emerging economies, populations are increasing and the size of the middle class is expanding. As disposable incomes rise, consumers are substituting low value-added staples with higher value-added goods.

In Indonesia, the food and beverages industry provides a significant contribution to economic growth and job creation. We expect production and sales to grow by about 2.5% annually in 2025 and 2026. The increase is driven by population growth and a rising middle class with higher purchasing power.

The government rolled out a USD1.5 billion stimulus package during the school holiday between June and July, including transportation subsidies and cash and food handouts. Despite the expansion, the food sector faces challenges such as fierce competition in the retail segment, rising production costs, complex government regulations, and infrastructure or logistics issues.

(Source: Industry trends – food and beverages report by Atradius Group, January 2025)

6. RISK FACTORS

6.1 Non completion risk

The Proposed Disposal is conditional upon the fulfilment of the conditions precedent of the SSA as set out in **Appendix I** of this Circular. There can be no assurance that the conditions precedent will be obtained, satisfied and/ or waived or that the SSA can be completed within the stipulated time period. In the event that the conditions precedent are not fulfilled within the stipulated time period or waived, the completion of the Proposed Disposal may be affected.

Notwithstanding the foregoing, the Company will take all reasonable steps to ensure the satisfaction and/ or waiver (as the case may be) of the conditions precedent and to ensure the timely completion of the Proposed Disposal. Any delay or non-completion of the Proposed Disposal will delay or preclude the Company from receiving the proceeds arising from the Proposed Disposal.

6.2 Contractual risks

The Group may be subjected to claims of specific performance and/ or claims for damages if the obligations under the SSA are not fulfilled and/ or in the event of any breach of the terms and conditions as set out in the SSA.

Nevertheless, the Company shall endeavour to ensure full compliance of its obligations under the SSA.

6.3 Concentration risk on the Indonesian food and beverage operations

Upon completion of the Proposed Disposal, the Group's revenue and earnings will be entirely derived from the operations of PT Rex in Indonesia, which will remain the Group's sole operating subsidiary. Accordingly, the Group will be subject to business concentration risk arising from its dependence on the Indonesian operations. Any adverse developments in Indonesia, including changes in local government regulations, trade and export policies, tax structures, labour laws or currency fluctuations between the Indonesian Rupiah and the Malaysian Ringgit, may affect PT Rex's operations in Indonesia and, consequently, the Group's overall financial performance. The Group's financial performance may also be affected by fluctuations in demand from international customers, volatility in raw material prices or operational disruptions at PT Rex's manufacturing facilities in Jawa Timur.

Notwithstanding the foregoing, the Group mitigates these risks by maintaining a diversified customer base across multiple export markets (i.e. USA, Europe and Asia). Additionally, the Group will mitigate this risk through the commencement of the Group's property development and construction business, as detailed in **Section 4, Part A** of this Circular. The Board (save for the Interested Directors) believes that PT Rex's track record, recurring customer base and export-oriented business model will support the Group's financial performance following the completion of the Proposed Disposal.

7. EFFECTS OF THE PROPOSED DISPOSAL

The Proposed Disposal will not have any effect on the issued share capital and the substantial shareholders' shareholdings of the Company as the Disposal Consideration will be fully satisfied in cash and does not involve any issuance of Rex Shares.

7.1 NA per share and gearing level

Purely for illustration purpose, assuming that the Proposed Disposal had been effected at the end of the FYE 30 June 2024, the pro forma effects of the Proposed Disposal on the consolidated NA and gearing level of Rex are as follows:-

	Audited as at 30 June 2024	After the Proposed Disposal
	RM'000	RM'000
Share capital	113,717	113,717
Reserves	(4,779)	(4,779)
Accumulated losses	(12,576)	(17,264) ^{*1}
NA	96,362	91,674
No. of Shares in issue ('000)	657,671	657,671
NA per share (RM)	0.15	0.14
Total borrowings	24,849	7,236 ^{*2}
Gearing level (times)	0.26	0.08

Notes:-

^{*1} After accounting for the estimated pro forma loss of approximately RM4.69 million arising from the Proposed Disposal as referred to in **Section 2.8, Part A** of this Circular.

^{*2} After de-consolidating the total borrowings of the Disposal Subsidiaries of approximately RM17.61 million, based on the unaudited pro forma combined financial statements of the Disposal Subsidiaries for the FYE 30 June 2024.

7.2 Loss and LPS

Purely for illustration purposes, assuming that the Proposed Disposal had been completed as at 1 July 2023, being the beginning of the latest audited FYE 30 June 2024, the pro forma effects of the Proposed Disposal on the losses and LPS of Rex Group are as follows:-

	Audited as at 30 June 2024	After the Proposed Disposal
	RM'000	RM'000
LAT attributable to owners of the Company:-	(4,167)	(4,167)
Less:-		
Estimated pro forma loss from the Proposed Disposal	-	(4,688) ^{*1}
PAT of RTSB for the FYE 30 June 2024	-	(958) ^{*2}
Add:-		
LAT of RCCSB for the FYE 30 June 2024	-	3,876 ^{*2}
	(4,167)	(5,937)
Number of Shares in issue ('000)	657,671	657,671
Basic LPS (sen)	(0.63)	(0.90)

Notes:-

^{*1} After accounting for the estimated pro forma loss of approximately RM4.69 million arising from the Proposed Disposal as referred to in **Section 2.8, Part A** of this Circular.

^{*2} After excluding the PAT/ (LAT) contribution of RCCSB and RTSB from the LAT of Rex for the FYE 30 June 2024, given that RCCSB and RTSB will cease to be wholly-owned subsidiaries of Rex upon completion of the Proposed Disposal.

For avoidance of doubt, the estimated loss of approximately RM4.69 million is a one-off event pursuant to the Proposed Disposal. The actual earnings and LPS of Rex Group subsequent to the completion of the Proposed Disposal will depend on the future financial performance of the Rex Group.

7.3 Convertible securities

As at the LPD, Rex has 54,805,755 outstanding Rex Warrants. Save for the outstanding Rex Warrants, the Company has no other convertible securities.

8. APPROVALS REQUIRED

The Proposed Disposal is subject to the following approvals being obtained:-

- the shareholders of Rex at an EGM to be convened; and
- the SC in relation to the application by ETAI confirming that the Proposed Disposal does not constitute a favourable deal under Paragraph 18.01 of the Rules.

On 15 October 2025, UOBKH had, on behalf of the Board, announced that the SC had vide its letter dated 15 October 2025, approved the application submitted by UOBKH on behalf of ETAI for the consent of the SC under Note 3 to Paragraph 18.01 of the Rules in relation to the Proposed Disposal.

The approval granted by the SC for the above is subject to the following conditions:-

- i. The Independent Adviser to the Company for the Proposed Disposal states that in its opinion the terms of the Proposed Disposal are fair and reasonable;
- ii. The Proposed Disposal is approved at a general meeting of the shareholders of Rex. At this meeting, the vote must be a separate vote by the non-interested shareholders; and
- iii. UOBKH to furnish the SC with a written confirmation of compliance with the conditions of SC's approval once the conditions above are met.

The Proposed Disposal is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable for the Proposed Disposal is approximately 57.09%, calculated based on the aggregate audited total assets of RCCSB and RTSB for the FYE 30 June 2024 of RM88.96 million over the audited total assets of Rex for the FYE 30 June 2024 of RM155.83 million.

9. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposal, the Board is not aware of any outstanding proposals, which was announced but are not completed yet. Further, the Proposed Disposal is not conditional upon any other proposal undertaken or to be undertaken by the Company.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major shareholders of Rex and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Disposal:-

- i. DK is deemed interested in the Proposed Disposal by virtue of him being the Non-Independent Executive Director, Group Managing Director of Rex. Further, he is deemed a Major Shareholder of Rex as defined under Paragraphs 1.01 and 10.02(f) of the Listing Requirements, which includes any person who has an interest in 10% or more of the voting shares of a company, or 5% or more if such person is the largest shareholder, and extends to any person who held such interests within 6 months prior to the date of a transaction.

Accordingly, DK is deemed a Major Shareholder of Rex as he had, within the past 6 months, held a 12.68% direct and 27.91% indirect equity interest in Rex through Daiman Taipan Sdn Bhd, of which him and Daiman Taipan Sdn Bhd had disposed of their entire equity interest in Rex on 13 June 2025;

- ii. Daiman Taipan Sdn Bhd is deemed interested in the Proposed Disposal by virtue of it being a body corporate whereby DK is a director and a 54.99% shareholder. For clarity, Daiman Taipan Sdn Bhd is deemed a Major Shareholder of Rex as it had, within the past 6 months, held 27.91% direct interest in Rex, of which Daiman Taipan Sdn Bhd had disposed of its entire equity interest in Rex on 13 June 2025;
- iii. Chee Cheng Chun is deemed interested in the Proposed Disposal by virtue of him being a major shareholder of Rex through Daiman Taipan Sdn Bhd, whereby Chee Cheng Chun holds 45.00% equity interest in Daiman Taipan Sdn Bhd and is a director. Additionally, Chee Cheng Chun is deemed interested in the Proposed Disposal as he had, within the past 6 months, served as a director of Rex, whereby he resigned from his position of Non-Independent Non-Executive Director on 12 September 2025;

- iv. Kong Wai Fa, the Non-Independent Executive Director of Rex, is also a director of both the Disposal Subsidiaries. Given this, she has voluntarily abstained and will continue to abstain from deliberating and voting on the Proposed Disposal at the relevant Board meetings of Rex. She will also abstain from voting in respect of her direct and/ or indirect shareholdings in Rex, if any, on the resolution pertaining to the Proposed Disposal to be tabled at the EGM of the Company. She does not hold any equity interest in Rex or the Disposal Subsidiaries; and
- v. ETAI (and Lim Chin Hui by virtue of him being the sole shareholder), a Major Shareholder of Rex holding 55.04% direct equity interest in the Company, will voluntarily abstain from voting in respect of its direct and/ or indirect shareholdings in Rex on the resolution pertaining to the Proposed Disposal to be tabled at the EGM of the Company. This is by virtue of ETAI's current position as a Major Shareholder of Rex and having entered into an arrangement with the Purchaser (i.e. the 2025 Takeover) on 13 June 2025, which is within the past 6 months from the date of the SSA. For clarity, ETAI does not have any interest in the Proposed Disposal and has voluntarily abstained from voting on the Proposed Disposal for the abovementioned reasons.

The abovementioned are collectively referred to as the Interested Parties and DK and Kong Wai Fa are collectively referred to as the Interested Directors.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting on the Proposed Disposal at the relevant Board meetings. Additionally, the Interested Parties will abstain from voting in respect of their respective direct and/ or indirect shareholdings in Rex, if any, and have undertaken to ensure that persons connected with them will abstain from voting in respect of their respective direct and/ or indirect shareholdings in Rex, if any, on the resolution pertaining to the Proposed Disposal at the EGM to be convened.

11. TRANSACTIONS WITH RELATED PARTY(IES) IN THE PRECEDING 12 MONTHS

Save for the transactions under shareholders' mandate for recurrent related party transactions as set out in the circular dated 30 October 2024 and subsequently approved at Rex's 30th annual general meeting held on 28 November 2024, Rex Group has not entered into any transactions with the Interested Parties in the 12 months preceding the date of this Circular.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Directors) having considered all aspects of the Proposed Disposal, including but not limited to, the rationale and pro forma effects of the Proposed Disposal, salient terms of the SSA as well as the basis and justification of arriving at the Disposal Consideration, is of the opinion that the Proposed Disposal is in the best interest of the Company.

Accordingly, the Board (save for the Interested Directors) recommends that you **vote in favour** of the resolution pertaining to the Proposed Disposal at the EGM.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Rex, after taking into consideration the advice and preliminary opinion of the Independent Adviser, is of the opinion that the Proposed Disposal is:-

- i. in the best interests of the Group;
 - ii. fair, reasonable and on normal commercial terms; and
 - iii. not detrimental to the interest of the non-interested shareholders of the Company.
- In forming its views, the Audit Committee of Rex has taken into consideration, amongst others, the following:-
- i. the rationale and justification for the Proposed Disposal;
 - ii. the terms and conditions of the SSA;
 - iii. the basis and justification in arriving at the Disposal Consideration; and
 - iv. the financial effects of the Proposed Disposal.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the fulfilment of all the conditions precedent detailed in the SSA, the Proposed Disposal is expected to be completed in the fourth quarter of 2025.

The tentative timetable in relation to the Proposed Disposal is set out below:-

Date/ Timeline	Events
18 November 2025	Convening of the EGM to obtain the approval of shareholders of Rex for the Proposed Disposal
December 2025	- Fulfilment of the conditions precedent pursuant to the SSA - Completion of the Proposed Disposal

15. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D, Bukit Kiara, 60000 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 18 November 2025 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Disposal.

If you are unable to attend, participate, speak and vote in person at the EGM, you may complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the Company's Share Registrar office (Securities Services (Holdings) Sdn Bhd, situated at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time stipulated for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

Shareholders are advised to refer to the Appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
REX INDUSTRY BERHAD

HONG KOK CHEONG
Independent Non-Executive Chairman

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF REX IN
RELATION TO THE PROPOSED DISPOSAL**

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meanings as the words and expressions provided in the “Definitions” section of the Circular, except where the context otherwise requires or where otherwise defined herein.

All references to “we”, “us” and “our” are to SCS Global, being the Independent Adviser for the Proposed Disposal. All references to “you” and “your” are to the non-interested shareholders of Rex.

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT POINTS OF OUR EVALUATION OF THE PROPOSED DISPOSAL. YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL IN ITS ENTIRETY, TOGETHER WITH THE LETTER FROM THE BOARD IN PART A OF THE CIRCULAR AND THE ACCOMPANYING APPENDICES FOR OTHER RELEVANT INFORMATION. YOU SHOULD NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE PROPOSED DISPOSAL.

YOU ARE ALSO ADVISED TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED IN BOTH THIS IAL AND THE LETTER FROM THE BOARD BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT REX’S FORTHCOMING EGM.

IF YOU HAVE ANY DOUBT ABOUT THE PROPOSED DISPOSAL, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

1. INTRODUCTION

On 17 September 2025, on behalf of the Board, UOBKH announced that the Company proposed to undertake the Proposed Disposal and had entered into the SSA with the Purchaser.

In view of the interests of the Interested Parties and Interested Directors of the Company as set out in Section 10, Part A of the Circular, the Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

In accordance with Paragraph 10.08(2) of the Listing Requirements, the non-interested Directors of the Board had on 27 August 2025 appointed us to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Disposal.

The purpose of this IAL is to provide you with our independent evaluation of the Proposed Disposal together with our recommendation on whether you should vote in favour of or against the resolution pertaining to the Proposed Disposal at the Company’s forthcoming EGM, subject to our scope and limitations specified herein.

2. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following factors:

Consideration Factors	Our Evaluation
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Evaluation of the Disposal Consideration	We note the historical financial performance of the Disposal Subsidiaries has been on a declining trend. Our commentaries on the financial performance of the Disposal Subsidiaries are set out in Section 6.1 of this IAL.
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Based on our discussion and enquiries with the Board (save for the Interested Directors) and management of the Company, they expect the business conditions faced by the Disposal Subsidiaries continue to be challenging for the next 12-month period after 30 June 2025.

Consideration Factors Our Evaluation

Given the negative adjusted earnings, we are unable to establish our opinion of the fairness and reasonableness of the Disposal Consideration using the typical earnings or cash flows valuation approaches, such as price-to-earnings (P/E) relative valuation analysis, enterprise value to earnings before interest, taxation, depreciation and amortisation (EV/EBITDA) relative valuation analysis as well as discounted cash flow (DCF) valuation approach, which require positive earnings and reliable cash flows. Hence, we have only adopted the asset-based approach, i.e. the price-to-book ("**P/B**") relative valuation analysis ("**Relative Valuation Analysis**") as it is a generally accepted valuation method in the absence of positive earnings and cash flows, in evaluating the fairness and reasonableness of the Disposal Consideration.

Based on the Disposal Consideration and the market value of the entire equity interest in the Disposal Subsidiaries derived from Relative Valuation Analysis, the Disposal Consideration represents:

- (i) a premium of RM35.12 million or approximately 719.17% against the minimum of the market value of the entire equity interest in the Disposal Subsidiaries;
- (ii) a premium of RM21.80 million or approximately 119.79% against the median of the market value of the entire equity interest in the Disposal Subsidiaries;
- (iii) a premium of RM10.26 million or approximately 34.50% against the average of the market value of the entire equity interest in the Disposal Subsidiaries; and
- (iv) a discount of RM18.15 million or approximately 31.21% against the maximum of the market value of the entire equity interest in the Disposal Subsidiaries.

Based on the Relative Valuation Analysis presented above, we note that:

- (i) the Disposal Consideration falls within the range of the market value of the entire equity interest in the Disposal Subsidiaries from RM4.88 million to RM58.15 million; and
- (ii) the Disposal Consideration is higher than the median of RM18.20 million and average of RM29.74 million of the market value of the entire equity interest in the Disposal Subsidiaries.

Furthermore, we note that the Proposed Disposal is expected to result in an estimated pro forma loss of RM4.69 million to the Rex Group, primarily results from the difference between the historical financial position of the Disposal Subsidiaries and the Disposal Consideration. In our evaluation, we have considered, amongst others, the declining trend of the Disposal Subsidiaries' historical financial performance, the business conditions faced by the Disposal Subsidiaries continue to be challenging for the next 12-month period after 30 June 2025 based on our discussion and enquiries with the Board (save for the Interested Directors) and management of the Company as well as the current market expectation with regards to the market value of the entire equity interest in the Disposal Subsidiaries based on the relative valuation method using P/B multiple.

Consideration Factors Our Evaluation

In addition, we also note the Proposed Disposal enables the Rex Group to discontinue its loss-making Malaysian operations, reduce exposure to potential recurring costs and capital requirements related to the Disposal Subsidiaries as well as redeploy the Disposal Consideration towards the Rex Group's profitable Indonesian business segment.

Premised on the above, we are of the opinion that the Disposal Consideration is fair and reasonable and not detrimental to the non-interested shareholders of the Company.

Salient terms of the SSA We have reviewed the salient terms of the SSA entered into in relation to the Proposed Disposal as set out in Appendix I of the Circular. These include, amongst others, the terms and conditions governing the sale and purchase of the Disposal Subsidiaries, the payment of Deposit and Balance Disposal Consideration, the settlement of intercompany balances, the conditions precedent, authorisation of stakeholders, obligations to be fulfilled on/before the Completion Date as well as the rights of the Company and Purchaser in the event of defaults.

We are of the view that the salient terms of the SSA as well as the terms of the Proposed Disposal are fair and reasonable.

Rationale and justifications for the Proposed Disposal and The Group has recorded losses in recent financial years primarily due to the declining performance of the Disposal Subsidiaries. Despite ongoing cost-rationalisation initiatives, including the decommissioning of the Bukit Minyak Facility and transition to procuring finished goods from third-party contract manufacturing and PT Rex, the Disposal Subsidiaries continued to incur losses for FYE 30 June 2024 and the 12-month FPE 30 June 2025 (after excluding the non-recurring income and expenses).

In addition, based on our discussion and enquiries with the Board (save for Interested Directors) and management of the Company, the business conditions faced by the Disposal Subsidiaries are expected to continue to be challenging for the next 12-month period after 30 June 2025, despite the notable growth of Malaysian economy and food industry in Malaysia as set out in Section 6.4, Part B of this IAL.

In contrast, PT Rex has been the Group's largest revenue contributor since FYE 30 June 2020, focusing on contract manufacturing for international markets. PT Rex has remained profitable (save for FYE 30 June 2024 due to slower-moving inventories).

The Proposed Disposal provides an opportunity for the Group to discontinue its loss-making Malaysian operations and reallocate resources to PT Rex. The Disposal Consideration will primarily be used for working capital to support PT Rex's operations (RM39.70 million or 99.25%), with the balance to defray the expenses of the Proposed Disposal (RM0.30 million or 0.75%).

Based on our discussions and enquiries with the Board (save for the Interested Directors) and management of the Company, we note that while the Rex Group's latest unaudited consolidated financial statements for the 12-month FPE 30 June 2025 show consolidated cash and cash equivalents of approximately RM42.98 million, a substantial portion (approximately RM42.42 million) of these balances is held by the Disposal Subsidiaries.

Consideration Factors	Our Evaluation
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Upon completion of the Proposed Disposal, these cash and cash equivalents will cease to be consolidated within the Rex Group and will not be available for its working capital requirements. Excluding the cash held in the Disposal Subsidiaries, the Rex Group's remaining cash and cash equivalents are comparatively limited and mainly allocated for trade-related settlements, operating expenses and short-term obligations of PT Rex. As such, the Proposed Disposal allows the Company to monetise the Disposal Subsidiaries for expansion in its Indonesian operations.

We are of the view that the overall rationale for the Proposed Disposal is reasonable.

Prospects of the industry and the Group	The overview and outlook of the Malaysian economy, the food industry in Malaysia, Indonesia, the USA, Europe and Asia as well as prospects of the Group are set out in Section 6.4 of this IAL.
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Risk factors in relation to the Proposed Disposal	We take cognisance of the risks associated with the Proposed Disposal as outlined in Section 6, Part A of the Circular.
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We are of the view that the risks associated with the Proposed Disposal are not unusual for a transaction of this nature and have been mitigated through a combination of contractual terms and structural safeguards. We are of the view that the Proposed Disposal, while subject to inherent risks, is fair, reasonable, and not detrimental to the interests of the non-interested shareholders of Rex.

In evaluating the Proposed Disposal, we advise you to carefully consider the risk factors as outlined in Section 6.5, Part B of this IAL. Please note that these risk factors are not exhaustive.

Effects of the Proposed Disposal	<u>Issued share capital and substantial shareholders' shareholdings</u>
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We are of the opinion that the Proposed Disposal will not affect the share capital or substantial shareholders' shareholdings of the Company.

NA per share and gearing level

The Group's NA per Share is expected to decline due to the increase in accumulated losses arising from the estimated pro forma loss of RM4.69 million to be recognised pursuant to the Proposed Disposal.

The Group's gearing level is also expected to decrease due to the decrease in total borrowings as a result of de-consolidating the total borrowings of the Disposal Subsidiaries pursuant to the Proposed Disposal.

Loss and LPS

Loss of the Group is expected to increase primarily attributable to the estimated pro forma loss of RM4.69 million to be recognised pursuant to the Proposed Disposal as well as the exclusion of PAT contributed by RTSB amounting to RM0.96 million for the FYE 30 June 2024.

EXECUTIVE SUMMARY (Cont'd)

Consideration Factors	Our Evaluation
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	However, the abovementioned will be offset by the exclusion of LAT contributed by RCCSB amounting to RM3.88 million for the FYE 30 June 2024. For information, the exclusion of PAT/(LAT) of RCCSB and RTSB is on the basis that they will cease to be wholly-owned subsidiaries of Rex upon completion of the Proposed Disposal.
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3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Disposal. Based on our evaluation in Section 6 of this IAL, we are of the opinion that, on the basis of the information available to us, the Proposed Disposal is **FAIR AND REASONABLE** insofar as you are concerned and is not detrimental to your interests.

Accordingly, we recommend that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.



SCS Global Advisory (M) Sdn. Bhd. 200901020913 (864010-V)

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Kuala Lumpur Sentral
50470 Kuala Lumpur

24 October 2025

To: The Non-Interested Shareholders of Rex Industry Berhad ("Rex" or the "Company")

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSED DISPOSAL ("IAL")

This IAL is prepared for inclusion in the Circular to shareholders of Rex dated 24 October 2025 and should be read in conjunction with the same. All definitions used in this IAL shall have the same meanings as defined in the "Definitions" section of the Circular, except where the context otherwise requires or is otherwise defined herein.

All references to "we", "us" and "our" are to SCS Global, being the Independent Adviser for the Proposed Disposal. All references to "you" and "your" are to the non-interested shareholders of Rex.

1. INTRODUCTION

On 17 September 2025, on behalf of the Board, UOBKH announced that the Company had entered into the SSA with the Purchaser for the Proposed Disposal.

In view of the interests of the Interested Parties and Interested Directors of the Company as set out in Section 10, Part A of the Circular, the Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

In accordance with Paragraph 10.08(2) of the Listing Requirements, the non-interested Directors of the Board had on 27 August 2025 appointed us to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Disposal.

The purpose of this IAL is to provide you with our independent evaluation of the Proposed Disposal together with our recommendation on whether you should vote in favour of or against the resolution pertaining to the Proposed Disposal at the Company's forthcoming EGM, subject to our scope and limitations specified herein.

This IAL is prepared solely for the purpose of assisting the non-interested Directors and advising you, as the non-interested shareholders, to evaluate the fairness and reasonableness of the Proposed Disposal. You should nonetheless rely on your own examination of the merits of the Proposed Disposal before making a decision in connection with the resolution pertaining to the Proposed Disposal at the forthcoming EGM.

YOU ARE ALSO ADVISED TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED IN BOTH THIS IAL AND THE LETTER FROM THE BOARD BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

IF YOU HAVE ANY DOUBT ABOUT THE PROPOSED DISPOSAL, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE PROPOSED DISPOSAL

The details of the Proposed Disposal as well as the salient terms of the SSA in relation to the Proposed Disposal are disclosed in the following sections of the Circular:

	Reference in the Circular
(i) Details of the Proposed Disposal	Section 2, Part A
(ii) Rationale and justifications for the Proposed Disposal	Section 4, Part A
(iii) Effects of the Proposed Disposal	Section 7, Part A
(iv) Salient terms of the SSA	Appendix I
(v) Financial information of the Disposal Subsidiaries	Section 10, Appendix II

You should read and fully understood the entirety of the Proposed Disposal.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

As at the LPD, save as disclosed below, none of the Directors, major shareholders of the Company and/or persons connected with them have any interests, whether direct or indirect, in relation to the Proposed Disposal:

- (i) DK is deemed interested in the Proposed Disposal by virtue of him being the Non-Independent Executive Director, Group Managing Director of Rex. Further, he is deemed a Major Shareholder of Rex as defined under Paragraphs 1.01 and 10.02(1)(f) of the Listing Requirements, which includes any person who has an interest in 10% or more of the voting shares of a company, or 5% or more if such person is the largest shareholder, and extends to any person who held such interests within 6 months prior to the date of a transaction.

Accordingly, DK is deemed a Major Shareholder of Rex as he had, within the past 6 months, held a 12.68% direct and 27.91% indirect equity interest in Rex through Daiman Taipan Sdn Bhd, of which him and Daiman Taipan Sdn Bhd had disposed of their entire equity interest in Rex on 13 June 2025;

- (ii) Daiman Taipan Sdn Bhd is deemed interested in the Proposed Disposal by virtue of it being a body corporate whereby DK is a director and a 54.99% shareholder. For clarity, Daiman Taipan Sdn Bhd is deemed a Major Shareholder of Rex as it had, within the past 6 months, held 27.91% direct interest in Rex, of which Daiman Taipan Sdn Bhd had disposed of its entire equity interest in Rex on 13 June 2025;
- (iii) Chee Cheng Chun is deemed interested in the Proposed Disposal by virtue of him being a Major Shareholder of Rex through Daiman Taipan Sdn Bhd, whereby Chee Cheng Chun holds 45.00% equity interest in Daiman Taipan Sdn Bhd and is a director. Additionally, Chee Cheng Chun is deemed interested in the Proposed Disposal as he had, within the past 6 months, served as a director of Rex, whereby he resigned from his position of Non-Independent Non-Executive Director on 12 September 2025; and
- (iv) Kong Wai Fa, the Non-Independent Executive Director of Rex, is also a director of both the Disposal Subsidiaries. Given this, she has voluntarily abstained and will continue to abstain from deliberating and voting on the Proposed Disposal at the relevant Board meetings of Rex. She will also abstain from voting in respect of her direct and/or indirect shareholdings in Rex, if any, on the resolution pertaining to the Proposed Disposal to be tabled at the EGM of the Company. She does not hold any equity interest in Rex or the Disposal Subsidiaries.

- (v) ETAI (and Lim Chin Hui by virtue of him being the sole shareholder), a Major Shareholder of Rex holding 55.04% direct equity interest in the Company, will voluntarily abstain from voting in respect of its direct and/or indirect shareholdings in Rex on the resolution pertaining to the Proposed Disposal to be tabled at the EGM of the Company. This is by virtue of ETAI's current position as a Major Shareholder of Rex and having entered into an arrangement with the Purchaser (i.e. the 2025 Takeover, as defined below) on 13 June 2025, which is within the past 6 months from the date of the SSA. For clarity, ETAI does not have any interest in the Proposed Disposal and has voluntarily abstained from voting on the Proposed Disposal for the abovementioned reasons.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposed Disposal. The Interested Parties will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal at an EGM to be convened. Further, the Interested Parties will ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Disposal at an EGM to be convened.

4. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED DISPOSAL

SCS Global was not involved in any formulation of or any deliberations and negotiations on the terms and conditions pertaining to the Proposed Disposal. The terms of reference of our appointment as the Independent Adviser are in accordance with the requirements relating to independent adviser as set out in Paragraph 10.08(3) of the Listing Requirements and the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities.

Our scope as the Independent Adviser is limited to expressing an independent opinion on the Proposed Disposal as to whether the Proposed Disposal is fair and reasonable insofar you are concerned as well as providing our recommendation based on information and documents made available to us as set out below:

- (i) the information contained in Part A of the Circular and the accompanying appendices in the Circular;
- (ii) the SSA dated 17 September 2025 entered by Rex and DK;
- (iii) independent limited review report on the combined financial statements of the RCCSB and RTSB for the 12-month FPE 30 June 2025 prepared by Raki CS Tan & Ramanan;
- (iv) discussions with the Board and the management of Rex Group as well as representations made by them;
- (v) other relevant information, documents, confirmations and/or representations furnished to us by the Board and the management of Rex Group; and
- (vi) other publicly available information which we deem to be relevant for our evaluation.

We have relied on the Board and the management of Rex Group to take due care to ensure that all information, documents, confirmations and representations provided to us to facilitate our evaluation of the Proposed Disposal and which had been used, referred to and/or relied upon in this IAL have been fully disclosed to us, are accurate, valid and complete in all material aspects.

The Board has seen, reviewed and accepted this IAL. The Board, collectively and individually, accepts full responsibility for the accuracy and completeness of the information contained herein (save for our assessment, evaluation and opinion) and confirms, after having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this IAL the omission of which would make any information in this IAL misleading.

The responsibility of the Board in respect of:

- (i) the information relating to the Group is limited to ensuring that such information is accurately reproduced in this IAL; and
- (ii) the independent advice and expression of opinion by us in relation to the Proposed Disposal is limited to ensuring that accurate information in relation to the Group was provided to us for our evaluation of the Proposed Disposal and to ensure that all information in relation to the Group that are relevant to our evaluation of the Proposed Disposal have been completely disclosed to us and that there is no material fact the omission of which would make any information provided to us false or misleading.

We are satisfied that sufficient information has been disclosed to us in enabling us to formulate our recommendation. After making all reasonable checks, corroborating with independent sources where possible and to the best of our knowledge and belief, the information used is reasonable, accurate, complete and free from material omission. Notwithstanding that, we shall not be under any responsibility or liability for any misstatement of fact or from any omissions therein.

In rendering our advice, we have taken note of the pertinent matters which we believe are necessary and of importance to an assessment of the implications of the Proposed Disposal and therefore are of general concern to you to consider and form your views thereon.

Notwithstanding the foregoing:

- (i) it is not within our terms of reference to express any opinion on the legal, accounting and taxation issues relating to the Proposed Disposal; and
- (ii) we have not considered the specific investment objectives, financial situation, risk profile or particular needs of any individual shareholders or any specific group of shareholders. We recommend that in the event you are in doubt as to the action to be taken in relation to the Proposed Disposal in the context of your individual investment objectives, financial situation, risk profile or particular needs, you should consult your respective stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Our advice should be considered in the context of the entirety of this IAL. Our evaluation and opinion as set out in this IAL are based on, amongst others, equity capital market, economic, industry, regulatory and/or other prevailing conditions, and the information/documents made available to us as at the LPD or such other period specified herein. Such conditions may change significantly over a short period of time. Accordingly, our evaluation and opinion expressed herein do not take into account the information, events or conditions arising after the LPD.

5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

We did not have any professional relationship with Rex in the past 2 years prior to the date of this IAL. Premised on the above, we confirm that we are not aware of any conflict of interest that exists or is likely to exist in relation to our role as the Independent Adviser for the Proposed Disposal.

We are a holder of a Capital Markets Services Licence issued by the SC as a licensed adviser who is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act 2007. Our corporate finance team comprises experienced personnel with the requisite qualification and experience to provide a range of advisory services encompassing, amongst others, initial public offerings, mergers and acquisitions, capital market advisory, valuation and independent advice for related party transactions.

Our key management's credentials and experiences as an independent adviser include, amongst others, the following:

(A) Independent advisory assignment undertaken by SCS Global

- (i) the acquisition of the entire equity interest in Metta Food & Lifestyle Sdn Bhd by Oasis Harvest Corporation Berhad (formerly known as Dolphin International Berhad) for a cash consideration of RM30.80 million and the variation of the utilisation of proceeds from the disposal by Dolphin Applications Sdn Bhd of a parcel of industrial land where erected upon is a three storey detached factory with a three-storey office annexed together with a guardhouse, whereby the independent advice letter was issued on 19 September 2025;
- (ii) the disposal of 4 parcels of freehold industrial land together with a single-storey detached warehouse and a guard house erected thereon by JKB Development Sdn Bhd; variation of utilisation of proceeds from the disposal by JKB Development Sdn Bhd of a parcel of leasehold industrial land, and distribution of a special cash dividend of RM0.12 per ordinary share in Jasa Kita Berhad, whereby the independent advice letter was issued on 11 September 2025; and
- (iii) the variation to the terms of the share sale agreement dated 24 February 2022 (as supplemented by a supplemental letter) entered into between Oasis Harvest Corporation Berhad (formerly known as Dolphin International Berhad), Oasis Harvest Culinary Sdn Bhd (formerly known as Asia Poly Food and Beverage Sdn Bhd which is a wholly-owned subsidiary of Oasis Harvest Corporation Berhad) with Dato' Yeo Boon Leong, Yeo Boon Thai, Yeo Boon Ho and Yeo Soon Bee for the acquisition of the entire equity interest in Oasis Harvest Reserve Sdn Bhd for a purchase consideration of RM36.00 million ("**Acquisition of Oasis Harvest Reserve**") by varying/waiving certain payment terms of the Acquisition of Oasis Harvest Reserve, whereby the independent advice letter was issued on 13 September 2024.

(B) Independent advisory assignments previously undertaken by our key management

- (i) the selective capital reduction and repayment exercise of Kwantas Corporation Berhad pursuant to Section 116 of the Companies Act 2016, whereby the independent advice letter was issued on 30 October 2020;
- (ii) the unconditional take-over offer by Dato' Dr. Ir. Mohd Abdul Karim bin Abdullah ("**Dato' Dr. Karim**") to acquire all the remaining ordinary shares in Reneuco Berhad (formerly known as Kumpulan Powernet Berhad) not already owned by Dato' Dr. Karim and his persons acting in concert for a cash offer price of RM1.00 per share, whereby the independent advice circular was issued on 4 November 2019;
- (iii) the disposal of SIG Gases Berhad's 100% equity interest in Southern Industrial Gas Sdn Bhd, whereby the independent advice letter was issued on 26 September 2019;
- (iv) the selective capital reduction and repayment exercise of MAA Group Berhad pursuant to Section 116 of the Companies Act 2016, whereby the independent advice letter was issued on 3 May 2019;
- (v) the exemption under Paragraph 4.08 of the Rules to Tan Sri Mohamed Azman Bin Yahya and person acting in concert with him in accordance with Section 216 of Capital Markets And Services Act 2007 from the obligation to undertake a mandatory offer for the remaining ordinary shares and outstanding warrants 2013/2020 in Symphony Life Berhad not already owned by them, whereby the independent advice letter was issued on 10 August 2018;

- (vi) the unconditional take-over offer by Malaysia Hengyuan International Limited to acquire all the remaining ordinary shares in Hengyuan Refining Company Berhad (formerly known as Shell Refining Company (Federation of Malaya) Berhad) not already owned by Malaysia Hengyuan International Limited and its persons acting in concert for a cash offer price of RM1.92 per share, whereby the independent advice circular was issued on 19 January 2017;
- (vii) the acquisition by MISC Berhad of the 305,700,001 ordinary shares of USD1.00 each in Gumusut-Kakap Semi-Floating Production System (L) Limited ("**GKL**"), representing 50% of the issued and paid-up share capital of GKL from E&P Venture Solutions Co Sdn Bhd ("**EPV**"), a wholly-owned subsidiary of PETRONAS Carigali Sdn Bhd, which in turn is a wholly-owned subsidiary of Petroliaam Nasional Berhad ("**PETRONAS**") for a cash consideration of USD445.0 million (approximately RM1,849.0 million), whereby the independent advice letter was issued on 28 March 2016;
- (viii) the unconditional mandatory take-over offer by Dayang Enterprise Holdings Berhad to acquire all the remaining ordinary shares in Perdana Petroleum Berhad ("**PPB**") ("**PPB Shares**") and such number of new PPB Shares that may be issued pursuant to the exercise of any outstanding warrants issued by PPB ("**PPB Warrants**") and all the remaining PPB Warrants not already owned by Dayang Enterprise Holdings Berhad at the cash offer price of RM1.55 per PPB Share and RM0.84 per PPB Warrant, whereby the independent advice circular was issued on 3 August 2015;
- (ix) the selective capital reduction and repayment exercise of Malaysian Airline System Berhad pursuant to Sections 60 and 64 of the Companies Act 1965, whereby the independent advice letter was issued on 15 October 2014;
- (x) the unconditional take-over offer by TER Equity Sdn Bhd to acquire all the remaining ordinary shares in Sunsuria Berhad (formerly known as Malaysia Aica Berhad) which are not already held by TER Equity Sdn Bhd and its persons acting in concert for a cash consideration of RM0.85 per share, whereby the independent advice circular was issued on 21 February 2014;
- (xi) the conditional take-over offer by PETRONAS to acquire all the ordinary shares in MISC Berhad which are not already held by PETRONAS at a cash offer price of RM5.30 per share, whereby the independent advice circular was issued on 8 March 2013;
- (xii) the disposal by MISC Berhad of the 305,700,001 ordinary shares of USD1.00 each in GKL, representing 50% of the issued and paid-up share capital of GKL to EPV, a wholly-owned subsidiary of PETRONAS Carigali Sdn Bhd, which in turn is a wholly-owned subsidiary of PETRONAS, for a cash consideration of USD305.7 million (approximately RM934.4 million), whereby the independent advice letter was issued on 12 November 2012;
- (xiii) the disposal of principal subsidiaries of PacificMas Berhad, whereby the independent advice letter was issued on 24 April 2012; and
- (xiv) the take-over offer of Sindora Berhad, whereby the independent advice letter was issued on 15 September 2011.

For the avoidance of doubt, the credentials and experiences as set out in items (i) to (xiv) above are independent advisory cases advised by our key management, but are not projects undertaken by SCS Global.

6. EVALUATION OF THE PROPOSED DISPOSAL

In arriving at our conclusion and recommendation in respect of the Proposed Disposal, we have assessed and evaluated the fairness and reasonableness of the Proposed Disposal in accordance with the relevant provisions relating to the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities.

We have considered the following factors in our evaluation of the Proposed Disposal:

- (i) evaluation of the Disposal Consideration;
- (ii) salient terms of the SSA;
- (iii) rationale and justifications for the Proposed Disposal;
- (iv) prospects of the industry and the Group;
- (v) risk factors in relation to the Proposed Disposal; and
- (vi) effects of the Proposed Disposal.

6.1 Evaluation of the Disposal Consideration

As disclosed in Section 2.4, Part A of the Circular, the Disposal Consideration was arrived at on a willing-buyer willing-seller basis after considering the following:

- (i) the latest unaudited NA of the Disposal Subsidiaries as at 30 June 2025 of RM44.39 million based on the unaudited pro forma combined financial statements of the Disposal Subsidiaries for the 12-month FPE 30 June 2025. For clarification, a limited review on the unaudited pro forma combined financial statements of the Disposal Subsidiaries for the 12-month FPE 30 June 2025 was performed by Messrs Raki CS Tan & Ramanan, being the external auditors of the Company.

Based on the above, the Disposal Consideration represents a discount of RM4.39 million or 9.87% to the latest unaudited NA of the Disposal Subsidiaries as at 30 June 2025. For information purposes, based on the audited financial statements of the Disposal Subsidiaries for the FYE 30 June 2024, the Disposal Consideration represents a premium of RM0.52 million or 1.31% to the aggregate audited NA of the Disposal Subsidiaries as at 30 June 2024;

- (ii) the rationale and benefits arising from the Proposed Disposal as set out in Section 4, Part A of the Circular.

We also note that in assessing the Disposal Consideration, the Board (save for the Interested Directors) opines that the discount of 9.87% to the latest unaudited NA of the Disposal Subsidiaries as at 30 June 2025 of RM44.39 million is justifiable, taking cognisance of the following:

- (i) the financial track record of the Disposal Subsidiaries, which have consistently been recording losses since the FYE 30 June 2020 (excluding profits generated from non-recurring items or events outside the ordinary and usual course of business), and have gradually eroded the shareholder value of Rex;
- (ii) the discount serves to incentivise the Purchaser to proceed with the acquisition of the Disposal Subsidiaries, taking into account their historical loss-making financial performance, while not resulting in an excessive undervaluation of the Disposal Subsidiaries; and

- (iii) the Proposed Disposal will enable the Group to cease its key loss-making subsidiaries, while also raising RM40.00 million in funds which can be readily deployed towards the working capital requirements of PT Rex, which is the Group's profitable subsidiary.

Our comments:

We note that as at the LPD:

- (i) RCCSB is principally involved in the procurement and processing of canned food products, beverages, coconut milk and premix in Malaysia, as further elaborated below:
- (a) procurement of canned food products
- RCCSB engages third party contract manufacturers to manufacture the finished product of Rex branded canned foods such as seafood, chicken, mushroom, bean, etc.; and
- (b) processing of beverages, coconut milk and premix
- RCCSB also processes and refines beverages (i.e. fruit flavoured drinks, soya milk, etc), coconut milk and premix (i.e. chocolate malt premix); and
- (ii) RTSB is principally involved in the trading of canned food, beverages coconut milk and premix. Specifically, RTSB is the trading arm of the Rex Group's F&B business operations in Malaysia, whereby RTSB purchases the canned food, beverages, coconut milk and premix from RCCSB, which RTSB subsequently sells to end customers in Malaysia.

We further note the key audited financial information of the Disposal Subsidiaries for the past 3 financial years up to the FYE 30 June 2024 and the latest unaudited 12-month FPE 30 June 2025 set out in Section 9, Appendix II of the Circular. Based on our discussion and enquiries with the Board (save for the Interested Directors) and management of the Company, the unaudited pro forma combined financial statements of the Disposal Subsidiaries for the past 3 financial years up to the FYE 30 June 2024 and the latest unaudited 12-month FPE 30 June 2025 are as follows:

	Unaudited			12-month FPE
	FYE 30 June			30 June
	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000
Revenue	70,432	68,294	59,240	55,852
PBT/(LBT)	283	(45,172)	(2,918)	4,905
PAT/(LAT) ⁽¹⁾	283	(45,186)	(2,918)	4,905
Cash and cash equivalents	6,284	16,139	7,694	42,418
Total borrowings	19,059	22,295	17,613	14,107
Gearing ratio (times)	0.24	0.53	0.45	0.32
Current assets	73,103	50,824	60,289	65,372
Non-current assets	69,382	47,007	28,673	22,770
Current liabilities	54,628	47,252	43,091	38,023
Non-current liabilities	9,320	8,179	6,389	5,731
Current ratio (times)	1.34	1.08	1.40	1.72
NA	78,537	42,400	39,482	44,388

Note:

- (1) In addition, we have performed an analysis of the adjusted LAT and adjusted earnings before interest, taxation, depreciation and amortisation (“**EBITDA**”)/losses before interest, taxation, depreciation and amortisation (“**LBITDA**”) based on the unaudited pro forma combined financial statements of the Disposal Subsidiaries for the past 3 financial years up to the FYE 30 June 2024 as well as the latest unaudited 12-month FPE 30 June 2025, which are summarised as follows:

	Unaudited			12-month
	FYE 30 June			FPE 30 June
	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000
Adjusted LAT	^(b) (74)	^(c) (20,999)	^(d) (3,759)	^(e) (6,485)
Adjusted EBITDA/(LBITDA) ^(a)	4,163	(16,584)	(1,359)	(5,425)

Notes:

- (a) Computed based on the formula of (adjusted LAT + taxation – finance income + finance costs + depreciation + amortisation).
- (b) After excluding the non-recurring income and expenses comprising gain on disposal of property, plant and equipment (RM0.39 million), reversal of impairment loss on other receivables (RM0.04 million) as well as impairment loss on other receivables (RM0.08 million).
- (c) After excluding the non-recurring expenses comprising impairment loss on property, plant and equipment (RM19.50 million), provision of dismantling and relocation costs (RM0.36 million) as well as provision for employee termination benefits (RM0.90 million) pursuant to the decommissioning of the manufacturing facility located in Bukit Minyak, Penang (“**Bukit Minyak Facility**”), impairment loss on other receivables (RM2.46 million), impairment loss on amount due from a related company (RM0.94 million), as well as written off of amount due from related companies (RM0.03 million).
- (d) After excluding the non-recurring income and expenses comprising the reversal for employee termination benefits (RM0.11 million), gain on disposal of property, plant and equipment (RM0.93 million) as well as impairment loss on investment properties (RM0.20 million).
- (e) After excluding the non-recurring income and expenses comprising the gain on disposal of properties (RM15.39 million), provision of staff termination benefit (RM1.50 million) and impairment loss on amount due from related companies and holding company (RM2.50 million).

Our commentaries on the Disposal Subsidiaries’ historical financial performance are as follows:

- (i) Comparison between FYE 30 June 2022 and FYE 30 June 2023

The Disposal Subsidiaries’ revenue decreased by RM2.14 million or 3.04% from RM70.43 million in the FYE 30 June 2022 to RM68.29 million in the FYE 30 June 2023. The decline was mainly due to lower sales of Rex branded canned food (including squid, clam and cockles, cuttlefish and sardine) as well as coconut milk. This was mainly due to, amongst others, shortage of raw materials, higher selling price which dampened customer demand and fewer export orders. However, the lower revenue abovementioned was partially offset by higher sales of premix products (i.e. chocolate malt premix) and beverages, mainly driven by advertising and promotional activities and more competitive pricing compared to competitors.

The Disposal Subsidiaries recorded a LAT of RM45.19 million in the FYE 30 June 2023 as compared to a PAT of RM0.28 million in the FYE 30 June 2022. This was mainly due to the recognition of one-off expenses pursuant to the decommissioning of the Bukit Minyak Facility. In addition, during the FYE 30 June 2023, the Group also incurred higher other operating expenses (including advertising and promotion expenses, logistics cost, utilities expenses as well as machinery maintenance expenses), impairment loss on other receivables related to forfeited deposits from a cancelled machinery purchase as well as impairment loss on amount due from a related company following its cessation.

After adjusting the non-recurring items, the Disposal Subsidiaries recorded an adjusted LAT of RM0.07 million and RM21.00 million for the FYE 30 June 2022 and FYE 30 June 2023, respectively.

(ii) Comparison between FYE 30 June 2023 and FYE 30 June 2024

The Disposal Subsidiaries' revenue further decreased by RM9.05 million or 13.25% from RM68.29 million in the FYE 30 June 2023 to RM59.24 million in the FYE 30 June 2024. The decline was mainly due to lower sales of canned food (including squid, chicken, bean and peas as well as clam and cockles), beverages and coconut milk. This was mainly due to, amongst others, supply constraints from third-party manufacturers, shortage of raw materials and weaker market demand.

However, the lower revenue abovementioned was partially offset by higher sales of premix products, which served as a substitute product amid the ongoing consumer boycott of certain brands related to the conflict.

The Disposal Subsidiaries' LAT reduced by RM42.27 million or 93.54% from RM45.19 million in the FYE 30 June 2023 to RM2.92 million in the FYE 30 June 2024. This was mainly attributable to the absence of one-off expenses incurred from the decommissioning of the Bukit Minyak Facility. The Disposal Subsidiaries recorded lower staff costs, other operating expenses and depreciation expenses following its cessation of manufacturing activities at the Bukit Minyak Facility. In addition, the Group also incurred lower advertising and promotional expenses after the completion of marketing activities for premix and beverages in the FYE 30 June 2023.

After adjusting the non-recurring items, the Disposal Subsidiaries recorded an adjusted LAT of RM3.76 million for the FYE 30 June 2024.

(iii) Comparison between FYE 30 June 2024 and 12-month FPE 30 June 2025

The Disposal Subsidiaries' revenue further decreased by RM3.39 million or 5.72% from RM59.24 million in the FYE 30 June 2024 to RM55.85 million in 12-month FPE 30 June 2025. This was mainly due to lower sales from beverage products, which were impacted by reduced production capacity following the decommissioning of the Bukit Minyak Facility. However, this was partially offset by the higher sales of premix which continued to serve as substitute items amid the ongoing consumer boycott of certain brands as well as increased sales of coconut milk driven by more competitive pricing.

The Disposal Subsidiaries recorded a PAT of RM4.91 million in 12-month FPE 30 June 2025 as compared to a LAT of RM2.92 million in FYE 30 June 2024 mainly attributable to the gain on disposal of properties. This was partially offset by the increase in other operating expenses by RM7.00 million mainly due to provision of staff termination benefit, allowance for obsolete and slow-moving inventories and impairment loss on trade receivables as well as amount due from related companies and holding company.

After adjusting the non-recurring items, the Disposal Subsidiaries recorded an adjusted LAT of RM6.49 million in the FPE 2025.

We note the historical financial performance of the Disposal Subsidiaries has been on a declining trend and they have recorded adjusted LAT of RM0.07 million, RM21.00 million, RM3.76 million and RM6.49 million over the past 3 financial years up to the FYE 30 June 2024 as well as the latest 12-month FPE 30 June 2025, respectively.

On the other hand, the Disposal Subsidiaries recorded adjusted EBITDA of RM4.16 million for the FYE 30 June 2022, as well as adjusted LBITDA of RM16.58 million, RM1.36 million and RM5.43 million for the FYE 30 June 2023, FYE 30 June 2024 and the latest 12-month FPE 30 June 2025, respectively.

Based on our discussion and enquiries with the Board (save for the Interested Directors) and management of the Company, they expect the business conditions faced by the Disposal Subsidiaries continue to be challenging for the next 12-month period after 30 June 2025.

Given the negative adjusted earnings, we are unable to establish our opinion of the fairness and reasonableness of the Disposal Consideration using the typical earnings or cash flows valuation approaches, such as price-to-earnings (P/E) relative valuation analysis, enterprise value to earnings before interest, taxation, depreciation and amortisation (EV/EBITDA) relative valuation analysis as well as discounted cash flow (DCF) valuation approach, which require positive earnings and reliable cash flows.

Hence, we have only adopted the asset-based approach, i.e. the price-to-book ("**P/B**") relative valuation analysis ("**Relative Valuation Analysis**") as it is a generally accepted valuation method in the absence of positive earnings and cash flows, in evaluating the fairness and reasonableness of the Disposal Consideration.

Relative Valuation Analysis

We are of the opinion that the relative valuation method using P/B multiple is an appropriate valuation methodology as it provides a basis of the current market expectation with regards to the market value of the entire equity interest in the Disposal Subsidiaries based on valuation of publicly listed companies involved in the business of a similar nature to the Disposal Subsidiaries ("**Comparable Companies**"). The Relative Valuation Analysis was performed taking into account the Disposal Consideration and comparisons against the market value of the entire equity interest in the Disposal Subsidiaries derived based on the valuation of the Comparable Companies and their implied P/B multiples.

We have identified 5 Comparable Companies (which is by no means exhaustive) based on the following criteria:

- (i) majority of its businesses (largest revenue contribution or more than 50.00% of its revenues) are involved in the packaged foods and meats as well as beverages; and
- (ii) market capitalisation of below RM100.00 million, which approximates the size and scale of the Disposal Subsidiaries.

The details of the comparable companies are set out as follows:

Comparable Companies	Principal Activities
HB Global Limited	HB Global Limited is an investment holding company. Through its subsidiaries, it is principally involved in processing, packaging and production of ready-to-serve food, frozen vegetables and other culinary products.
Hwa Tai Industries Berhad	Hwa Tai Industries Berhad is an investment holding company. Through its subsidiaries, it is principally involved in manufacturing and trading of biscuits and food products.

Comparable Companies	Principal Activities
Orgabio Holdings Berhad	Orgabio Holdings Berhad is an investment holding company. Through its subsidiaries, it is principally involved in the manufacturing and sales of instant beverages premixes and aloe vera gel.
OCB Berhad	OCB Berhad is an investment holding company. Through its subsidiaries, it is principally involved in the manufacturing and trading of various types of consumer foods, manufacturing and trading of various types of bedding products as well as development of properties and its related activities.
SaudiGold Group Berhad	SaudiGold Group Berhad is an investment holding company. Through its subsidiaries, it is principally involved in manufacture and sale of frozen food.

(Source: S&P Capital IQ¹)

We wish to highlight that there is no publicly listed company which may be considered to be identical to the Disposal Subsidiaries in terms of, amongst others, composition of business activities, scale of business operations, risks, profile, capital structure, accounting and tax policies, track records, future prospects, competitiveness and/or financial positions. We note that any comparison made with respect to the Comparable Companies is merely to provide a comparison to the market value of the entire equity interest in the Disposal Subsidiaries. The selection of Comparable Companies is highly subjective and judgemental and the selected Comparable Companies may not be entirely comparable due to various factors.

The table below sets out the market value of the entire equity interest in the Disposal Subsidiaries derived based on the P/B multiples of the Comparable Companies as at 12 September 2025 (being the last practicable date of the announcement dated 17 September 2025) and the unaudited pro forma combined NA of the Disposal Subsidiaries as at 30 June 2025:

Comparable Companies	Market Capitalisation	P/B multiple
	RM million	times
HB Global Limited	35.19	0.38
Hwa Tai Industries Berhad	32.18	1.14
OCB Berhad	78.17	0.41
Orgabio Holdings Berhad	78.08	1.31
SaudiGold Group Berhad	15.62	0.11
	Minimum	0.11
	Median	0.41
	Average	0.67
	Maximum	1.31

(Source: S&P Capital IQ)

¹ S&P Capital IQ is a market intelligence platform offering data on public company financials and industry insight across sectors. S&P Capital IQ also provides information on private companies, smart search capabilities, sustainability insights, supply chain intelligence, industry news, credit ratings and real time market prices.

The market value of the entire equity interest in the Disposal Subsidiaries derived based on the P/B multiples of the Comparable Companies and the unaudited pro forma combined NA of the Disposal Subsidiaries as at 30 June 2025 are set out below as follows:

	P/B multiple	Unaudited pro forma combined NA of the Disposal Subsidiaries as at 30 June 2025	Market Value	Premium/ (Discount)	
	times	RM'000	RM'000	RM'000	%
	(a)	(b)	(a) x (b)		
Minimum	0.11		4,883	35,117	719.17
Median	0.41		18,199	21,801	119.79
Average	0.67	44,388	29,740	10,260	34.50
Maximum	1.31		58,148	(18,148)	(31.21)

As such, based on the Disposal Consideration and the market value of the entire equity interest in the Disposal Subsidiaries derived above, the Disposal Consideration represents:

- (i) a premium of RM35.12 million or approximately 719.17% against the minimum of the market value of the entire equity interest in the Disposal Subsidiaries derived above;
- (ii) a premium of RM21.80 million or approximately 119.79% against the median of the market value of the entire equity interest in the Disposal Subsidiaries derived above;
- (iii) a premium of RM10.26 million or approximately 34.50% against the average of the market value of the entire equity interest in the Disposal Subsidiaries derived above; and
- (iv) a discount of RM18.15 million or approximately 31.21% against the maximum of the market value of the entire equity interest in the Disposal Subsidiaries derived above.

Based on the Relative Valuation Analysis presented above, we note that:

- (i) the Disposal Consideration falls within the range of the market value of the entire equity interest in the Disposal Subsidiaries from RM4.88 million to RM58.15 million; and
- (ii) the Disposal Consideration is higher than the median of RM18.20 million and average of RM29.74 million of the market value of the entire equity interest in the Disposal Subsidiaries.

Besides the Relative Valuation Analysis, we have also considered the adjusted net asset valuation method which is a commonly adopted valuation methodology seeks to adjust the net asset value of a company by taking into consideration the valuation of the company's assets to determine the adjusted value of the firm's financial value, as a secondary method to cross check the results of the Relative Valuation Analysis. We note the following:

- (i) based on our discussion and enquiries with the Board (save for the Interested Directors) and management of the Company, the unaudited pro forma combined assets of the Disposal Subsidiaries are mainly represented by cash and cash equivalent (48.12%), property, plant and equipment (25.83%), trade and other receivables (15.67%) and inventories (10.25%) as at 30 June 2025;
- (ii) as at the LPD, RCCSB owns a freehold industrial land together with manufacturing factory and office located in Batu Pahat, Johor, with an unaudited net book value of RM15.69 million as at 30 June 2025. Based on our discussion and enquiries with the Board (save for Interested Directors) and management of the Company, RCCSB is currently occupying these properties for its business operations and not for property investment purposes. Accordingly, we are of the view that the aforementioned freehold industrial land together with manufacturing factory and office are for operating activities of the Disposal Subsidiaries and they cannot be monetised without affecting the business operations; and

- (iii) based on our discussion and enquiries with the Board (save for Interested Directors) and management of the Company, no revaluation is expected for the Disposal Subsidiaries' other material assets including, cash and cash equivalent, trade and other receivables as well as inventories.

Premised on the above, we are of the view that any result arising from the adjusted net asset valuation method would be equivalent to the Disposal Subsidiaries' net asset based on the unaudited pro forma combined financial statements of the Disposal Subsidiaries as at 30 June 2025, as well as within the range of valuation arrived based on the Relative Valuation Analysis above.

Furthermore, we note that the Proposed Disposal is expected to result in an estimated pro forma loss of RM4.69 million to the Rex Group, as set out in Section 2.8, Part A of the Circular. Notwithstanding the estimated pro forma loss of approximately RM4.69 million arising from the Proposed Disposal, we are of the view that such pro forma loss primarily results from the difference between the historical financial position of the Disposal Subsidiaries and the Disposal Consideration. In our evaluation above, we have considered, amongst others, the declining trend of the Disposal Subsidiaries' historical financial performance despite the initiatives undertaken by the Rex Group to reduce operating costs of the Disposal Subsidiaries since 2023 as set out in Section 4, Part A of this Circular, the business conditions faced by the Disposal Subsidiaries continue to be challenging for the next 12-month period after 30 June 2025 based on our discussion and enquiries with the Board (save for the Interested Directors) and management of the Company as well as the current market expectation with regards to the market value of the entire equity interest in the Disposal Subsidiaries based on the relative valuation method using P/B multiple. In addition, we also note the Proposed Disposal enables the Rex Group to discontinue its loss-making Malaysian operations, reduce exposure to potential recurring costs and capital requirements related to the Disposal Subsidiaries as well as redeploy the Disposal Consideration towards the Rex Group's profitable Indonesian business segment.

Premised on the above, we are of the opinion that the Disposal Consideration is fair and reasonable and not detrimental to the non-interested shareholders of the Company.

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6.2 Salient terms of the SSA

The salient terms of the SSA as set out in Appendix I, as well as our comments are as follows:

Salient Terms of the SSA		Our Comments
1. THE AGREEMENT		We are of the opinion that the Disposal Consideration is fair and reasonable and not detrimental to the non-interested shareholders of the Company. Please refer to our evaluation of the Disposal Consideration as set out in Section 6.1 of this IAL.
1.1	The SSA is between Rex (Registration No. 199301027926 (282664-K)) (Vendor) and DK (NRIC No. 610826-05-5349) (Purchaser) for the sale and purchase, either by himself or his nominee, of all of the 20,040 ordinary shares of RM100.00 each in RCCSB (Registration No.: 197201001412 (13079-V)) (" RCCSB Sale Shares ") and all of the 1,000,000 ordinary shares of RM1.00 each in RTSB (Registration No.: 198901013381 (190691-H)) (" RTSB Sale Shares ") upon the terms and subject to the conditions contained herein for a disposal consideration of RM40,000,000.00. The RCCSB Sale Shares and the RTSB Sale Shares are collectively known as the " Sale Shares ". RCCSB and RTSB are collectively known as the Disposal Subsidiaries. The Vendor and the Purchaser are collectively referred to as the " Parties ".	
2. SALE AND PURCHASE		We note that item 2.1 provides for the Sale Shares in Disposal Subsidiaries to be transferred free from all encumbrances. In our view, this is consistent with standard commercial practice and ensures that the Purchaser acquires full, unencumbered ownership of the Disposal Subsidiaries. Accordingly, we advise the non-interested Directors and non-interested shareholders of the Company that this clause is fair and reasonable and does not give rise to any detriment to the non-interested shareholders of the Company.
2.1	Upon the terms and subject to the conditions in the SSA, and in consideration of payment of the Disposal Consideration, the Purchaser shall purchase from the Vendor the Sale Shares free from all encumbrances.	

Salient Terms of the SSA	Our Comments
3. PAYMENT OF DEPOSIT AND DISPOSAL CONSIDERATION	
3.1 Payment of Deposit	
3.1.1 Upon execution of the SSA, the Purchaser shall pay to the Vendor the deposit of Ringgit Malaysia Four Million (RM4,000,000.00) only being 10% of the Disposal Consideration to be paid by the Purchaser to the Purchaser's solicitors ("Stakeholders"), in accordance with the terms of the SSA.	We note that item 3.1 requires the Purchaser to pay a deposit of RM4.00 million, representing 10% of the Disposal Consideration, upon execution of the SSA. This deposit is to be paid to the appointed Stakeholders and released to the Vendor (i.e. the Company) within 3 business days from the date the Purchaser's Solicitors confirm in writing that all the Conditions Precedent have been fulfilled.
3.1.2 The Deposit, being the 10% of the Disposal Consideration shall be released by the Stakeholders to the Vendor in accordance with Item 6.1(a)(i) herein.	In our assessment, a 10% deposit is consistent with prevailing commercial practice for transactions of this nature and quantum. Accordingly, we advise the non-interested Directors and non-interested shareholders that the deposit mechanism under item 3.1 is fair and reasonable and does not give rise to detriment to the non-interested shareholders.
3.2 Payment of Balance Disposal Consideration	
The Purchaser shall pay the Balance Disposal Consideration of Ringgit Malaysia Thirty Six Million (RM36,000,000.00) only being 90% of the Disposal Consideration to the Stakeholders on or before the Completion Date, failing which the Purchaser shall be granted an automatic extension of one (1) month from the Completion Date provided the Purchaser pays interest at the rate of eight per centum (8%) per annum calculated on a daily basis until settlement.	We further note that item 3.2 provides for the Balance Disposal Consideration of RM36.00 million, representing 90% of the Disposal Consideration, to be paid by the Purchaser to the Stakeholders on or before the Completion Date. We further note that item 3.2 introduces an automatic one (1) month extension from the Completion Date, provided the Purchaser pays interest at 8% per annum (calculated on a daily basis) until full settlement.
	We advise the non-interested Directors and non-interested shareholders that the payment terms under item 3 remain broadly consistent with market practice. We are of the view that the automatic extension is balanced by compensation from the interest charge. On balance, we are of the view that item 3 is fair and reasonable.
4. INTERCOMPANY BALANCES	
4.1 The Parties hereto also agree that, all intercompany balances between the Disposal Subsidiaries and the Vendor and its subsidiaries (if any) that are non-trade in nature are to be settled by way of payment in cash not later than ten (10) market days from the date of Completion (which shall have the meaning attributed thereto in Item 7.1 hereof). There shall be no other non-trade natured intercompany balances between the Disposal Subsidiaries and the Vendor thereafter.	We note that item 4.1 provides for all non-trade intercompany balances between the Disposal Subsidiaries (i.e. RCCSB and RTSB) and the Company as well as its other subsidiaries to be fully settled in cash within 10 market days from the date of Completion. Upon such settlement, no further non-trade intercompany balances shall remain outstanding between the Disposal Subsidiaries and the Rex Group.

From our review of the unaudited pro forma combined financial statements of the Disposal Subsidiaries, we note that there are amounts owing to/from related companies, which are non-trade in nature. Requiring these balances to be settled in cash prior to or immediately after Completion provides clarity and ensures a clean separation of financial accounts between the Rex Group and the Disposal Subsidiaries.

In our assessment, this arrangement is fair and reasonable to the non-interested shareholders because it:

- (i) prevents future disputes or claims between the Rex Group and the Disposal Subsidiaries in respect of legacy balances;
- (ii) it eliminates the risk of any set-off or dispute over legacy balances that could otherwise affect the actual proceeds received from the Proposed Disposal; and
- (iii) ensures that the Rex Group will no longer carry residual receivables or payables connected to the Disposal Subsidiaries after Completion.

Accordingly, we advise the non-interested Directors and non-interested shareholders that the settlement mechanism for intercompany balances under item 4.1 is fair and reasonable and is not detrimental to the interests of the non-interested shareholders.

5. CONDITIONS PRECEDENT

We note that item 5.1 sets out several conditions precedent that must be fulfilled or waived within 3 months of the SSA (or such later date as agreed by the parties) before the Proposed Disposal can be completed.

- 5.1 Notwithstanding anything to the contrary herein contained, the sale and purchase of the Sale Shares shall be conditional upon the following **"Conditions Precedent"** being fulfilled or waived on or before the date falling three (3) months from the date of the SSA or by such later date(s) as the parties hereto may mutually agree in writing ("**Cut-off Date**"):-

In our assessment, these conditions ensure that the Proposed Disposal proceeds in compliance with applicable laws and regulations. In particular, the requirement for approval by the Company's non-interested shareholders at an EGM provides a direct mechanism for minority shareholders to decide whether the Proposed Disposal should proceed.

Salient Terms of the SSA

- (a) the Vendor shall have obtained the necessary approvals including but not limited to its Board of Directors (excluding Directors who are deemed interested in the Proposed Disposal) for the sale of the Sale Shares upon the terms and conditions of the SSA and authorising the execution of the SSA and all related documents;
- (b) the Vendor shall have obtained the necessary approval from its non-interested shareholders at a general meeting to be convened for the Proposed Disposal; and
- (c) the approval by the SC in relation to the application by ETA Industries Sdn. Bhd. (Registration No. 201401017846 (1093933-D) that the Proposed Disposal does not constitute a favourable deal under Paragraph 18.01 of the Rules.

5.2 The SSA shall become unconditional on the date ("**Effective Date**") when all the Conditions Precedent referred to in Item 5.1 hereof have been fulfilled or waived.

Our Comments

The SSA becomes unconditional once all conditions precedent are fulfilled or waived. Only then will the Proposed Disposal proceed to Completion and the Company become entitled to the Balance Disposal Consideration of RM36.00 million.

We also note that ETAL had on 13 June 2025 acquired 266,977,403 Rex Shares and 21,475,831 Rex Warrants from Daiman Taipan Sdn Bhd, resulting in ETAL launching a mandatory take-over offer pursuant to Paragraph 4.01 of the Rules, for all the remaining Rex Shares and Rex Warrants not owned by ETAL and its controlling shareholder Lim Chin Hui ("**2025 Takeover**"). The 2025 Takeover closed on 25 July 2025, with ETAL holding 361,989,767 Rex Shares (or 55.04% equity interest in Rex) and 21,475,864 Rex Warrants.

In addition, under the SSA, we further note that ETAL is required to submit an application to the SC to seek the SC's consent in relation to the Proposed Disposal under Note 3 to Paragraph 18.01 of the Rules.

For information purposes, Paragraph 18.01 of the Rules together with the accompanying Note 3 to Paragraph 18.01 of the Rules prohibits an offeror or its persons acting in concert from entering into any arrangement which confers favourable conditions on selected shareholders that are not extended to all shareholders, during an offer or when an offer is reasonably in contemplation or for six months after the close of such offer. Note 3 to Paragraph 18.01 of the Rules recognises that there may be circumstances where certain assets of the offeree are of no interest to the offeror, and where a shareholder's acquisition of such assets could potentially confer a special benefit on him and the arrangement is not capable of being extended to all shareholders. We understand that in such cases, the SC will normally consent, provided that:

- (i) the independent adviser to the offeree states that in his opinion the terms of the shareholder's acquisition of such assets are fair and reasonable; and
- (ii) the shareholder's acquisition of such assets is approved at a general meeting of the offeree's shareholders.

In this context, the condition precedent requiring the ETAL to obtain the SC's consent is necessary to ensure that the Proposed Disposal complies with the Rules. Having considered the terms of the SSA and the requirement under Note 3 to Paragraph 18.01 of the Rules, we are of the view that the inclusion of this condition precedent is appropriate and provides the necessary safeguard to the non-interested shareholders.

In addition, we note that the SC had, vide its letter dated 15 October 2025, approved the application submitted by UOBKH on behalf of ETAL for the consent of the SC under Note 3 to Paragraph 18.01 of the Rules in relation to the Proposed Disposal. The approval granted by the SC for the application is subject to the following conditions:

- (i) the Independent Adviser to the Company for the Proposed Disposal states that in its opinion the terms of the Proposed Disposal are fair and reasonable;
- (ii) the Proposed Disposal is approved at a general meeting of the shareholders of Rex. At this meeting, the vote must be a separate vote by the non-interested shareholders; and
- (iii) UOBKH to furnish the SC with a written confirmation of compliance with the conditions of SC's approval once the conditions above are met.

We advise the non-interested Directors and non-interested shareholders that the conditions precedent and their consequences as set out in item 5 are consistent with market practice, provide appropriate checks and balances (including shareholder approval at an EGM), and are therefore fair and reasonable. We do not consider these terms to be detrimental to the interests of the non-interested shareholders of the Company.

Salient Terms of the SSA	Our Comments
6. STAKEHOLDERS	We note that item 6.1 appoints the Stakeholders (the Purchaser's solicitors) to hold the Disposal Consideration in a licensed bank account and to release the monies in accordance with the fulfilment of the agreed milestones prescribed under item 6.1.
6.1 The Parties hereto irrevocably authorise the Stakeholders:- (a) to hold the Disposal Consideration or any part thereof paid to them pursuant to the SSA as stakeholders with any licensed bank;	From our assessment, the stakeholder mechanism is consistent with market practice and provides security to both parties:
(i) to release the Deposit less any bank charges, if any, to the Vendor within three (3) market days from the date the Purchaser's solicitors confirm in writing that all the Conditions Precedent have been fulfilled; or	(i) the Purchaser is assured that payment will only be released once the Vendor fulfils its obligations; and
(ii) if all or any of the Conditions Precedent referred to in Item 5.1 have not been fulfilled or waived for any reason whatsoever by the Cut-off Date above, the Stakeholders shall release forthwith the Deposit less any bank charges to the Purchaser (if not already released to the Vendor), free from interests whereupon the SSA shall automatically lapse and shall be null and void and of no effect, and neither party hereto shall have any claim against the other, save in respect of any antecedent breach. If the Deposit, has been released to the Vendor, the Vendor shall refund the said Deposit, less any bank charges, to the Purchaser free from interests; or	(ii) the Vendor is assured of payment once completion steps are satisfied. For the Company and its non-interested shareholders, this mechanism provides a safeguard that the disposal proceeds will be received in cash promptly once completion is achieved.
(iii) to release the Balance Disposal Consideration, less any bank charges, to the Vendor within three (3) market days after receiving the Purchaser's solicitors' written confirmation that the Vendor has fulfilled its Completion obligations herein.	

Salient Terms of the SSA

6.2 In the event of any dispute arising out of the parties hereto for whatsoever reasons or by reason of any adverse claim by any third party on the Disposal Consideration or any part thereof held by the Stakeholders, the Stakeholders are hereby irrevocably authorised not to release the Disposal Consideration or any part thereof and shall not be liable or responsible for whatsoever consequences arising thereof until:-

- (a) the Parties hereto have resolved their dispute amicably and upon written consensus of the Parties hereto; or
- (b) upon an order of the High Court of Malaya being served on the Stakeholders directing them accordingly.

In those events, the Stakeholders are conclusively deemed to have acted in accordance to the consensus of the Parties hereto and shall be conclusively absolve any further liability to any party notwithstanding any subsequent dispute of whatsoever nature among the parties and/or the setting aside of the order by reason of any appeal or for whatsoever other reasons.

7. COMPLETION

7.1 Unless otherwise agreed by the parties hereto in writing, "**Completion**" of the purchase of the Sale Shares shall take place at the office of the Vendor (or such other place as may be agreed by the parties hereto in writing) on the Completion Date.

7.2 On or before Completion Date, the Vendor shall release the same to its Solicitors:-

- (a) the original share certificates (or such other documents of title) in respect of the Sale Shares together with the instruments of transfer (and/or such other instruments to effect transfer of the Sale Shares) duly completed and executed in favour of the Purchaser and/or his nominee, undated, and the duly executed relevant Forms for the transfer of the Sale Shares;

Our Comments

We note that item 6.2 provides that if a dispute arises between the parties or an adverse third-party claim is made on the Disposal Consideration, the Stakeholders are authorised to withhold release of the monies until:

- (i) the parties resolve the dispute by written consensus, or
- (ii) an order of the High Court of Malaya directs release. In such cases, the Stakeholders are absolved of further liability once they act in accordance with the parties' consensus or the court order.

From the Company's perspective, this clause reflects standard stakeholder protections. However, non-interested shareholders should note that in the event of a dispute, the release of the Disposal Consideration may be delayed pending resolution or court order. While this may temporarily affect the timing of cash inflows to the Company, it is a customary safeguard for solicitors acting as stakeholders and does not materially prejudice the Company's entitlement to the proceeds.

We note that Completion will take place at the Vendor's office (or such other place agreed in writing by the parties) on the agreed Completion Date. This is procedural in nature and does not have material implications for the Company's non-interested shareholders.

We note that item 7.2 requires the Vendor to deliver to its solicitors, for onward release to the Purchaser, the original share certificates, executed instruments of transfer, board resolution approving the transfer, and all statutory books, registers, accounting records, property title deeds and bank mandate forms. This ensures that the Purchaser obtains full legal and beneficial ownership of the Disposal Subsidiaries upon Completion. From the perspective of the Company and its non-interested shareholders, this is consistent with standard completion mechanics in share sale agreements and provides clarity on the transfer of ownership.

Salient Terms of the SSA	Our Comments
(b) an extract of a resolution of the board of directors of the Disposal Subsidiaries, duly certified true by its Company Secretary approving the transfer of the Sale Shares to the Purchaser and/or his nominee; (c) such other documents as may be required to enable the Purchaser and/or his nominee to be the legal and beneficial owner of the Sale Shares; and (d) the seal and certificate of incorporation of the Disposal Subsidiaries, the statutory books, books of account and documents of record (whether stored in writing or on electronic media, where possible), complete and up-to-date; the title deeds relating to all real properties owned; and the appropriate forms to amend the mandates given by the Disposal Subsidiaries to its bankers (if any).	
7.3 The Stakeholders shall release to the Vendor the Balance Disposal Consideration, less any bank charges, within three (3) market days after receiving the Purchaser's Solicitors' written confirmation that the Vendor has fulfilled its Completion obligations herein and against such payment, the Vendor shall deliver to the Purchaser's Solicitors the documents referred to in Item 7.2 (a), (b), (c) and (d).	Item 7.3 provides that the Balance Disposal Consideration of RM36.00 million will be released to the Vendor by the Stakeholders on the Completion Date, against delivery of the transfer documents listed in item 7.2. We are of the view that this is fair and reasonable, as it ensures simultaneous exchange of consideration and documents, thereby safeguarding the Company's entitlement to receive the full disposal proceeds in cash once the transfer of ownership is effected.
7.4 On Completion Date, the Vendor will have the right to the continued and exclusive use of the Trademark 'Rex' and the name 'Rex Industry Berhad' and accordingly the Purchaser shall change the names of Rex Trading Sdn. Bhd. and Rex Canning Co. Sdn. Bhd. upon Completion.	We note that item 7.4 provides that, post-Completion, the Vendor will retain the exclusive right to use the "Rex" trademark and the corporate name "Rex Industry Berhad". In our assessment, this provision ensures that the listed entity retains control of its established corporate identity, despite disposing of the Disposal Subsidiaries. This avoids potential confusion in the market and safeguards the branding of the Company as a listed entity.

Salient Terms of the SSA	Our Comments
8. DEFAULT 8.1 In the event of any breach by the Purchaser of any of the provisions of the SSA including but not limited to the Purchaser failing to make any payment in the manner provided herein, including under Item 3 above, it is hereby agreed between the parties hereto that the Vendor shall be entitled either to the remedy of specific performance or to terminate the SSA and/or seek damages against the Purchaser and thereafter neither party hereto shall have any claim against the other save in respect of any antecedent breach. Notwithstanding the foregoing, if the Purchaser defaults in any of his obligations under Item 3 above, the Stakeholders shall forthwith release the Deposit (if not already released to the Vendor), less bank charges, to the Vendor and the Vendor shall have the right not to proceed with the envisaged transaction herein.	We advise the non-interested Directors and non-interested shareholders that the completion provisions under item 7 are consistent with normal commercial practice, provide certainty of ownership transfer to the Purchaser, and ensure that the Balance Disposal Consideration is paid concurrently with delivery of the necessary documentation. The continued retention of the “Rex” trademark and name by the Company also preserves its corporate identity. On this basis, we are of the view that the terms of item 7 are fair and reasonable and not detrimental to the interests of the non-interested shareholders. We note that item 8.1 provides that if the Purchaser breaches its obligations under the SSA, including failure to make payments under item 3, the Vendor (i.e. the Company) may either seek specific performance, terminate the SSA and/or claim damages. In addition, where the Purchaser defaults in payment, the Deposit shall be released to the Vendor. In our assessment, this clause protects the Company’s position by ensuring that the Vendor is compensated if the Purchaser fails to honour its payment obligations. The forfeiture of the Deposit serves as a deterrent against non-performance and secures partial recovery of losses in the event of Purchaser default.

Salient Terms of the SSA

Our Comments

8.2 In the event of any breach by the Vendor of any of the provisions of the SSA including but not limited being unable to or refusing to transfer the Sale Shares to the Purchaser free from encumbrances in accordance with the provisions of the SSA or in the event that the Sale Shares cannot be registered or transferred to the Purchaser due to any fault, act and/or omission of the Vendor, it is hereby agreed between the parties hereto that the Purchaser shall be entitled to terminate the SSA and/or seek damages against the Vendor and/or seek refund of money paid to the Vendor pursuant to this agreement and thereafter neither party hereto shall have any claim against the other save in respect of any antecedent breach. In such instance, the Stakeholders shall forthwith refund the Deposit (if not already released to the Vendor), less bank charges, to the Purchaser. In the event the Deposit has been released by the Stakeholders to the Vendor, the Vendor shall forthwith refund the Deposit, less any bank charges, to the Purchaser, free from interests in accordance with the SSA.

We note that item 8.2 provides reciprocal remedies to the Purchaser in the event of a breach by the Vendor, including failure to transfer the Sale Shares free from encumbrances or any act or omission that prevents registration of the Sale Shares in the Purchaser's name. In such circumstances, the Purchaser may terminate the SSA, seek damages and/or require refund of monies paid, including refund of the Deposit.

From the perspective of the Company's non-interested shareholders, this clause is consistent with standard commercial practice and reflects a balanced allocation of risk between the parties. It ensures that the Purchaser is not unfairly prejudiced in the event the Company fails to deliver on its core obligations.

8.3 Without prejudice to the generality of the provisions of Clause 8 (Warranties) of the SSA, in the event that at any time prior to Completion it shall be found that any of the warranties given by any of the parties ("**First Mentioned Party**") pursuant to Clause 8 (Warranties) of the SSA have not in all material respect been carried out or complied with to the other party's reasonable satisfaction or in the other party's reasonable opinion are found to be untrue or misleading in any material respect, such party shall be entitled, by notice in writing to the First Mentioned Party, to demand that it remedy such breach to the reasonable satisfaction of such party within seven (7) days from the date of the said notice, failing which the other party shall be entitled to the remedies as herein described.

We note that item 8.3 provides that if any of the warranties given under Clause 8 (Warranties) of the SSA are found, prior to Completion, not to have been complied with or are untrue or misleading in any material respect, the non-breaching party may issue a written notice requiring the breach to be remedied within seven (7) days. If the breach is not remedied to the satisfaction of the non-breaching party, that party is entitled to invoke the remedies provided in the SSA. This mechanism ensures that both the Purchaser and the Vendor have an opportunity to rectify breaches before more serious remedies are enforced, which is consistent with commercial practice.

Salient Terms of the SSA

Our Comments

8.4 If the breach of warranties is committed by the Vendor, the Stakeholders shall forthwith refund the Deposit (if not already released to the Vendor), less bank charges, to the Purchaser, failing which, the Purchaser shall be entitled either to terminate the SSA and/or seek damages against the Vendor. In the event the Deposit has been released by the Stakeholders to the Vendor, the Vendor shall forthwith refund the Deposit, less any bank charges, to the Purchaser, free from interests in accordance with the SSA.

If the Vendor is in breach of warranties and fails to remedy, the Purchaser is entitled to terminate the SSA, seek damages, and/or require a refund of the Deposit. If the Deposit has already been released to the Vendor, the Vendor is required to refund it to the Purchaser (less the bank charges and without interest). From the perspective of the Company and its non-interested shareholders, item 8.4 provides that if the Company is in breach of its warranties, the Purchaser is entitled to terminate the SSA, claim damages and obtain a refund of the Deposit. This ensures that the Purchaser is not unfairly disadvantaged in such circumstances, while the Company's liability is limited to refunding monies received and any damages that may be awarded. We are of the view that this is consistent with customary commercial terms and does not give rise to detriment to the Company's non-interested shareholders.

8.5 If, however the breach of warranties is committed by the Purchaser, the Stakeholders shall forthwith release the Deposit (if not already released to the Vendor), less bank charges, to the Vendor without prejudice to the right of the Vendor either to the remedy of specific performance or to terminate the SSA and/or seek damages against the Vendor.

Conversely, if the Purchaser is in breach of warranties and fails to remedy, the Deposit will be released to the Vendor. In addition, the Vendor retains the right to pursue specific performance, termination and/or damages. This provision protects the Company from losses in the event the Purchaser fails to comply with its representations and warranties. Retention of the Deposit in such cases is consistent with standard practice, serving as a form of liquidated damages and deterrent against non-performance.

Our comments:

Premised on the above, we are of the view that the overall salient terms of the SSA as well as the terms of the Proposed Disposal are fair and reasonable.

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6.3 Rationale and justifications for the Proposed Disposal

We note the rationale and justifications for the Proposed Disposal as set out in Section 4, Part A of the Circular.

Our comments:

The Group has been recording losses in recent financial years (save for the FYE 30 June 2021 and FYE 30 June 2022). This was mainly due to the declining financial performance of the Disposal Subsidiaries as explained above. For information purposes, the Group recorded a PAT of RM8.85 million for the 12-month FPE 30 June 2025. However, after excluding the non-recurring income of gain on disposal of properties (RM15.39 million), provision of staff termination benefit (RM1.50 million) and impairment loss on amount due from related companies and holding company (RM2.50 million), the Group recorded an adjusted LAT of RM2.54 million.

We also note that the Group has undertaken efforts since 2023 to streamline and rationalise its loss-making business activities in Malaysia (i.e. Disposal Subsidiaries) by reducing the operating costs. The Group decommissioned its Bukit Minyak Facility in June 2023 and subsequently disposed of the land together with the buildings erected thereon in October 2024. Instead of manufacturing products in house, the Disposal Subsidiaries transitioned to procuring finished goods from third party contract manufacturers and PT Rex. However, despite these ongoing initiatives, the Disposal Subsidiaries continued to incur losses for the FYE 30 June 2024 and 12-month FPE 30 June 2025 (after excluding the non-recurring income and expenses). This was mainly due to higher procurement costs from third party contract manufacturers for certain food products, driven by shortages of key ingredients such as squid, clams and chicken. The losses was worsened because the Disposal Subsidiaries' limited ability to pass on these cost increases to customers effectively, as past price hikes for canned food products in Malaysia had resulted in reduced consumer demand and lower sales volumes. In addition, based on our discussion and enquiries with the Board (save for Interested Directors) and management of the Company, the business conditions faced by the Disposal Subsidiaries are expected to continue to be challenging for the next 12-month period after 30 June 2025, despite the notable growth of Malaysian economy and food industry in Malaysia as set out in Section 6.4, Part B of this IAL.

Further, we note that PT Rex has been the Group's largest revenue contributor since the FYE 30 June 2020, focusing on contract manufacturing activities (manufacturing customer-labelled products) in the international markets. PT Rex has remained profitable since FYE 30 June 2020 and up to 12-month FPE 30 June 2025 (save for the FYE 30 June 2024 mainly due to PT Rex had slower moving inventories in relation to certain of its contracts, which resulted in higher storage costs and lower revenue recognition from the respective contracts).

We take cognisance of the benefits of focusing on contract manufacturing activities as compared to the manufacturing and trading of Rex branded products set out in the Section 4, Part A of the Circular, are as follows:

- (i) the contract manufacturing business model allows PT Rex to supply various customers including foods and beverages manufacturers, traders and distributors who subsequently label and finish the products to be resold under their own brand name. In contrast, Rex branded products are limited to retail sales;
- (ii) the contract manufacturing business model allows PT Rex to fix production capacity and unit costs upfront, ensuring predictable gross margin. In contrast, Rex branded products are exposed to risks of unsold inventory, expiry write-offs and higher marketing costs; and
- (iii) the contract manufacturing business model allows the gross margin of PT Rex are protected by contractual terms. In contrast, Rex branded products require higher sale volumes to reduce costs and achieve economies of scale. PT Rex also benefits from recurring customers under its contract manufacturing business model.

As such, the Proposed Disposal presents an opportunity for the Company to discontinue its loss-making business activities in Malaysia (i.e. Disposal Subsidiaries) and reallocate the resources to PT Rex, enabling the Group to focus on contract manufacturing activities in the international markets, which have proven profitable in recent financial years. Upon completion of the Proposed Disposal, the Group intends to utilise the Disposal Consideration as follows:

- (i) RM39.70 million or 99.25% of the Disposal Consideration to finance its general working capital requirements, including purchase of raw and packaging materials and general operating expenses for PT Rex's business activities; and
- (ii) RM0.30 million or 0.75% of the Disposal Consideration to defray expenses for the Proposed Disposal.

Based on our discussion and enquiries with the Board (save for the Interested Directors) and management of the Company, while the Rex Group's latest unaudited consolidated financial statements for the 12-month FPE 30 June 2025 reflect consolidated cash and cash equivalents of approximately RM42.98 million, we note that a substantial portion (approximately RM42.42 million) of these balances is held by the Disposal Subsidiaries themselves. Upon completion of the Proposed Disposal, these cash and cash equivalents will cease to be consolidated within the Rex Group, and therefore, they will no longer be available to support the working capital requirements of the Rex Group.

Furthermore, excluding the cash held in the Disposal Subsidiaries, the remaining cash and cash equivalents of the Rex Group are comparatively limited and primarily earmarked for trade-related settlements, operating expenses and short-term obligations of PT Rex. The Proposed Disposal therefore enable the Company to monetise the Disposal Subsidiaries for expansion in its Indonesian operations.

Premised on the above, we are of the view that the overall rationale for the Proposed Disposal is reasonable.

6.4 Prospects of the industry and the Group

6.4.1 Overview and outlook of the Malaysian economy

Malaysia's economy continued its growth momentum, supported by favourable economic performance, amid persistent challenges in the external environment. This signifies the country's strong fundamentals and diversified economic activities as well as investor confidence in the domestic market, anchored by sound Government policies. Furthermore, the Ekonomi MADANI framework, which focuses on restructuring and reforming Malaysia's economic agenda, coupled with the implementation of key policy plans such as the National Energy Transition Roadmap (NETR) and New Industrial Master Plan 2030 (NIMP 2030), have started to yield positive results. During the first half of 2024, the economy posted a commendable growth of 5.1% driven by robust domestic demand, combined with further expansion in exports as well as positive growth in all economic sectors. Growth is forecast to continue its momentum in the second half of the year, albeit at a moderate pace. Overall, real GDP in 2024 is revised upward, ranging between 4.8% and 5.3%, surpassing the initial target of 4% to 5%.

For 2025, the economy is projected to grow between 4.5% and 5.5%. On the supply side, the services sector continues to uphold its position as the main driver of growth contributed by tourism activities, sustained exports and acceleration of ICT-related activities. Tourism-related industries, particularly food & beverages, accommodation and retail trade segments, are expected to increase further, while the wholesale trade as well as air and water transportations segments will benefit from sustained trade-related activities. Industries such as the utilities and professional services are anticipated to rise in tandem with the acceleration of ICT development, particularly in data centres. The manufacturing sector is projected to expand further attributed to better performance in export-oriented industries, primarily the E&E segment, as external demand for semiconductors continues to increase. Additionally, the domestic-oriented industries are anticipated to remain favourable in line with higher domestic consumption and investment. The construction sector is expected to rise attributed to growth in all subsectors. Prospects for the agriculture sector remain positive supported by higher production of crude palm oil (CPO) and demand from food-related industries. On the contrary, the mining sector is forecast to decline marginally due to scheduled plants shut down for maintenance purposes.

On the demand side, growth will be buoyed by strong private sector expenditure and stable global trade. Accounting for about 60% of the economy, private consumption is projected to continue spearheading growth, backed by firm labour market conditions and income growth amid manageable inflation. Gross fixed capital formation or total investment remains high, underpinned by the realisation of private investment, acceleration of public sector strategic projects and initiatives under the Government-linked Enterprises Activation and Reform Programme (GEAR-up) as well as new and ongoing multi-year projects in the services and manufacturing sectors.

The external sector is expected to continue expanding in 2025, supported by steady global demand. Robust trade activities are projected to contribute to a surplus in the goods account, while the services account is anticipated to post a narrowing deficit attributed to vigorous tourism activities. The income accounts are forecast to continue recording net outflows resulting from a ramp-up in investment activities. Hence, the current account is projected to register a healthier surplus of RM49.1 billion or 2.4% of gross national income (GNI).

On the income side, the compensation of employees (CE) is anticipated to grow supported by, among others, the implementation of the new minimum wage rate and upward salary revision for civil servants. This is also backed by sustained economic growth which will provide better employment opportunities for the rakyat.

However, as an open economy, Malaysia remains susceptible to global vulnerabilities which may pose risks to the nation's economic growth. These include the escalation of geopolitical tensions, supply chain disruptions, volatility in financial market conditions and varying growth prospects across economies. Therefore, the Government remains resolute in ensuring the continuous implementation of pragmatic measures and initiatives to further strengthen the economy.

(Source: Economic Outlook 2025 by Ministry of Finance, Malaysia)

6.4.2 Overview and outlook of the food industry in Malaysia

The manufacturing sector expanded by 3.3% during the first half of 2024 on the back of higher growth of domestic-oriented industries and a stronger performance of export-oriented industries. The domestic-oriented industries saw a steady growth of 5.9%, fuelled by rising demand, mainly in non-metallic mineral products, basic metal and fabricated products subsector, backed by robust performance in construction activities. Meanwhile, export-oriented industries recorded a growth of 2.1%, supported by an upturn in demand of the E&E segment, attributed to positive market momentum in the global semiconductor industry.

The sector is projected to grow by 4.9% in the second half of 2024, owing to strengthening domestic demand and improving performance of the external sector. Within the domestic-oriented industries, growth is expected to remain resilient propelled by consumer-related activities, particularly in food and beverages as well as transportation segments resulting from flourishing tourism activities.

Amid stable global economic growth, the manufacturing sector is expected to strengthen by 4.5% in 2025 mainly driven by implementation of major policies such as the NIMP 2030 and National Semiconductor Strategy (NSS). Both domestic- and export-oriented industries continue to uphold the sector's performance in line with resilient domestic demand and favourable external environment. On the domestic front, production in household and consumer goods related industries such as food, beverages and textiles is expected to sustain. This is in line with supportive policy measures such as salary adjustment for civil servants and the EPF Flexible Account withdrawal which will stimulate consumer spending. In addition, favourable tourist arrivals in conjunction with major international events will also spur the demand for consumer goods.

(Source: Economic Outlook 2025 by Ministry of Finance, Malaysia)

6.4.3 Overview and outlook of the food industry in Indonesia

With a continually increasing population and soaring demand, Indonesia's food and beverage ("F&B") industry has reached a crucial point in supporting the economy, contributing 7.15% to the national GDP in the first half of 2024. Despite rising production costs and regulatory changes, the sector has maintained stable growth, projected to increase by 4.53% in 2024. As we approach 2025, opportunities in this sector continue to expand, although challenges such as rising production costs and regulatory shifts will demand that businesses innovate and adapt to maintain growth.

The F&B sector has shown remarkable GDP growth over recent years. According to data from Indonesia's Central Statistics Agency, the sector saw a 4.47% increase in 2023, reaching Rupiah 853.716 trillion, and further projected growth of 4.53% by year-end 2024. This performance underlines the sector's resilience and its importance to the national economy.

Several drivers underpin this sustained growth. Increased domestic consumption, fueled by population growth and evolving consumer habits, keeps demand high, while an expanding export market opens up additional opportunities. According to data from the Central Bureau Statistics of Indonesia, the F&B industry accounted for the third-largest contribution to the national GDP in the first half of 2024, following wholesale trade and construction. This underscores the significant role the F&B sector plays in Indonesia's economy. With anticipated GDP growth rates in 2025, industry players are optimistic about reaching new milestones by leveraging innovation and tapping into rising consumer trends.

Indonesia's growing population—projected to surpass 281 million by 2025—continues to fuel demand for F&B, underscoring the sector's potential. Since 2015, an annual population increase of around 3 million has consistently pressured the industry to enhance production capacity. This growth also brings diversified consumption preferences, especially as younger generations lean towards healthy, convenient, and technology-integrated food options.

According to the latest data from Euromonitor International, as reported by the United States Department of Agriculture ("USDA") in the April 2023 edition titled "Indonesia: Food Processing Ingredients", packaged F&B sales hit a high of USD 40.11 billion (Rupiah 601.65 trillion) in 2023, driven by the rapid expansion of minimarkets and shifting consumer preferences toward convenience.

Observing consistent growth year-on-year, with an impressive growth rate of 11.9% in 2022, the packaged F&B market in Indonesia continues to demonstrate a strong demand. Euromonitor International and the USDA underscore that urban Indonesians are increasingly relying on processed and packaged foods, with a steady demand for items like frozen meals and snacks. This momentum, expected to carry into 2025, points to a profitable market for companies prioritizing accessibility and variety through these channels.

(Source: Rising Opportunities in Indonesia's F&B Sector: Key Growth Insights for 2024 and Beyond, published in November 2024, CRIF Indonesia)

Statistics Indonesia (BPS) today released the official Gross Domestic Product (GDP) figures for the second quarter of 2025. Amidst persistent global uncertainties and evolving geopolitical dynamics, the Indonesian economy has demonstrated resilience, continuing to post solid growth.

Indonesia's GDP grew by 5.12 percent year-on-year (yoy) in Q2-2025, an improvement from 5.05 percent recorded in the same quarter of the previous year. For comparison, several neighboring countries also recorded positive growth despite pressures from global trade dynamics, including Vietnam (8.0 percent), China (5.2 percent), and Singapore (4.3 percent).

From the expenditure side, exports of goods and services surged by 10.67 percent, driven by strong performance in several non-oil and gas commodities, including animal/vegetable fats and oils, iron and steel, electrical machinery and equipment, and motor vehicles and parts. Additionally, the rebound in international tourist arrivals contributed to the rise in service exports.

From the production side, the manufacturing sector grew by 5.68 percent, supported by strong performance in food and beverage, basic metals, and chemical, pharmaceutical, and traditional medicine industries. "This growth in the manufacturing sector was mainly driven by rising domestic and international demand," Edy explained.

(Source: Indonesia's Economic Growth Reaches 5.12 Percent in Q2-2025, published in August 2025, BPS-Statistics Indonesia)

6.4.4 Overview and outlook of the food industry in the USA

In 2023, food spending by the USA consumers, businesses, and government entities reached a high of \$2.57 trillion. This translates to \$7,672 in spending per person, a 7.5-percent increase from the previous year even as price increases eased up. This rise primarily was fueled by a 12.0-percent increase in spending on food away from home ("FAFH"), which grew to \$4,485 per capita in 2023 from \$4,004 in 2022. At the same time, food-at-home ("FAF") spending rose 1.8 percent to \$3,187 per capita from \$3,130.

(Source: U.S. Consumers Increased Spending on Food Away From Home in 2023, Driving Overall Food Spending Growth, published on 8 October 2024, Economic Research Service of U.S. Department of Agriculture)

6.4.5 Overview and outlook of the food industry in Europe

In Q1 2025, the EU food and drink industry experienced moderate increase in production, turnover, and manufacturing prices. EU food and drink industry production and turnover increased by 1.3% and 1.9% compared to the previous quarter respectively. The year-on-year comparison shows an increase in both total manufacturing production and food and drink industry production (1% and 1.3% respectively), compared to Q1 2024. Turnover shows a similar trend with an increase of 2.9% in total manufacturing and 4% in the food and drink industry, compared to Q1 2024. Additionally, food manufacturing prices increased by 0.5% compared to the previous quarter and by 1.7% year on-year. Overall confidence in the food and drink industry as well as in total manufacturing saw a decrease in Q2 2025 (-1.6 points, -0.7 points, and -0.3 points respectively), compared to the previous quarter.

Meanwhile, EU exports of food and drinks totalled €47.7 billion (Q1 2025/Q1 2024: +5.5%) and imports of food and drinks reached €28.5 billion in Q1 2025 (Q1 2025/Q1 2024: +14.8%). The trade balance reached a surplus of €19.2 billion in Q1 2025 (Q1 2025/Q1 2024: -5.8%).

(Source: Economic Bulletin Q1 2025, published in July 2025, FoodDrinkEurope)

6.4.6 Overview and outlook of the food industry in Asia

Atradius Group expects global food production to increase by 2.4% in 2025 and by 3.1% in 2026. Annual global food sales are in the same range. Among regions, Asia Pacific is expected to record above-average growth rates of more than 3% this year and 5% in 2026.

Compared to other industries, the direct impact of tariffs on the food and beverages sector is modest, given a relatively low trade exposure and the perishable nature of output, which makes large cross-border trade costly and less economically viable. The food and drink industry benefits from regional self-sufficiency, although some specific product categories could face vulnerabilities.

However, there is an indirect impact from tariffs in the form of lower economic growth and higher inflation, affecting disposable household incomes. For the food sector this could mean that consumers buy goods at lower price points, reduce spending on non-essential food and drink products, and maintain rather than increase their consumption level.

The slide in food commodity prices, that was set in motion after the shock of the February 2022 Russian invasion of Ukraine faded, has continued. Food prices decreased further quarter-on-quarter in Q1 of 2025, supported by better growing conditions in South America. Due to ample supply conditions global food prices are forecast to decrease in 2025 and then stabilise in 2026. However, any escalation of the current trade disputes could have adverse effects on supply chains and raise the price of agricultural imports. Additionally, adverse weather conditions remain a downside risk as they could disrupt global food supply, putting upward pressure on prices.

In the long-term, emerging markets will lead sectoral growth. In many emerging economies populations are increasing and the size of the middle-class is expanding. As disposable incomes rise, consumers substitute low value-added staples with higher value added goods.

(Source: Industry trends – food and beverages report, published in August 2025, Atradius Group)

6.4.7 Prospects of the Group

Based on our discussion and enquiries with the Board (save for the Interested Directors) and management of the Company, they are of the view that the Group's business strategy to reallocate its resources to PT Rex, which is a contract manufacturer serving international markets, is aligned with the industry outlook and overview of the food industry in Indonesia, the USA, Europe and Asia as set out above. They believe that this strategic shift is expected to improve the Group's financial performance following the completion of the Proposed Disposal.

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6.5 Risk factors in relation to the Proposed Disposal

We have taken cognisance of the risks associated with the Proposed Disposal as outlined in Section 6, Part A of the Circular.

Our comments:

With respect to the risk of non-completion of the Proposed Disposal, we acknowledge that the non-fulfilment or non-waiver of the conditions precedent as stipulated in the SSA would result in a delay or termination of the Proposed Disposal. Should the Proposed Disposal be terminated, the Group may not be able to realise the potential benefits associated with the Proposed Disposal. Notwithstanding this risk, we do not foresee the conditions precedent not being met by the parties as the proposed terms are considered to be fair to the Company and the Purchaser. We acknowledge that this risk is mitigated by the reasonable steps to be taken by the Company in fulfilling the conditions precedent in order to complete the Proposed Disposal in a timely manner.

Regarding the contractual risk of the Proposed Disposal, we note that in the event of any failure, non-fulfilment or breach of the obligations and/or terms and condition set out in the SSA, the Group may be subjected to claims or specific performance and/or claims for damages. Nonetheless, we also take note that the Company's commitment to comply its obligations pursuant to the SSA.

In relation to the concentration risk on the Indonesian food and beverage operations, we acknowledge that PT Rex will remain the Group's sole operating subsidiary after completion of the Proposed Disposal. Accordingly, the Group will be exposed to concentration risk due to its reliance on the operational and financial performance of PT Rex. Any adverse changes or developments in Indonesia, where PT Rex operates, including, amongst others, changes in Indonesia's law and regulations, trade and export policies, labour laws, tax regime or fluctuations in foreign exchange rates, may materially affect the Group's overall financial performance. The Group's performance may also be influenced by the global demand for contract-manufactured canned food, volatility in raw material prices or any operational issues at PT Rex's production facilities in Jawa Timur. Nevertheless, we take note that the Company's commitment and initiatives to mitigate these risks by maintaining a broad customer base across multiple export markets (including the United States, Europe, and Asia) and expanding the Group's business into property development and construction business as set out in Section 4, Part A of this Circular.

Having considered all the risks above, we are of the view that the risks associated with the Proposed Disposal are not unusual for a transaction of this nature and have been mitigated through a combination of contractual terms and structural safeguards. We are of the view that the Proposed Disposal, while subject to inherent risks, is fair, reasonable, and not detrimental to the interests of the non-interested shareholders of the Company.

In evaluating the Proposed Disposal, we advise you to carefully consider the abovementioned risk factors. Please note that these risk factors are not exhaustive.

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6.6 Effects of the Proposed Disposal

We note the following effects of the Proposed Disposal as set out in Section 7, Part A of the Circular:

Effects of the Proposed Disposal	Our Comments
Issued share capital and substantial shareholders' shareholdings	The Proposed Disposal will not have any effect on the Company's issued share capital and substantial shareholders' shareholdings as the Proposed Disposal do not involve the issuance of new Rex Shares.
NA per share and gearing level	We acknowledge that: (i) the Group's NA per Share will decline by RM0.01 from RM0.15 as at 30 June 2024 to RM0.14 following the completion of the Proposed Disposal. This decline is due to the increase in accumulated losses as a result of the estimated pro forma loss of RM4.69 million to be recognised pursuant to the Proposed Disposal; and (ii) the Group's gearing level will decrease from 0.26 times as at 30 June 2024 to 0.08 times following the completion of the Proposed Disposal. The decrease is due to the decrease in total borrowings as a result of de-consolidating the total borrowings of the Disposal Subsidiaries pursuant to the Proposed Disposal.
Loss and LPS	We acknowledge that, assuming the Proposed Disposal had been completed on 1 July 2023, being the beginning of the FYE 30 June 2024, the Group's losses will increase by RM1.77 million. This is primarily due to the estimated pro forma loss of RM4.69 million to be recognised pursuant to the Proposed Disposal as well as the exclusion of PAT contributed by RTSB amounting to RM0.96 million for the FYE 30 June 2024. However, the abovementioned will be offset by the exclusion of LAT contributed by RCCSB amounting to RM3.88 million for the FYE 30 June 2024. For information purposes, the exclusion of PAT/(LAT) of RCCSB and RTSB is on the basis that they will cease to be wholly-owned subsidiaries of Rex upon completion of the Proposed Disposal.
Convertible securities	We note that, save for the 54,805,755 outstanding Rex Warrants, the Company does not have other convertible securities as at the LPD.

Premised on the above, we are of the view that the effects of the Proposed Disposal, taken as a whole, are reasonable and are not detrimental to you and the Company.

7. CONCLUSION AND RECOMMENDATION

Before arriving at the decision to vote on the resolution pertaining to the Proposed Disposal at the Company's forthcoming EGM, it is important that you consider all relevant and pertinent factors in this IAL carefully as well as those highlighted by the Board in its letter to shareholders as set out in Part A of the Circular.

After taking into consideration the pertinent factors above and on an overall basis, we are of the opinion that the Proposed Disposal is **FAIR AND REASONABLE** insofar as you are concerned and is not detrimental to you.

Accordingly, we recommend that you to **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

Yours faithfully
For and on behalf of
SCS GLOBAL ADVISORY (M) SDN BHD

PHUA YEE BOON, CFA
Managing Director/CEO

VINCENT LEE
Executive Director

PART C

**CIRCULAR TO THE SHAREHOLDERS OF REX IN RELATION TO THE PROPOSED CHANGE OF
NAME**



REX INDUSTRY BERHAD
Registration No.: 199301027926 (282664-K)
(Incorporated in Malaysia)

Registered Office

No. 46C, Plaza Damansara
Jalan Medan Setia 2
Bukit Damansara,
50490 Kuala Lumpur
Wilayah Persekutuan

24 October 2025

Board of Directors

Hong Kok Cheong (*Independent Non-Executive Chairman*)
Darmendran Kunaretnam (*Non-Independent Executive Director and Group Managing Director*)
Chris Kong Wai Fa (*Non-Independent Executive Director*)
Adnan bin Ahmad (*Independent Non-Executive Director*)
Mak Ai-Leen (*Independent Non-Executive Director*)
Law Ngee Song (*Independent Non-Executive Director*)
Eau Yong Eun (*Independent Non-Executive Director*)

To: The shareholders of Rex

Dear Sir/ Madam,

PROPOSED CHANGE OF NAME

1. INTRODUCTION

The Board had on 24 September 2025 announced that the Company proposes to change its name from "Rex Industry Berhad" to "ETA Group Berhad".

The purpose of Part C of this Circular is to provide you with the details of the Proposed Change of Name and seek your approval in respect of the Special Resolution pertaining to the Proposed Change of Name to be tabled at the forthcoming EGM of the Company. The Notice of EGM together with the Form of Proxy are enclosed herewith in this Circular.

Accordingly, you are advised to read and consider carefully the contents of Part C of this Circular before voting on the special resolution pertaining to the Proposed Change of Name at the forthcoming EGM.

2. DETAILS OF THE PROPOSED CHANGE OF NAME

The proposed name "ETA Group Berhad" was approved and reserved by the Companies Commission of Malaysia ("CCM") on 10 September 2025 and the reservation for the use of the proposed new name is valid for a period of thirty (30) days from 10 September 2025 ("**Validity Period**"), and the Validity Period has subsequently been extended to 9 December 2025.

The Proposed Change of Name, if approved by the shareholders, will take effect from the date of issuance of the Notice of Registration of New Name to be issued by the CCM to the Company.

In conjunction with the Proposed Change of Name, the Constitution will be amended accordingly to reflect the Proposed Change of Name in which all references in the Constitution of the Company in relation to the name of "Rex Industry Berhad", wherever the same may appear, shall be deleted and substituted with the name of "ETA Group Berhad".

3. RATIONALE FOR THE PROPOSED CHANGE OF NAME

The Proposed Change of Name from "Rex Industry Berhad" to "ETA Group Berhad" is intended to better reflect the Company's new corporate identity and direction following the completion of the mandatory general offer by ETA Industries Sdn. Bhd.

With the emergence of ETA Industries Sdn. Bhd. as the controlling shareholder of the Company, the Proposed Change of Name represents a strategic move to leverage the "ETA" brand name in enhancing the Company's corporate branding and identity moving forward. In addition, the Proposed Change of Name enables the Company to better reflect its business operations and objectives of establishing itself in the property development and construction industry.

4. EFFECTS OF THE PROPOSED CHANGE OF NAME

The Proposed Change of Name will not have any effect on the issued share capital, net assets, earnings per share, gearing, and substantial shareholders' shareholdings of the Company.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, AND/ OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders and/ or persons connected with them has any interest, direct or indirect, in the Proposed Change of Name.

6. APPROVAL REQUIRED

The Proposed Change of Name is subject to the approval of the shareholders of Rex at the forthcoming EGM to be convened and any other relevant authorities and/ or parties, if required.

The Proposed Change of Name, if approved by the shareholders, will take effect from the date of issuance of the Notice of Registration of New Name by the CCM to the Company.

7. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board of Directors, having considered all aspects of the Proposed Change of Name, including the rationale and justification for the Proposed Change of Name, is of the opinion that the Proposed Change of Name is in the best interest of the Company.

Accordingly, the Board recommends that you vote **in favour** of the special resolution pertaining to the Proposed Change of Name to be tabled at the forthcoming EGM.

8. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D, Bukit Kiara, 60000 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 18 November 2025 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Change of Name.

If you are unable to attend, participate, speak and vote in person at the EGM, you may complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the Company's Share Registrar office (Securities Services (Holdings) Sdn Bhd, situated at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time stipulated for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

9. FURTHER INFORMATION

The shareholders of Rex are advised to refer to Appendix III for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
REX INDUSTRY BERHAD

HONG KOK CHEONG
Independent Non-Executive Chairman

APPENDIX I – SALIENT TERMS OF THE SSA

The salient terms of the SSA include the following:-

1. THE AGREEMENT

- 1.1 The SSA is between Rex (Registration No. 199301027926 (282664-K)) (Vendor) and DK (NRIC No. 610826-05-5349) (Purchaser) for the sale and purchase, either by himself or his nominee, of all of the 20,040 ordinary shares of RM100.00 each in RCCSB (Registration No.: 197201001412 (13079-V)) ("**RCCSB Sale Shares**") and all of the 1,000,000 ordinary shares of RM1.00 each in RTSB (Registration No.: 198901013381 (190691-H)) ("**RTSB Sale Shares**") upon the terms and subject to the conditions contained herein for a disposal consideration of RM40,000,000.00.

The RCCSB Sale Shares and the RTSB Sale Shares are collectively known as the "**Sale Shares**". RCCSB and RTSB are collectively known as the Disposal Subsidiaries.

The Vendor and the Purchaser are collectively referred to as the "**Parties**".

2. SALE AND PURCHASE

- 2.1 Upon the terms and subject to the conditions in the SSA, and in consideration of payment of the Disposal Consideration, the Purchaser shall purchase from the Vendor the Sale Shares free from all encumbrances.

3. PAYMENT OF DEPOSIT AND DISPOSAL CONSIDERATION

3.1 Payment of Deposit

- 3.1.1 Upon execution of the SSA, the Purchaser shall pay to the Vendor the deposit of Ringgit Malaysia Four Million (RM4,000,000.00) only being 10% of the Disposal Consideration to be paid by the Purchaser to the Purchaser's solicitors ("**Stakeholders**"), in accordance with the terms of the SSA.

- 3.1.2 The Deposit, being the 10% of the Disposal Consideration shall be released by the Stakeholders to the Vendor in accordance with Item 6.1(a)(i) herein.

3.2 Payment of Balance Disposal Consideration

The Purchaser shall pay the Balance Disposal Consideration of Ringgit Malaysia Thirty Six Million (RM36,000,000.00) only being 90% of the Disposal Consideration to the Stakeholders on or before the Completion Date, failing which the Purchaser shall be granted an automatic extension of one (1) month from the Completion Date provided the Purchaser pays interest at the rate of eight per centum (8%) per annum calculated on a daily basis until settlement.

4. INTERCOMPANY BALANCES

- 4.1 The Parties hereto also agree that, all intercompany balances between the Disposal Subsidiaries and the Vendor and its subsidiaries (if any) that are non-trade in nature are to be settled by way of payment in cash not later than ten (10) market days from the date of Completion (which shall have the meaning attributed thereto in Item 7.1 hereof). There shall be no other non-trade natured intercompany balances between the Disposal Subsidiaries and the Vendor thereafter.

APPENDIX I – SALIENT TERMS OF THE SSA

5. CONDITIONS PRECEDENT

- 5.1 Notwithstanding anything to the contrary herein contained, the sale and purchase of the Sale Shares shall be conditional upon the following "**Conditions Precedent**" being fulfilled or waived on or before the date falling three (3) months from the date of the SSA or by such later date(s) as the parties hereto may mutually agree in writing ("**Cut-off Date**") :-
- (a) the Vendor shall have obtained the necessary approvals including but not limited to its Board of Directors (excluding Directors who are deemed interested in the Proposed Disposal) for the sale of the Sale Shares upon the terms and conditions of the SSA and authorising the execution of the SSA and all related documents;
 - (b) the Vendor shall have obtained the necessary approval from its non-interested shareholders at a general meeting to be convened for the Proposed Disposal; and
 - (c) the approval by the SC in relation to the application by ETA Industries Sdn. Bhd. (Registration No. 201401017846 (1093933-D) that the Proposed Disposal does not constitute a favourable deal under Paragraph 18.01 of the Rules.
- 5.2 The SSA shall become unconditional on the date ("**Effective Date**") when all the Conditions Precedent referred to in Item 5.1 hereof have been fulfilled or waived.

6. STAKEHOLDERS

- 6.1 The Parties hereto irrevocably authorise the Stakeholders:-
- (a) to hold the Disposal Consideration or any part thereof paid to them pursuant to the SSA as stakeholders with any licensed bank;
 - (i) to release the Deposit less any bank charges, if any, to the Vendor within three (3) market days from the date the Purchaser's solicitors confirm in writing that all the Conditions Precedent have been fulfilled; or
 - (ii) if all or any of the Conditions Precedent referred to in Item 5.1 have not been fulfilled or waived for any reason whatsoever by the Cut-off Date above, the Stakeholders shall release forthwith the Deposit less any bank charges to the Purchaser (if not already released to the Vendor), free from interests whereupon the SSA shall automatically lapse and shall be null and void and of no effect, and neither party hereto shall have any claim against the other, save in respect of any antecedent breach. If the Deposit, has been released to the Vendor, the Vendor shall refund the said Deposit, less any bank charges, to the Purchaser free from interests; or
 - (iii) to release the Balance Disposal Consideration, less any bank charges, to the Vendor within three (3) market days after receiving the Purchaser's solicitors' written confirmation that the Vendor has fulfilled its Completion obligations herein.
- 6.2 In the event of any dispute arising out of the parties hereto for whatsoever reasons or by reason of any adverse claim by any third party on the Disposal Consideration or any part thereof held by the Stakeholders, the Stakeholders are hereby irrevocably authorised not to release the Disposal Consideration or any part thereof and shall not be liable or responsible for whatsoever consequences arising thereof until:-
- (a) the Parties hereto have resolved their dispute amicably and upon written consensus of the Parties hereto; or
 - (b) upon an order of the High Court of Malaya being served on the Stakeholders directing them accordingly.

APPENDIX I – SALIENT TERMS OF THE SSA

In those events, the Stakeholders are conclusively deemed to have acted in accordance to the consensus of the Parties hereto and shall be conclusively absolve any further liability to any party notwithstanding any subsequent dispute of whatsoever nature among the parties and/or the setting aside of the order by reason of any appeal or for whatsoever other reasons.

7. COMPLETION

7.1 Unless otherwise agreed by the parties hereto in writing, "**Completion**" of the purchase of the Sale Shares shall take place at the office of the Vendor (or such other place as may be agreed by the parties hereto in writing) on the Completion Date.

7.2 On or before Completion Date, the Vendor shall release the same to its Solicitors:-

- (a) the original share certificates (or such other documents of title) in respect of the Sale Shares together with the instruments of transfer (and / or such other instruments to effect transfer of the Sale Shares) duly completed and executed in favour of the Purchaser and / or his nominee, undated, and the duly executed relevant Forms for the transfer of the Sale Shares;
- (b) an extract of a resolution of the board of directors of the Disposal Subsidiaries, duly certified true by its Company Secretary approving the transfer of the Sale Shares to the Purchaser and / or his nominee;
- (c) such other documents as may be required to enable the Purchaser and/or his nominee to be the legal and beneficial owner of the Sale Shares; and
- (d) the seal and certificate of incorporation of the Disposal Subsidiaries, the statutory books, books of account and documents of record (whether stored in writing or on electronic media, where possible), complete and up-to-date; the title deeds relating to all real properties owned; and the appropriate forms to amend the mandates given by the Disposal Subsidiaries to its bankers (if any).

7.3 The Stakeholders shall release to the Vendor the Balance Disposal Consideration, less any bank charges, within three (3) market days after receiving the Purchaser's Solicitors' written confirmation that the Vendor has fulfilled its Completion obligations herein and against such payment, the Vendor shall deliver to the Purchaser's Solicitors the documents referred to in Item 7.2 (a), (b), (c) and (d).

7.4 On Completion Date, the Vendor will have the right to the continued and exclusive use of the Trademark 'Rex' and the name 'Rex Industry Berhad' and accordingly the Purchaser shall change the names of Rex Trading Sdn. Bhd. and Rex Canning Co. Sdn. Bhd. upon Completion.

8. DEFAULT

8.1 In the event of any breach by the Purchaser of any of the provisions of the SSA including but not limited to the Purchaser failing to make any payment in the manner provided herein, including under Item 3 above, it is hereby agreed between the parties hereto that the Vendor shall be entitled either to the remedy of specific performance or to terminate the SSA and / or seek damages against the Purchaser and thereafter neither party hereto shall have any claim against the other save in respect of any antecedent breach. Notwithstanding the foregoing, if the Purchaser defaults in any of his obligations under Item 3 above, the Stakeholders shall forthwith release the Deposit (if not already released to the Vendor), less bank charges, to the Vendor and the Vendor shall have the right not to proceed with the envisaged transaction herein.

APPENDIX I – SALIENT TERMS OF THE SSA

- 8.2 In the event of any breach by the Vendor of any of the provisions of the SSA including but not limited being unable to or refusing to transfer the Sale Shares to the Purchaser free from encumbrances in accordance with the provisions of the SSA or in the event that the Sale Shares cannot be registered or transferred to the Purchaser due to any fault, act and /or omission of the Vendor, it is hereby agreed between the parties hereto that the Purchaser shall be entitled to terminate the SSA and /or seek damages against the Vendor and / or seek refund of money paid to the Vendor pursuant to this agreement and thereafter neither party hereto shall have any claim against the other save in respect of any antecedent breach. In such instance, the Stakeholders shall forthwith refund the Deposit (if not already released to the Vendor), less bank charges, to the Purchaser. In the event the Deposit has been released by the Stakeholders to the Vendor, the Vendor shall forthwith refund the Deposit, less any bank charges, to the Purchaser, free from interests in accordance with the SSA.
- 8.3 Without prejudice to the generality of the provisions of Clause 8 (Warranties) of the SSA, in the event that at any time prior to Completion it shall be found that any of the warranties given by any of the parties ("**First Mentioned Party**") pursuant to Clause 8 (Warranties) of the SSA have not in all material respect been carried out or complied with to the other party's reasonable satisfaction or in the other party's reasonable opinion are found to be untrue or misleading in any material respect, such party shall be entitled, by notice in writing to the First Mentioned Party, to demand that it remedy such breach to the reasonable satisfaction of such party within seven (7) days from the date of the said notice, failing which the other party shall be entitled to the remedies as herein described.
- 8.4 If the breach of warranties is committed by the Vendor, the Stakeholders shall forthwith refund the Deposit (if not already released to the Vendor), less bank charges, to the Purchaser, failing which, the Purchaser shall be entitled either to terminate the SSA and / or seek damages against the Vendor. In the event the Deposit has been released by the Stakeholders to the Vendor, the Vendor shall forthwith refund the Deposit, less any bank charges, to the Purchaser, free from interests in accordance with the SSA.
- 8.5 If, however the breach of warranties is committed by the Purchaser, the Stakeholders shall forthwith release the Deposit (if not already released to the Vendor), less bank charges, to the Vendor without prejudice to the right of the Vendor either to the remedy of specific performance or to terminate the SSA and / or seek damages against the Vendor.

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

1. HISTORY AND BUSINESS

The Disposal Subsidiaries principally operate in an integrated manner and represent the Group's F&B operations in Malaysia. RCCSB primarily serves as the procurement and processing arm in Malaysia, supplying Rex-branded canned food, beverages, coconut milk and premix. RTSB functions as the trading arm, purchasing these products from RCCSB for onward distribution to end customers in Malaysia.

For information purposes, approximately 95% of RCCSB's products were sold to RTSB during the FYE 30 June 2024, with the balance exported to Singapore and Brunei. Accordingly, the majority of RCCSB's revenue for the said financial year was recognised as internal sales within the Group, with RTSB responsible for external sales to the domestic market.

RCCSB

RCCSB was incorporated in Malaysia on 25 October 1972 as a private limited company under the Companies Act 1965 and is deemed registered under the Act. RCCSB is principally involved in the procurement and processing of canned food products, beverages, coconut milk and premix in Malaysia, as further elaborated below:-

- i. **Procurement of canned food products** - RCCSB engages third party contract manufacturers to manufacture the finished product of Rex branded canned foods such as seafood, chicken, mushroom, bean, etc.; and
- ii. **Processing of beverages, coconut milk and premix** - RCCSB also processes and refines beverages (i.e. fruit flavoured drinks, soya milk, etc), coconut milk and premix (i.e. chocolate malt premix).

For information purposes, RCCSB previously undertook the manufacturing of Rex branded canned food in-house. However, as part of the Group's initiative to reduce its operating cost and rationalise its Malaysian operations, RCCSB had decommissioned its Bukit Minyak Facility, in the FYE 30 June 2023, and had opted to switch its business model to purchasing its canned food products from third party contract manufacturers located mainly in China, Vietnam and Indonesia. For the processing of beverages, coconut milk and premix, the raw materials required are procured from suppliers locally.

As at the LPD, RCCSB operates its business from its owned premises in Batu Pahat, Johor, comprising of factory, warehouse and office building with a built-up area of 8,455 square metres.

The capacity and utilisation rate of RCCSB's processing activities for the past three financial years up to the FYE 30 June 2024 are set out as follows:-

	Audited FYE 30 June		
	2022	2023	2024 ^{*1}
Annual production capacity ('000 cartons) ^{*1}	3,261	3,261	1,616
Annual production output ('000 cartons)	1,987	2,272	1,219
Utilisation rate (%)	60.93	69.67	75.43

Note:-

^{*1} For information purposes, the lower production capacity in the FYE 30 June 2024 was due to the decommissioning of the Bukit Minyak Facility, which was completed in June 2023.

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

For information purposes, the major component of RCCSB's assets as at the FYE 30 June 2024 is property, plant and equipment, amounting to RM23.45 million, which constitutes approximately 32.40% of its total assets of RM72.37 million. The breakdown of RCCSB's assets based on its latest audited financial statements is set out as follows:-

Assets	Audited FYE 30 June 2024 RM'000
Property, plant and equipment	23,452
Investment properties	5,194
Inventories	13,908
Trade and other receivables	4,016
Cash and bank balances	6,237
Assets held for sale	19,566
Total	72,373

For information purposes, RCCSB had no spending on research and development during the FYE 30 June 2024.

RTSB

RTSB was incorporated in Malaysia on 11 December 1989 as a private limited company under the Companies Act 1965 and is deemed registered under the Act. RTSB is principally involved in the trading of canned food, beverages coconut milk and premix. Specifically, RTSB is the trading arm of Rex Group's F&B business operations in Malaysia, whereby RTSB purchases the canned food, beverages, coconut milk and premix from RCCSB, which RTSB subsequently sells to end customers in Malaysia.

RTSB distributes products under the Rex brand, which are sold primarily through supermarkets, wholesalers, distributors and retail chains in Malaysia, catering to both household and commercial consumers.

For information purposes, approximately 95% of RCCSB's products were sold to RTSB during the FYE 30 June 2024, with the balance exported to Singapore and Brunei. Given that the business nature of RTSB is trading of canned food, beverages coconut milk and premix, RTSB does not own any major assets and operates at the same Batu Pahat, Johor, premise as RCCSB. Further, RTSB had no spending on research and development during the FYE 30 June 2024.

DISPOSAL SUBSIDIARIES

For information purposes, as at 30 June 2024, the combined total assets of the Disposal Subsidiaries, based on the aggregate audited total assets of RCCSB and RTSB for the FYE 30 June 2024, amounted to RM88.96 million, representing approximately 57.09% of the Group's total assets of RM155.83 million.

2. SHARE CAPITAL**RCCSB**

As at the LPD, the issued share capital of RCCSB is RM2.00 million comprising 20,040 RCCSB Shares. Further, RCCSB does not have any convertible securities as at the LPD.

RTSB

As at the LPD, the issued share capital of RTSB is RM1.00 million comprising 1,000,000 RTSB Shares. Further, RTSB does not have any convertible securities as at the LPD.

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

3. DIRECTORS AND SHAREHOLDERS

RCCSB

As at the LPD, the directors and shareholder of RCCSB and their shareholding in RCCSB as at the LPD are as follows:-

Directors and shareholders	Designation	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Rex	Shareholder	Malaysia	20,040	100.00	-	-
DK	Director	Malaysian	-	-	-	-
Chee Cheng Chun	Director	Malaysian	-	-	-	-
Kong Wai Fa	Director	Malaysian	-	-	-	-

RTSB

As at the LPD, the directors and shareholder of RTSB and their shareholding in RTSB as at the LPD are as follows:-

Directors and shareholders	Designation	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Rex	Shareholder	Malaysia	1,000,000	100.00	-	-
DK	Director	Malaysian	-	-	-	-
Chee Cheng Chun	Director	Malaysian	-	-	-	-
Kong Wai Fa	Director	Malaysian	-	-	-	-

4. SUBSIDIARY AND ASSOCIATE COMPANIES

RCCSB

As at the LPD, RCCSB does not have any subsidiaries or associate companies.

RTSB

As at the LPD, RTSB does not have any subsidiaries or associate companies.

5. MATERIAL CONTRACTS

RCCSB

As at the LPD, RCCSB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the LPD.

RTSB

As at the LPD, RTSB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the LPD.

6. MATERIAL LITIGATION**RCCSB**

As at the LPD, RCCSB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the directors of RCCSB confirm that there are no proceedings pending or threatened against RCCSB, or any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of RCCSB.

RTSB

As at the LPD, RTSB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the directors of RTSB confirm that there are no proceedings pending or threatened against RTSB, or any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of RTSB.

7. MATERIAL COMMITMENTS**RCCSB**

As at the LPD, the directors of RCCSB confirm that there are no material commitments incurred or known to be incurred by RCCSB which, upon becoming enforceable, may have a material impact on the financial results/ position of RCCSB.

RTSB

As at the LPD, the directors of RTSB confirm that there are no material commitments incurred or known to be incurred by RTSB which, upon becoming enforceable, may have a material impact on the financial results/ position of RTSB.

8. CONTINGENT LIABILITIES**RCCSB**

As at the LPD, the directors of RCCSB confirm that there are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of RCCSB.

RTSB

As at the LPD, the directors of RTSB confirm that there are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of RTSB.

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

9. SUMMARY OF FINANCIAL INFORMATION OF RCCSB AND RTSB

RCCSB

A summary of RCCSB's key audited financial information for the past 3 financial years up to the FYE 30 June 2024 as well as the latest unaudited 12-month FPE 30 June 2025 are as follows:-

	Audited			Unaudited
	FYE 30 June 2022	FYE 30 June 2023	FYE 30 June 2024	12-month FPE 30 June 2025 ^{*1}
	RM'000	RM'000	RM'000	RM'000
Revenue	59,938	52,133	46,529	48,651
PBT/ (LBT)	1,885	(42,118)	(3,876)	8,964
PAT/ (LAT)	1,885	(42,133)	(3,876)	8,964
EPS/ (LPS) (RM)	94.25	(2,106.60)	(193.80)	448.20
Cash and cash equivalents	4,276	14,201	6,237	40,546
Total borrowings	19,059	22,295	17,613	14,107
Gearing ratio (times)	0.26	0.54	0.47	0.30
Current assets	57,300	33,571	43,726	53,642
Non-current assets	68,995	47,007	28,647	22,710
Current liabilities	42,606	31,115	28,574	24,248
Non-current liabilities	9,320	8,179	6,389	5,731
Current ratio (times)	1.34	1.08	1.53	2.21
Share capital	2,004	2,004	2,004	2,004
Shareholders' funds/ NA	74,367	41,285	37,409	46,373
Number of RCCSB Shares in issue ('000)	20	20	20	20
NA per share (RM)	3,718	2,064	1,870	2,319

Note:-

^{*1} For information purposes, the Company had on 4 June 2025 announced a change in the Group's financial year end from 30 June to 31 December.

For the FYE 30 June 2022 to FYE 30 June 2024, there was no:-

- accounting policy adopted by RCCSB which is peculiar to RCCSB because of the nature of its business or the industry it is involved in;
- audit qualification of the financial statements of RCCSB for the financial years under review; and
- exceptional or extraordinary items recorded during the financial years under review.

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

RTSB

A summary of RTSB's key audited financial information for the past 3 financial years up to the FYE 30 June 2024 as well as the latest unaudited 12-month FPE 30 June 2025 are as follows:-

	Audited			Unaudited
	FYE 30 June 2022	FYE 30 June 2023	FYE 30 June 2024	12-month FPE 30 June 2025 ^{*1}
	RM'000	RM'000	RM'000	RM'000
Revenue	65,044	65,890	56,791	52,627
PBT/ (LBT)	(1,602)	(3,054)	958	(4,058)
PAT/ (LAT)	(1,602)	(3,054)	958	(4,058)
EPS/ (LPS) (RM)	(1.60)	(3.05)	0.96	(4.06)
Cash and cash equivalents	2,008	1,938	1,457	1,872
Total borrowings	-	-	-	-
Gearing ratio (times)	-	-	-	-
Current assets	22,048	18,663	16,560	12,321
Non-current assets	388	-	27	60
Current liabilities	18,267	17,548	14,514	14,366
Non-current liabilities	-	-	-	-
Current ratio (times)	1.21	1.06	1.14	0.86
Share capital	1,000	1,000	1,000	1,000
Shareholders' funds/ NA	4,169	1,115	2,073	(1,985)
Number of RTSB Shares in issue ('000)	1,000	1,000	1,000	1,000
NA per share (RM)	4.17	1.12	2.07	(1.99)

Note:-

^{*1} For information purposes, the Company had on 4 June 2025 announced a change in the Group's financial year end from 30 June to 31 December.

For the FYE 30 June 2022 to FYE 30 June 2024, there was no:-

- accounting policy adopted by RTSB which is peculiar to RTSB because of the nature of its business or the industry it is involved in;
- audit qualification of the financial statements of RTSB for the financial years under review; and
- exceptional or extraordinary items recorded during the financial years under review.

Please refer to **Section 10 of Appendix II** of this Circular for the financial commentary of the Disposal Subsidiaries.

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

10. SUMMARY OF FINANCIAL INFORMATION OF THE DISPOSAL SUBSIDIARIES

In view of the interdependence between RCCSB and RTSB, the Company has prepared the unaudited pro forma combined financial statements of the Disposal Subsidiaries for the past 4 financial years up to the 12-month FPE 30 June 2025, for the purpose of accurately illustrating the financial position of the Disposal Subsidiaries after eliminating intercompany transactions.

Further details of the unaudited pro forma combined financial statements of the Disposal Subsidiaries are set out in the table below:-

	FYE 30 June 2022	FYE 30 June 2023 ^{*1}	FYE 30 June 2024 ^{*1}	12-month FPE 30 June 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	70,432	68,294	59,240	55,852
PBT/ (LBT)	283	(45,172)	(2,918)	4,905 ^{*2}
PAT/ (LAT)	283	(45,186)	(2,918)	4,905
Cash and cash equivalents	6,284	16,139	7,694	42,418
Total borrowings	19,059	22,295	17,613	14,107
Gearing ratio (times)	0.24	0.53	0.45	0.32
Current assets	73,103	50,824	60,289	65,372
Non-current assets	69,382	47,007	28,673	22,770
Current liabilities	54,628	47,251	43,092	38,023
Non-current liabilities	9,320	8,179	6,389	5,731
Current ratio (times)	1.34	1.08	1.40	1.72
NA	78,536	42,400	39,482	44,388

Notes:-

^{*1} From the FYE 30 June 2023 to the FYE 30 June 2024, the Disposal Subsidiaries had also incurred certain one-off expenses in relation to the decommissioning of the Bukit Minyak Facility. Such one-off expenses include impairment of certain fixed assets (i.e. canning and beverages machines) amounting to RM20.63 million, allowance for obsolete and slow-moving inventories amounting to RM5.45 million, the provision for employee termination benefits for employees at the Bukit Minyak Facility amounting to RM0.90 million and expenses incurred for dismantling and relocation of machineries from the Bukit Minyak Facility.

^{*2} For clarification purposes, the Disposal Subsidiaries recorded other income of RM16.53 million for the 12-month FPE 30 June 2025, mainly due to profits generated from the disposal of properties. Excluding the contribution of the other income, the Disposal Subsidiaries would have been in a loss-making position, recording LBT of RM11.62 million for the 12-month FPE 30 June 2025.

FYE 30 June 2022 vs FYE 30 June 2023

For the FYE 30 June 2023, the Disposal Subsidiaries recorded revenue of RM68.29 million, representing a decrease of RM2.14 million or 3.04% (FYE 30 June 2022: RM70.43 million). The decrease in revenue was mainly attributable to lower sales of Rex branded canned squid and coconut milk, as the Disposal Subsidiaries were unable to produce a similar quantity of these products compared to the FYE 30 June 2022, due to a shortage in certain raw materials. Overall demand for canned food products had also decreased in the FYE 30 June 2023 as consumers returned to outdoor dining following the decline in Coronavirus-19 cases.

For the FYE 30 June 2023, the Disposal Subsidiaries recorded a LAT of RM45.19 million, as compared to PAT of RM0.28 million for the preceding FYE 30 June 2022. The LAT recorded was primarily attributable to one-off items incurred pursuant to the decommissioning of the Group's Bukit Minyak Facility during the FYE 30 June 2023. Such one-off items include the impairment of certain fixed assets (i.e. canning and beverages machines) amounting to RM20.63 million, allowance for obsolete and slow-moving inventories amounting to RM5.45 million, the provision for employee termination benefits for employees at the Bukit Minyak Facility amounting to RM0.90 million and expenses incurred for dismantling and relocation of machineries from the Bukit Minyak Facility. The cost of sales of the Disposal Subsidiaries had also increased pursuant to an increase in raw material prices for certain of the Disposal Subsidiaries' products, which affected the Disposal Subsidiaries' bottom line.

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

FYE 30 June 2023 vs FYE 30 June 2024

For the FYE 30 June 2024, the Disposal Subsidiaries recorded revenue of RM59.24 million, representing a decrease of RM9.05 million or 13.25% (FYE 30 June 2023: RM68.29 million). Since the decommissioning of the Group's Bukit Minyak Facility in June 2023, the Disposal Subsidiaries had commenced negotiations with international contract manufacturers to outsource the manufacturing activity of Rex branded canned food primarily due to the lead time required by the contract manufacturers to secure necessary raw and packaging materials in accordance with the Company's specifications, as well as to obtain essential certifications such as Halal certification and other food safety approvals to meet both regulatory and market requirements. This resulted in a lower amount of sales for the FYE 30 June 2024. Further, due to a shortage in raw materials required for coconut milk, revenue from the sales of coconut milk had declined by RM2.10 million.

For the FYE 30 June 2024, the Disposal Subsidiaries recorded a LAT of RM2.92 million, which represents an improvement of RM42.27 million or 93.98% (FYE 30 June 2023: RM45.19 million). The reduction in LAT was mainly due to the absence of one-off items incurred by the Disposal Subsidiaries in the FYE 30 June 2023 as a result of the decommissioning of the Group's Bukit Minyak Facility. In the FYE 30 June 2024, the Disposal Subsidiaries also incurred lower staff costs of RM5.69 million (FYE 30 June 2023: RM9.98 million) and lower operating expenses of RM9.82 million (FYE 30 June 2023: RM22.94 million), following the cessation of its manufacturing operations at the Bukit Minyak Facility.

FYE 30 June 2024 vs 12-month FPE 30 June 2025

For the 12-month FPE 30 June 2025, the Disposal Subsidiaries recorded revenue of RM55.85 million, representing a decrease of RM3.39 million or 5.72% (FYE 30 June 2024: RM59.24 million). The decline in revenue was primarily due to lower beverage sales, following the decommissioning of the Group's Bukit Minyak Facility, which led to reduced production capacity.

For the 12-month FPE 30 June 2025, the Disposal Subsidiaries recorded a PAT of RM4.91 million as compared to a LAT of RM2.92 million for the preceding FYE 30 June 2024, representing an improvement of RM7.83 million. The PAT recorded in the 12-month FPE 30 June 2025 was mainly due to the recognition of other income of RM16.53 million, which was primarily attributable to profits generated from the disposal of properties. Excluding this one-off other income, the Disposal Subsidiaries would have been in a loss-making position, recording a LBT of RM11.62 million for the 12-month FPE 30 June 2025. The losses were mainly attributable to higher other operating expenses amounting to RM8.56 million, primarily arising from provisions for staff termination benefits, allowance for obsolete and slow-moving inventories, and impairment losses on trade receivables as well as amounts due from related companies and the holding company.

11. AUDITED FINANCIAL STATEMENTS OF RCCSB FOR THE FYE 30 JUNE 2024 WITH THE NOTES AND AUDITOR'S REPORT

REX CANNING CO. SDN. BHD.
197201001412 (13079-V)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

RAKIC S TAN & RAMANAN (AF 0190)
CHARTERED ACCOUNTANTS

REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

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REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2024

The Directors hereby present their report together with the audited financial statements of the Company for the financial year ended 30 June 2024.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and sale of canned food and drinks and investment holding.

There has been no significant changes in the nature of these activities during the financial year.

2. RESULTS FOR THE FINANCIAL YEAR

RM

Loss for the financial year, net of tax attributable to Owners of the Company

3,875,563

3. RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

4. DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

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

5. ISSUANCE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

6. OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
(Incorporated in Malaysia)

7. DIRECTORS

The Directors who have held office since the beginning of the financial year to the date of this report are as follows:

Darmendran Kunaretnam

Chee Cheng Chun

Kong Wai Fa

Dato' Cheah Teng Lim

Tai Keat Chai

(Appointed on 31 March 2024)

(Appointed on 31 March 2024)

(Resigned on 31 March 2024)

8. DIRECTORS' INTERESTS

The interest of Directors in office at the end of the financial year in shares or debentures of the Company and its related corporations during the financial year are disclosed in the Directors' Report of the holding company pursuant to Section 59(3) of the Companies Act 2016 in Malaysia.

9. DIRECTORS' REMUNERATION AND BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects 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.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remunerations received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) 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.

There were no arrangements during or 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.

10. INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given to or insurance premiums paid, during or since the end of year, for any person who is or has been Directors, officer or auditor of the Company.

REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
(Incorporated in Malaysia)

II. OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of comprehensive income of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets, which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

- (i) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to the current assets in the financial statements of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

No contingent or other liability 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 Company to meet its obligations as and when they fall due.

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

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

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
(Incorporated in Malaysia)

11. OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:

- (a) the results of the operations of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature.
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of operations of the Company for the year in which this report is made

12. HOLDING COMPANY

The Directors regard Rex Industry Berhad, a company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company.

13. SIGNIFICANT EVENTS AND EVENTS AFTER REPORTING PERIOD

Significant events during the financial year and events after the reporting period are disclosed in Note 32 and Note 33 respectively to the financial statements.

14. AUDITORS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors is disclosed in Note 10 to the financial statements.

The auditors, Messrs Raki Cs Tan & Ramanani, Chartered Accountants, have expressed their willingness to continue in office.

Signed at Kuala Lumpur on behalf of the Board of Directors in accordance with its resolution dated 24 October 2024.


DATO' CHEAH TENG LIM
Director


CHEE CHIENG CHUN
Director

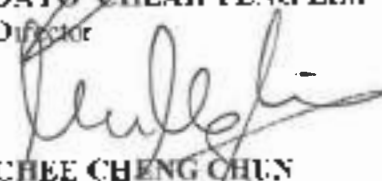
REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT, 2016

We, **Dato' Cheah Teng Lim** and **Chee Cheng Chun**, two of the Directors of **REX CANNING CO. SDN. BHD.**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 10 to 62 are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 Company as at 30 June 2024 and of their financial performance and cash flows of the Company for the financial year then ended

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 24 October 2024.


DATO' CHEAH TENG LIM
Director


CHEE CHENG CHUN
Director

STATUTORY DECLARATION PURSUANT TO SECTION 251 (1) (b) OF THE COMPANIES ACT, 2016

I, **Chia Hup Tong**, being the Officer primarily responsible for the financial management of **REX CANNING CO. SDN. BHD.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 62 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.


CHIA HUP TONG
Officer

Subscribed and solemnly declared by the above named

At Kuala Lumpur in the Federal Territory on 24 October 2024.

Before me,



220, JALAN TUN SAMBANTHAN,
50470 KUALA LUMPUR.

RAKI CS TAN & RAMANAN (NO.AF 0190)***CHARTERED ACCOUNTANTS******Unit 16-USA, Q Sentral, Jalan Siesen Sentral 2, 50470, Kuala Lumpur*****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REX CANNING CO. SDN. BHD. 197201001412 (13079-V)****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Rex Canning Co. Sdn. Bhd., which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 10 to 62.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent 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.

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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REX CANNING CO. SDN. BHD. 197201001412 (13079-V)****Information Other than the Financial Statements and Auditors' Report Thereon
(cont'd)**

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REX CANNING CO. SDN. BHD. 197201001412 (13079-V)****Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

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

- Identify and assess the risks of material misstatement of the financial statements 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 Company's internal control.
- 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 Company's ability 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, action taken to eliminate threats or safeguards applied.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REX CANNING CO. SDN. BHD. 197201001412 (13079-V)**

Other Matters

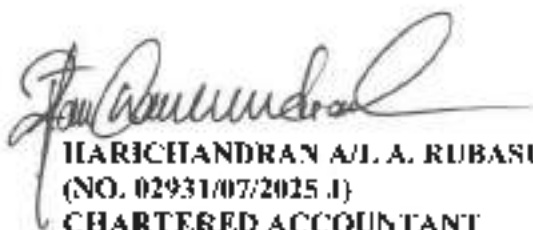
The financial statements of the Company for the financial year ended 30 June 2023 were audited by another firm of Chartered Accountants whose report dated 24 October 2023 expressed an unqualified opinion.

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 contents of this report.

Signed at Kuala Lumpur on 24 October 2024.



**RAKICS TAN & RAMANAN
(AF 0190)
CHARTERED ACCOUNTANTS**



**HARICHANDRAN A/L A. RUBASUNDRAM
(NO. 02931/07/2025-I)
CHARTERED ACCOUNTANT
PARTNER**

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 RM	2023 RM
Continuing operations			
Revenue	7	46,529,449	52,133,004
Cost of sales		(44,093,166)	(50,761,771)
Staff costs		(2,714,724)	(6,561,830)
Depreciation		(1,496,646)	(3,498,692)
Other operating expenses		(2,677,621)	(10,285,380)
Impairment loss on financial assets		-	(3,468,604)
Impairment loss on non-financial assets		(201,036)	(19,134,590)
Other income	8	<u>1,859,914</u>	<u>513,990</u>
Loss from operations		(2,793,830)	(41,061,873)
Finance costs	9	<u>(1,081,733)</u>	<u>(1,056,460)</u>
Loss before taxation from continuing operations	10	(3,875,563)	(42,118,333)
Income tax expense	11	<u>-</u>	<u>(14,345)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(3,875,563)</u>	<u>(42,132,678)</u>

The annexed notes form an integral part of these financial statements.

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	NOTE	2024 RM	2023 RM
ASSETS			
Non-current assets			
Property, plant and equipment	12	23,452,118	36,727,461
Right-of-use assets	13	-	4,773,711
Investment properties	14	5,194,425	5,505,572
		<u>28,646,543</u>	<u>47,006,744</u>
Current assets			
Inventories	15	13,907,681	14,816,445
Trade receivables	16	7,331	5,929
Other receivables	17	1,833,599	559,254
Amount due from a holding company	18	303,849	-
Amount due from related companies	18	1,671,713	3,832,871
Tax recoverable		199,098	155,936
Fixed deposits with a licensed bank	19	793,677	777,761
Cash and bank balances		5,443,274	13,423,504
Assets held for sale	20	19,565,851	-
		<u>43,726,073</u>	<u>33,571,700</u>
TOTAL ASSETS		<u>72,372,616</u>	<u>80,578,444</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	21	2,004,000	2,004,000
Capital contribution from holding company	22	36,994,171	36,994,171
(Accumulated losses)/ Retained earnings		(1,588,910)	2,286,653
Total equity		<u>37,409,261</u>	<u>41,284,824</u>
Non-current liability			
Borrowings	23	6,388,966	8,178,974
Current liabilities			
Trade payables	25	5,270,086	6,437,181
Other payables	26	6,446,193	5,981,681
Amount due to a Director	18	2,102,195	4,234,908
Amount due to related companies	18	3,531,624	296,204
Borrowings	23	11,224,291	14,116,520
Lease liability	13	-	48,152
		<u>28,574,389</u>	<u>31,114,646</u>
Total liabilities		<u>34,963,355</u>	<u>39,293,620</u>
TOTAL EQUITY AND LIABILITIES		<u>72,372,616</u>	<u>80,578,444</u>

The annexed notes form an integral part of these financial statements.

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

	Share capital RM	Capital contribution from holding company RM	Retained earnings / (Accumulated losses) RM	Total RM
At 1 July 2022	2,004,000	9,115,638	44,419,331	55,538,969
Total comprehensive loss for the year	-	-	(42,132,678)	(42,132,678)
Change in other reserves	-	27,878,533	-	27,878,533
At 30 June 2023	2,004,000	36,994,171	2,286,653	41,284,824
Total comprehensive loss for the year	-	-	(3,875,563)	(3,875,563)
At 30 June 2024	2,004,000	36,994,171	(1,588,910)	37,409,261

The annexed notes form an integral part of these financial statements.

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	2024 RM	2023 RM
Cash Flows from/(used in) Operating Activities		
Loss before taxation before continuing operations	(3,875,563)	(42,118,333)
Adjustments for:		
Allowance for obsolete and slow-moving inventories	-	5,446,445
Depreciation of investment properties	110,111	112,359
Depreciation of property, plant and equipment	1,275,326	3,119,835
Depreciation of right-of-use asset	111,209	266,498
Gain on disposal of property, plant and equipment	(931,811)	-
Impairment loss on amount due from a related company	-	936,732
Impairment loss on investment properties	201,036	-
Impairment loss on trade receivables	-	69,662
Impairment loss on other receivables	-	2,462,210
Impairment loss on property, plant and equipment	-	19,134,590
Interest expense	1,081,733	1,056,460
Interest income	(180,284)	(185,708)
Loss on lease modification	31,107	-
Provision for dismantling and relocation costs	-	360,000
(Reversal)/provision for employee termination benefits	(110,614)	900,000
Unrealised loss on foreign exchange	-	10,177
Written off of amount due from related companies	-	25,202
Operating profit before working capital changes	(2,287,750)	(8,403,871)
Decrease/(increase) in inventories	908,764	(213,543)
(Increase)/decrease in trade and other receivables	(1,310,747)	1,600,051
(Decrease)/ increase in trade and other payables	(990,706)	345,779
Increase in holding company	(303,849)	-
Increase in related companies	5,396,578	3,090,551
Cash used in operating activities	1,412,290	(3,581,333)
Interest paid	(1,081,733)	(1,056,460)
Interest received	180,284	185,708
Tax paid	(43,162)	(40,273)
Net cash generated from/(used in) operating activities	467,679	(4,492,358)

The annexed notes form an integral part of these financial statements.

REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)

	2024	2023
	RM	RM
Cash Flows used in Investing Activities		
Acquisition of property, plant and equipment	(2,673,102)	(645,868)
Advances to related companies	-	542,538
Proceeds from disposal of property, plant and equipment	990,625	-
Net cash used in investing activities	(1,682,477)	(103,530)
Cash Flows (used in)/from Financing Activities		
Capital contribution from holding company	-	27,878,533
Repayment to a Director (Note ii)	(2,132,713)	(4,368,900)
Repayment to holding company (Note ii)	-	(12,166,214)
Advance from related parties (Note ii)	78,330	71,384
Payment for the principal portion of lease liabilities (Note ii)	(12,896)	(145,638)
(Repayment)/drawdown of borrowings, net (Note ii)	(4,369,486)	2,446,802
Net cash (used in)/generated from financing activities	(6,436,765)	13,716,252
Net increase/(decrease) in cash and cash equivalents	(7,651,563)	9,120,364
Effect of exchange rate changes	-	15,204
Cash and cash equivalents brought forward	12,129,085	2,993,517
Cash and cash equivalents carried forward	4,477,522	12,129,085
Cash and cash equivalents comprise:		
Cash and bank balances (Note i)	4,477,522	12,129,085

(i) Cash and cash equivalents comprise:

		2024	2023
		RM	RM
Fixed deposits placed with a licensed bank	Note 19	793,677	777,761
Cash and bank balances		5,443,274	13,423,504
		6,236,951	14,201,265
Less: Bank overdrafts		(1,759,429)	(2,072,180)
		4,477,522	12,129,085

APPENDIX II – INFORMATION ON THE DISPOSAL SUBSIDIARIES

REX CANNING CO. SDN. BHD. 197201001412 (13079-V)
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024 (CONT'D)**

(ii) The reconciliation of the movements of liabilities to cash flows arising from financing activities:

	Lease liabilities	Borrowings (excluded bank overdrafts)	Amount due to related parties	Amount due to Director
	RM	RM	RM	RM
2024	48,152	20,223,314	117,710	4,234,908
At 1 July 2023	-	-	78,330	7,560,975
Advances from	-	7,950,394	-	-
Drawdown	104	996,702	-	-
Interest expense	(48,048)	(13,316,582)	-	(9,693,688)
Repayment to	(48,152)	(4,369,486)	78,330	(2,132,713)
Net changes in financing cash flows				
At 30 June 2024	-	15,853,828	196,040	2,102,195
2023	193,790	17,776,227	46,326	8,603,808
At 1 July 2022	-	-	71,384	-
Advances from	-	1,472,319	-	-
Drawdown	2,762	974,768	-	-
Interest expense	(148,400)	-	-	(4,368,900)
Repayment to	(145,638)	2,447,087	71,384	(4,368,900)
Net changes in financing cash flows				
At 30 June 2023	48,152	20,223,314	117,710	4,234,908

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

1. GENERAL INFORMATION

(a) PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and sale of canned food and drinks and investment holding.

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

(b) REGISTERED OFFICE

The registered office of the Company is located at No. 46C, Plaza Damansara, Jalan Medan Setia 2, Bukit Damansara 50490 Kuala Lumpur.

(c) PRINCIPAL PLACE OF BUSINESS

The principal place of business of the Company is located at No. 46C, Plaza Damansara, Jalan Medan Setia 2, Bukit Damansara 50490 Kuala Lumpur.

(d) HOLDING COMPANY

The Directors regards Rex Industry Herhad, a company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company.

(e) DATE OF AUTHORISATION OF ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the board of Directors in accordance with their resolution on 24 October 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia

The financial statements have been prepared under the historical cost convention unless otherwise disclosed in notes to the financial statements. The financial statements are presented in Ringgit Malaysia ("RM").

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3. NEW STANDARDS ADOPTED

On 1 July 2023, the Company adopted the following MFRSs, Amendments to MFRS and Issue Committee ("IC") Interpretations which were effective for the financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9- Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from single transaction; and International Tax Reform- Pillar Two Model Rules

The accounting policies adopted by the Company are consistent with those adopted in the previous year. The adoption of the above amendments did not have any significant financial impact on the financial statements, except for:

Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of accounting policies

The amendments to MFRS 101 and MFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments impact the Company's disclosures of accounting policies, but not the measurement, recognition or presentation of items in the Company's financial statements.

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4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following Standards, Amendments and Issues Committee ("IC") Interpretations of the MFRS framework have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Company are as follows:

Effective for financial periods beginning on or after 1 January 2024:

Amendments to MFRS 16	Lease Liability in a Sales and Leaseback
Amendments to MFRS 101	Non-Current Liabilities with Covenants
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025:

Amendments to MFRS 121	Lack of Exchangeability
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Effective for financial periods beginning on or after 1 January 2026:

Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to MFRS 1	Annual Improvements to MFRS Accounting Standards- Volume 11

Effective for financial periods beginning on or after 1 January 2027:

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

MFRS 101 – Presentation of Financial Statements will be withdrawn on the application of MFRS 18.

Effective for financial periods beginning on or after a date yet to be confirmed:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material financial impact to the current and prior period financial statements of the Company upon their initial application.

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The summary of accounting policies as described in Note 6 are essential to understand The Company's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Company's accounting policies.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below.

(a) Impairment of property, plant and equipment

The Company reviews the carrying amounts of property, plant and equipment at each reporting date to assess whether there is any indicator of impairment. When an indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value-in-use ("VIU"). When the recoverable amount of an asset is determined based on the estimate of the VIU of the cash-generating unit ("CGU") to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the CGU and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(b) Allowance for obsolete and slow-moving inventories

In conjunction with the business rationalisation plan undertaken by the holding company which would lead to decommissioning of one of the Company's production facilities subsequent to the financial year, the management performed a review for obsolete and slow-moving inventories. When necessary, allowance is provided for obsolete and slow-moving inventories to adjust the carrying value of inventories to the lower of cost and net realisable value. The identification of obsolete and slow-moving inventories is based on considerations such as future demand and sale prices for each product, quality concern and other factors. This review required judgement and estimates where possible changes in these estimates could result in revision to the valuation of inventories.

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment method applied as disclosed in Note 6(k) depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables and amounts due from related companies, the Company applies the approach permitted by MFRS 9, which requires the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(d) Classification between investment properties and property, plant and equipment

Certain property comprises a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Company accounts for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for use in the production or supply of goods and services or for administrative purposes. Management uses judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

6. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) FOREIGN CURRENCY TRANSACTIONS AND BALANCE

In preparing the financial statements of the individual entity, transactions in currencies other than entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the date of transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(a) FOREIGN CURRENCY TRANSACTIONS AND BALANCE (CONT'D)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form a part of the Company's net investment in foreign operation.

(b) REVENUE AND OTHER INCOME RECOGNITION

Revenue from contracts with customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated on the contract and implied in the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Company estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(b) REVENUE AND OTHER INCOME RECOGNITION (CONT'D)

Revenue from contracts with customers (cont'd)

The control of the promised goods or services may be transferred over time or at appoint in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Other income

Other income earned by the Company are recognised on the following bases:

(i) Interest Income

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

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) EMPLOYEE BENEFITS

Short term employee benefits

Wages, salaries social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Company has no further payment obligations.

(d) BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition of qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for intended use or sale are interrupted or completed.

(e) INCOME TAXES

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income directly in equity.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) INCOME TAXES (CONT'D)

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary differences arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(f) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(f) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) Recognition and measurement (Cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on diminishing balance basis over the estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:-

	%
Buildings	2
Plant, machinery and factory equipment	5 - 20
Furniture, fittings and office equipment	5 - 20
Motor vehicles	20

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(f) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Land has an indefinite useful life and therefore is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(g) INVESTMENT PROPERTIES

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at its cost. Cost includes expenditure that is directly attributable to the acquisition of investment properties. The cost of self-constructed investment properties include the cost of materials and direct labour, any other cost directly attributable to bringing the investment properties to a working condition for their intended use.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. The principal annual rates of depreciation used are:

	%
Building	2

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial period in which they arise.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(b) INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Costs incurred in bringing the inventories to their present location and condition are accounted as follows:

- cost of raw materials and packaging materials comprise cost of purchases and are stated on a weighted average cost standard cost basis (which approximates average actual cost).
- cost of finished goods includes raw materials, labour and an appropriate proportion of production overheads.

Net realisable value is estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(i) FINANCIAL INSTRUMENTS

(1) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(I) FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial instrument categories and subsequent measurement recognition and measurement

The Company categorises financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see note 6(k)] where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment [see note 6(k)].

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gain or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) FINANCIAL INSTRUMENTS (CONT'D)

(iv) Regular way of purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(j) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in the profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in the profit or loss.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) IMPAIRMENT OF FINANCIAL ASSETS

The Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowances of the Company are measured on either of the following basis:-

- (i) 12-month ECLs – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (ii) Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach – trade receivables

The Company apply the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

General approach – other financial instruments and financial guarantee contracts

The Company apply the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information, where available.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

General approach – other financial instruments and financial guarantee contracts (Cont'd)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company consider an event of default for internal credit risk management purposes when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors of the subsidiaries in full, without recourse by the Company to actions such as realising security (if any is held). The Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company are exposed to credit risk.

Credit impaired financial assets

At each reporting date, the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g. being more than 90 days past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise);

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

Credit impaired financial assets (Cont'd)

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Any recoveries made are recognised in the profit or loss.

(l) EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) ASSETS HELD FOR SALE

A non-current asset held for sale represents an asset whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the sale must be highly probable and the non-current asset (or disposal group) must be available for immediate sale in its present condition. The appropriate level of management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from its classification.

Disposal groups and non-current assets held for sale are included in the Statement of financial position at fair value less costs to sell, if this is lower than the previous carrying amount.

Once an asset is classified as held for sale or included in a group of assets held for sale, no further depreciation or amortisation is recorded.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(a) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a probable asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the company. The company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(a) PROVISIONS

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) FAIR VALUE MEASUREMENTS

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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6. MATERIAL ACCOUNTING POLICIES (CONT'D)

(p) FAIR VALUE MEASUREMENTS (CONT'D)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of event or change in circumstances that caused the transfers.

7. REVENUE

The company sells a range of manufactured canned foods and drinks to related companies and export customers. Revenue from sales of manufactured products are recognised at a point in time when control of the products had been transferred, being the date when the customers accepted and acknowledged the delivery of goods.

8. OTHER INCOME

	2024 RM	2023 RM
Gain on disposal of fixed assets	931,811	-
Gain on foreign exchange (realised)	121,225	160,590
Interest income	180,284	116,891
Other income	460,194	68,817
Rental income	166,400	330,283
	<u>1,859,914</u>	<u>676,581</u>

9. FINANCE COSTS

	2024 RM	2023 RM
Bank overdrafts	116,139	78,930
Banker's acceptance	378,701	299,491
Lease liabilities	104	2,762
Revolving credit	82,064	145,413
Term loans	504,725	529,864
	<u>1,081,733</u>	<u>1,056,460</u>

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10. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

a) Loss before tax from continuing operations are stated after charging/(crediting):

	2024 RM	2023 RM
Auditors' remuneration	55,000	55,000
Allowance for obsolete and slow-moving inventories	-	5,446,445
Depreciation of investment properties	110,111	112,359
Depreciation of property, plant and equipment	1,275,326	3,119,835
Depreciation of right-of-use assets	111,209	266,498
Impairment loss on amount due from a related company	-	936,732
Impairment loss on investment properties	201,036	-
Impairment loss on trade receivables	-	69,662
Impairment loss on other receivables	-	2,462,210
Impairment loss on property, plant and equipment	-	19,134,590
Loss on foreign exchange (realised)	92,583	138,281
Loss on lease termination	31,107	-
(Reversal)/provision for employee termination benefits	(110,614)	900,00
Short-term lease rental and low value assets:		
-Premises	91,416	72,400
-Equipment	11,552	23,795
Unrealised loss on foreign exchange	-	10,177
Written off of amount due from related companies (non-trade)	-	25,202

b) Employee information

	2024 RM	2023 RM
Salaries, wages, allowances and overtime	2,655,863	5,298,415
EPF contribution	131,788	324,396
SOCSSO contribution	37,687	76,772
(Reversal)/provision for employee termination benefits	(110,614)	900,000
	<u>2,714,724</u>	<u>6,599,583</u>

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11. INCOME TAX EXPENSE

	2024 RM	2023 RM
Tax charge in respect of - current year	-	-
- underprovision in prior year	-	14,345
	<u>-</u>	<u>14,345</u>
Reconciliation of effective tax rate is as follows:		
Loss before tax from continuing operations	<u>(3,875,563)</u>	<u>(42,118,333)</u>
Taxation at Malaysian statutory tax rate of 24%	(930,135)	(10,108,400)
Adjusted for tax effects of :-		
Expenses not deductible for tax purposes	447,718	1,348,148
Deferred tax assets not recognised	482,417	8,760,252
Underprovision of income tax expenses in prior year	-	14,345
Taxation at effective tax rate of Nil (2023: -0.03%)	<u>-</u>	<u>14,345</u>

Tax losses are analysed as follows:

	2024 RM	2023 RM
Unabsorbed capital allowances	25,007,484	22,234,451
Unabsorbed tax losses	<u>23,095,226</u>	<u>20,103,587</u>
	<u>48,102,710</u>	<u>42,338,038</u>

The comparative figures have been restated to reflect the actual unutilised tax losses and unabsorbed capital allowances carried forward.

Pursuant to Section 44(5F) of the Income Tax Act 1967, the unutilised tax losses for year of assessment 2019 and prior will expire in the year of assessment 2029, and unutilised tax losses arising from the year assessment 2019 onwards will expire in 10 years from the year assessment the losses arose.

Expired date of the Company's unutilised tax losses is summarized below:

	2024 RM	2023 RM
Year of assessment 2029	1,934,715	1,934,715
Year of assessment 2030	3,779,187	3,779,187
Year of assessment 2031	4,302,000	4,302,000
Year of assessment 2032	615,515	615,515
Year of assessment 2034	9,472,170	9,472,170
Year of assessment 2035	<u>2,991,639</u>	<u>-</u>
	<u>23,095,226</u>	<u>20,103,587</u>

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12. PROPERTY, PLANT AND EQUIPMENT

	Plant machinery and factory equipment RM	Buildings RM	Furniture, fittings and office equipment RM	Freehold land RM	Motor vehicles RM	Total RM
Cost						
At 1 July 2023	45,324,253	35,676,080	6,677,216	5,950,000	2,333,355	95,960,904
Additions	2,433,044	-	97,258	-	142,800	2,673,102
Disposal	(27,397,864)	-	(360)	-	(665,464)	(28,063,688)
Reclass to asset held for sale	(150,948)	(22,035,523)	-	-	-	(22,186,471)
At 30 June 2024	20,208,485	13,640,557	6,774,114	5,950,000	1,810,691	48,383,847
Less: Accumulated Depreciation						
At 1 July 2023	25,897,642	8,030,094	4,311,608	-	1,859,509	40,098,853
Charge for the year	664,048	517,577	9,872	-	83,829	1,275,326
Disposal	(18,903,003)	-	-	-	(590,138)	(19,493,141)
Reclass to asset held for sale	-	(7,572,166)	-	-	-	(7,572,166)
At 30 June 2024	7,658,687	975,505	4,321,480	-	1,353,200	14,308,872
Less: Accumulated Impairment Loss						
At 1 July 2023	13,962,098	1,767,125	2,365,608	939,743	100,016	19,134,590
Disposal	(8,494,861)	-	-	-	(16,872)	(8,511,733)
At 30 June 2024	5,467,237	1,767,125	2,365,608	939,743	83,144	10,622,857
Net Book Value						
At 30 June 2024	7,082,561	10,897,927	87,026	5,010,257	374,347	23,452,118
At 30 June 2023	5,464,513	25,878,861	-	5,010,257	373,830	36,727,461
Depreciation charge for the year ended 30 June 2023	2,118,598	564,203	318,573	-	118,461	3,119,835

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

a) Assets pledged as security

As at 30 June 2024, freehold land and buildings with net carrying amount of RM5,010,257 (2023: RM5,010,257) and RM10,897,928 (2023: RM11,120,333) respectively are held as security with the bank for term loan facilities as disclosed in Note 23.

b) Transfer to investment properties

In prior year, the Company transferred two buildings at net carrying amount of RM5,617,931, which are held either to earn rental income or capital appreciation or for both to investment properties as disclosed in Note 14.

c) Impairment loss

The Company carried out a review on the carrying amounts of property, plant and equipment at each reporting date to assess whether there is any indication of impairment. When an indication exists, the Company makes an estimate of the asset's recoverable amount. The recoverable amount of the property, plant and equipment was derived based on fair value less cost to sell as well as VIU method using cash flows projection derived from the most recent financial forecast and projections covering a period of 5 years.

The key assumptions used in the determination of recoverable amount are as follows:

(a) Budgeted gross margin

The budgeted average gross margin is 19% (2023: 22%). Gross margins are based on values achieved previously preceding the start of the budget period and are assumed to be maintained over the budgeted period.

(b) Annual revenue growth rate

The annual revenue growth rate for Batu Pahat Production Facility is 5%. Revenue growth is based on growth achieved on the five years preceding the start of the budget period as well as taking into consideration of future demand outlook.

(c) Pre-tax discount rate

A pre-tax discount rate of 9% (2023:9.5%) was applied to the calculations in determining the recoverable amount of the CGU. The discount rate used derived based on the industry average cost of capital.

(d) Asset held for sale

The leasehold land (as disclosed in Note 13) and building (as disclosed in Note 12) has been reclassified to asset held for sale as disclosed in Note 20.

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13. RIGHT OF USE ASSETS

	Leasehold land RM	Hostel Rental RM	Total RM
2024			
COST			
At 1 July	6,876,429	187,871	7,064,300
Reclassification	(32,130)	32,130	-
Reclassified to assets held for sale (Note 20)	(6,844,299)	-	(6,844,299)
Disposal	-	(220,001)	(220,001)
At 30 June	-	-	-
LESS: ACCUMULATED DEPRECIATION			
At 1 July	2,149,686	140,903	2,290,589
Charge for the financial year	98,474	12,735	111,209
Reclassified to assets held for sale (Note 20)	(2,248,160)	-	(2,248,160)
Disposal	-	(153,638)	(153,638)
At 30 June	-	-	-
NET CARRYING AMOUNT			
At 30 June 2024	-	-	-

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13. RIGHT OF USE ASSETS (CONT'D)

	Leasehold land RM	Hostel Rental RM	Total RM
2023			
COST			
At 1 July	6,876,429	270,546	7,146,975
Expiry of lease contract	-	(82,675)	(82,675)
At 30 June	6,876,429	187,871	7,064,300
LESS: ACCUMULATED DEPRECIATION			
At 1 July	2,028,486	78,280	2,106,766
Charge for the financial year	121,200	145,298	266,498
Expiry of lease contract	-	(82,675)	(82,675)
At 30 June	2,149,686	140,903	2,290,589
NET CARRYING AMOUNT			
At 30 June 2023	4,726,743	46,968	4,773,711

The expenses charged to profit and loss during the financial year are as follows:

	2024 RM	2023 RM
Depreciation of right-of-use assets	111,209	266,498
Interest expense on lease liabilities	104	2,762
Lease of low value assets	11,552	23,795
Loss on lease termination	31,107	-
Short-term leases	91,416	72,400

LEASE LIABILITIES

	2024 RM	2023 RM
At 1 July	48,152	193,790
Payment of lease liabilities	(13,010)	(148,400)
Interest	104	2,762
Disposal	(35,256)	-
At 30 June	-	48,152

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14. INVESTMENT PROPERTIES

	2024	2023
	RM	RM
BUILDINGS		
COST		
At 1 July	6,249,366	-
Reclassification from property, plant and equipment (Note 10)	-	6,249,366
At 30 June	<u>6,249,366</u>	<u>6,249,366</u>
ACUMMULATED DEPRECIATION		
At 1 July	743,794	-
Charge for the financial year	110,111	112,359
Reclassification from property, plant and equipment (Note 10)	-	631,435
Impairment during the year	<u>201,036</u>	<u>-</u>
At 30 June	<u>1,054,941</u>	<u>743,794</u>
NET BOOK VALUE		
At 30 June 2024	<u>5,194,425</u>	<u>5,505,572</u>

(a) The fair value of the investment properties is as below:

	2024	2023
	RM	RM
At fair value:		
Buildings	<u>5,700,000</u>	<u>5,700,000</u>

The fair value is determined by the Directors on market values for similar properties in the same vicinity. The fair value of the investment properties is within level 3 of the fair value hierarchy.

(b) The entire investment properties of the Company have been pledged as security to secure term loan facilities of the Company as disclosed in Note 23.

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14. INVESTMENT PROPERTIES (CONT'D)

(c) Income and expenses derived from the above income generating investment properties are as below:

	2024 RM	2023 RM
Lease income	(166,400)	(290,400)
Direct operating expenses:		
-Quit rent and assessment	4,988	7,186
-Insurance	16,977	12,921
-Term loans interest expense	61,224	97,270

15. INVENTORIES

	2024 RM	2023 RM
Cost:		
Raw materials	4,026,641	4,966,082
Manufactured inventories	6,998,759	7,615,901
Packaging materials	4,809,654	6,163,753
Spare parts and diesel	1,524,936	1,587,866
	17,359,990	20,333,602
Less: Allowance for obsolete and slow-moving inventories		
At beginning of the year	(5,517,157)	(586,199)
Addition	-	(5,446,445)
Written off	2,064,848	515,487
At end of the year	(3,452,309)	(5,517,157)
Net carrying amount	13,907,681	14,816,445
Inventories recognised in cost of sales	44,093,166	45,315,326

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16. TRADE RECEIVABLES

	2024 RM	2023 RM
Trade receivables, gross	89,536	88,134
Less: Allowance for impairment loss		
At beginning of the year	(82,205)	(12,543)
Addition	-	(69,662)
At end of the year	(82,205)	(82,205)
Trade receivables, net	7,331	5,929

The normal credit terms of trade receivables range from 30 to 90 days (2023: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

17. OTHER RECEIVABLES

	NOTE	2024 RM	2023 RM
Sundry receivables, net		67,200	36,782
Deposits, gross	(i)	588,275	2,398,342
Less: Allowance for impairment loss			
At beginning of the year		(2,267,000)	-
Written off		2,267,000	(2,267,000)
At end of the year		-	(2,267,000)
Deposits, net		588,275	131,342
Prepayments, gross	(ii)	1,373,334	586,340
Less: Allowance for impairment loss			
At beginning of the year		(195,210)	-
Addition		-	(195,210)
At end of the year		(195,210)	(195,210)
Prepayments, net		1,178,124	391,130
Other receivables, net		1,853,599	559,254

(i) Included in deposits of the Company is advance payment for the purchase of machineries amounting to Nil (2023: RM368,000).

(ii) Included in prepayments of the Company is advance payment to suppliers amounting to RM1,165,015 (2023: RM545,907)

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18. AMOUNT DUE FROM/(TO) RELATED COMPANIES, HOLDING COMPANY AND A DIRECTOR

	NOTE	2024 RM	2023 RM
Amounts due from related companies			
Non-trade, gross	(i)	2,608,445	4,769,603
Less: Allowance for impairment loss			
At beginning of the year		(936,732)	-
Addition		-	(936,732)
At end of the year		(936,732)	(936,732)
Non-trade, net		<u>1,671,713</u>	<u>3,832,871</u>
Amount due from holding company			
Non-trade	(iii)	<u>303,849</u>	<u>-</u>
Amount due to a related company			
Trade	(ii)	<u>(3,531,624)</u>	<u>(296,204)</u>
Amount due to a Director			
Non-trade	(iii)	<u>(2,102,195)</u>	<u>(4,234,908)</u>

- (i) This amount is unsecured, interest-free and is subject to normal credit terms of 30 to 90 days (2023: 30 to 90 days)
- (ii) These amounts represent unsecured, interest-free advances which are repayable on demand.
- (iii) These amounts represent unsecured, interest-free advances which are repayable on demand.

19. FIXED DEPOSIT WITH A LICENSED BANK

The effective interest rate of the fixed deposit is at fixed rate of 2.60% (2023: 2.80%) per annum with maturity period of 3 months (2023: 3 months).

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20. ASSETS HELD FOR SALES

On 10 November 2023, the Company entered into a sales and purchase agreement to dispose two lots of property. The transaction was completed on 30 September 2024 as disclosed in Note 32.

At 30 June 2024, these assets were classified as assets held for sales as follows:

	NOTE	2024 RM
Assets classified as held for sale		
Property, plant and equipment	12	14,614,305
Right-of-use assets	13	4,596,139
Expenses capitalised with regards to assets held for sale		355,407
		<u>19,565,851</u>

The carrying value of property, plant and equipment and right-of-use assets of the disposal assets is the same as its carrying value before it was being reclassified to asset held for sales.

21. SHARE CAPITAL

	Number of shares		Amount	
	2024	2023	2024	2023
	Share	Share		
	units	units	RM	RM
Ordinary shares				
Issued and fully paid				
At beginning/ end of the year	<u>20,040</u>	<u>20,040</u>	<u>2,004,000</u>	<u>2,004,000</u>

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual interests.

22. CAPITAL CONTRIBUTION FROM HOLDING COMPANY

The amount classified as capital contribution under equity represents amount that is not expected to be repaid in the foreseeable future and effectively represents additional investment into the Company by the holding company.

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23. BORROWINGS

	2024 RM	2023 RM
Non-current		
Term loans (secured)	6,388,966	8,178,974
Current		
Bank overdrafts (unsecured)	1,759,429	2,072,180
Bankers' acceptance (unsecured)	7,950,394	7,870,112
Revolving credit (unsecured)	-	3,000,000
Term loans (secured)	1,514,468	1,174,228
	11,224,291	14,116,520
	17,613,257	22,295,494
Represented by:		
Bank overdrafts	1,759,429	2,072,180
Bankers' acceptance	7,950,394	7,870,112
Revolving credit	-	3,000,000
Term loans	7,903,434	9,353,202
	17,613,257	22,295,494
Maturity profile of borrowings:		
On demand or within 1 year	11,224,291	14,116,520
More than 1 year and less than 5 years	4,543,403	2,932,440
More than 5 years	1,845,563	5,246,534
	17,613,257	22,295,494
<u>Term loans</u>		
	2024 RM	2023 RM
Term loan 1 ⁽¹⁾	686,494	1,260,781
Term loan 2 ⁽¹⁾	-	423,938
Term loan 3 ⁽²⁾	7,216,940	7,668,483
	7,903,434	9,353,202
Maturity profile of term loans:		
Within one year	1,514,468	1,174,228
More than 1 year and less than 2 years	1,514,468	1,239,151
More than 2 years and less than 5 years	3,028,935	1,693,289
More than 5 years	1,845,563	5,246,534
	7,903,434	9,353,202

⁽¹⁾ Conventional term loan

⁽²⁾ Islamic term loan

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23. BORROWINGS (CONT'D)

	2024 %	2023 %
Bank overdrafts	BLR* + 1.5%	BLR* + 1.5%
Bankers' acceptance	3.49 to 5.68	3.41 to 5.75
Revolving credit	-	4.85
Term loans:		
- Conventional	BLR* - 1.5%	BLR* - 1.5%
- Islamic	BFR# - 1.25%	BFR# - 1.25%

* BLR – Base Lending Rate

BFR – Base Financing Rate

Certain term loans of the Company are secured by:-

- (i) freehold land and buildings as disclosed in Notes 12; and
- (ii) corporate guarantees of the holding company and certain related companies.

24. DEFERRED TAX LIABILITIES

This is in respect of estimated deferred tax liabilities /(assets) arising from temporary differences as follows:

	2024 RM	2023 RM
Deferred tax liabilities		
Difference between net carrying amount of property, plant and equipment and its tax base	784,946	-
Revaluation of property, plant and equipment	840,755	864,200
	<u>1,625,701</u>	<u>864,200</u>
Deferred tax assets		
Excess of tax base between net carrying amount of property, plant and equipment	(895,134)	(118,800)
Unabsorbed capital allowances	(730,567)	-
Other deductible temporary differences	-	(745,400)
	<u>(1,625,701)</u>	<u>(864,200)</u>
	<u>-</u>	<u>-</u>