# ANNUAL REPORT 2024

# REX INDUSTRY BERHAD

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirtieth ("**30th**") Annual General Meeting ("**AGM**") of Rex Industry Berhad will be held at Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D, Bukit Kiara, 60000 Kuala Lumpur on Thursday, 28 November 2024 at 10.00 a.m. or at any adjournment thereof, for the following purposes:-

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and the Auditors thereon. **(Please refer to the Note No. 6)**

2. To approve the payment of Directors' fees payable to the Non-Executive Directors amounting to RM204,000 to be paid on a quarterly basis for the financial year ending 30 June 2025 and thereafter. **(Resolution 1)**

3. To approve the payment of Directors' benefits up to an amount of RM50,000 from 29 November 2024 until the next AGM of the Company. **(Resolution 2)**

4. To re-elect the following Directors, who are due to retire in accordance with Clause 115 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Encik Adnan Bin Ahmad; and **(Resolution 3)**
   (b) Mr. Chee Cheng Chun **(Resolution 4)**

5. To re-elect the following Directors, who are due to retire in accordance with Clause 114 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Mr. Hong Kok Cheong; and **(Resolution 5)**
   (b) Mr. Tam Kok Meng. **(Resolution 6)**

6. To re-appoint Messrs. Raki CS Tan & Ramanan as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Resolution 7)**

## AS SPECIAL BUSINESS

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

7. **ORDINARY RESOLUTION NO. 1 - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS** **(Resolution 8)**

   "**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

   **THAT** pursuant to Section 85 of the Act to be read together with Clause 14 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act;

   **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so be issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION NO. 2 - PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **(Resolution 9)**

"**THAT** subject to the provisions of Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiaries ("**the Group**") to enter into and to give effect to the category of the recurrent related party transactions of a revenue or trading nature from time to time with the related parties as specified in Section 2.5 of the Circular/Statement to Shareholders dated 30 October 2024, provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the Group's day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and

(iv) not to the detriment of minority shareholders,

(the "**Mandate**");

**AND THAT** such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which the Mandate was passed, at which time it will lapse, unless by an ordinary resolution passed at the next AGM of the Company, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend beyond such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

**AND FURTHER THAT** the Directors be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate."

# NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

9. **ORDINARY RESOLUTION NO. 3 - PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES** **(Resolution 10)**

"**THAT** subject to the Companies Act 2016 ("**the Act**"), the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authorities, approval be and is hereby given for the Company to purchase such number of ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company ("**Proposed Renewal of Share Buy-Back Authority**"), provided that:-

(a) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and

(b) the maximum fund to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase.

**THAT** such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which this resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the next AGM of the Company, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

**AND THAT** upon completion of the purchase(s) by the Company of its own ordinary shares, the Directors of the Company be authorised to deal with the ordinary shares purchased in their absolute discretion in the following manners:-

(a) to cancel all the ordinary shares so purchased; and/or

(b) retain the ordinary shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or transfer under an employees' share scheme (if any) and/or transfer as purchase consideration; and/or

(c) retain part thereof as treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

**AND FURTHER THAT** the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company."

10. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board of Directors

**YEOW SZE MIN (MAICSA 7065735/ SSM PC NO.: 201908003120)**
**YEE KIT YENG (MAICSA 7068292 / SSM PC NO.: 202208000022)**

Company Secretaries

Dated: 30 October 2024

**Explanatory Notes to Special Business:**

**1. Resolutions 3 and 4 – Re-election of Directors who retire pursuant to Clause 115 of the Constitution of the Company**

Pursuant to Clause 115 of the Constitution of the Company, Encik Adnan Bin Ahmad and Mr. Chee Cheng Chun are due to retire by rotation at the forthcoming 30th AGM of the Company. Both Encik Adnan Bin Ahmad and Mr. Chee Cheng Chun have indicated their willingness to seek for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 30th AGM of the Company, the Board of Directors through its Nomination and Remuneration Committee ("**NRC**") had reviewed and assessed each of the retiring Directors from the fit and proper assessment, annual assessment and evaluation of the Board of Directors for the financial year ended 30 June 2024. Based on the recommendation of the NRC, the Board of Directors is satisfied with the performance and contributions of the retiring Directors namely, Encik Adnan Bin Ahmad and Mr. Chee Cheng Chun and supports the re-election based on the following considerations:

(i) able to meet the Board of Directors' expectations in terms of character, experience, integrity, competency and time commitment in discharging their roles as Directors of the Company; and
(ii) exercised due care and carried out professional duties proficiently.

**2. Resolutions 5 and 6 – Re-election of Directors who retire pursuant to Clause 114 of the Constitution of the Company**

Pursuant to Clause 114 of the Constitution of the Company, Mr. Hong Kok Cheong and Mr. Tam Kok Meng are due to retire at the forthcoming 30th AGM of the Company. Both Mr. Hong Kok Cheong and Mr. Tam Kok Meng have indicated their willingness to seek for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 30th AGM of the Company, the Board of Directors through its NRC had reviewed and assessed each of the retiring Directors from the fit and proper assessment, annual assessment and evaluation of the Board of Directors for the financial year ended 30 June 2024. Based on the recommendation of the NRC, the Board of Directors is satisfied with the performance and contributions of the retiring Directors namely, Mr. Hong Kok Cheong and Mr. Tam Kok Meng, and supports the re-election based on the following considerations:

(i) able to meet the Board of Directors' expectations in terms of character, experience, integrity, competency and time commitment in discharging their roles as Directors of the Company;
(ii) exercised due care and carried out professional duties proficiently; and
(iii) level of independence demonstrated by the Independent Non-Executive Director.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

**3. Resolution 8 - Authority to Issue Shares pursuant to the Companies Act 2016 and waiver of pre-emptive rights**

The Company had been granted a general mandate by its shareholders at the Twenty-Ninth AGM of the Company held on 27 November 2023 to issue shares pursuant to the Companies Act 2016.

The Company wishes to renew the mandate on the authority granted to the Directors to issue and allot shares pursuant to the Companies Act 2016 at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being (hereinafter referred to as the "**10% General Mandate**").

The 10% General Mandate will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time as the Directors may deem fit, without incurring any further cost to convene a separate general meeting to approve such authority. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 14 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other securities.

The proposed Resolution 8, if passed, would allow the Directors to issue new shares to any person under the authority to issue shares pursuant to the Companies Act 2016 without having to offer new shares to be issued equally to all existing shareholders of the Company prior to issuance.

**4. Resolution 9 - Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Resolution 9 is to renew the shareholders' mandate for Recurrent Related Party Transactions granted by the shareholders of the Company at the Twenty-Ninth AGM of the Company held on 27 November 2023 ("**Renewal of Shareholders' Mandate**"). The Renewal of Shareholders' Mandate will enable the Company and its subsidiaries ("**the Group**") to enter into any of the recurrent related party transactions of a revenue or trading nature, which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular/Statement to Shareholders dated 30 October 2024 for more information.

**5. Resolution 10 - Proposed Renewal of Authority for the Company to Purchase its Own Shares**

The proposed Resolution 10 is to renew the authority granted by the shareholders of the Company at the Twenty-Ninth AGM of the Company had on 27 November 2023. The proposed renewal will allow the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular/Statement to Shareholders dated 30 October 2024 for more information.

**Notes to the Notice of the Thirtieth AGM ("Meeting"):**

1. In respect of deposited securities, only members whose name appear in the Record of Depositors on 21 November 2024 shall be eligible to attend, participate, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

2. A member entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same Meeting, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.

3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. 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 set for holding the Meeting or any adjournment thereof. The lodging of the said instrument shall not preclude you from attending, participating, speaking and voting in person at the Thirtieth AGM should you subsequently wish to do so, provided a notice of termination of proxy authority in writing is given to the Company not less than twenty-four (24) hours before the commencement of the Meeting or adjournment thereof.

6. This Agenda item is meant for discussion only as Section 340(1)(a) if the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements and only requires the Audited Financial Statements to be laid at the Meeting. Therefore, this Agenda item is not put forward for voting.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Hong Kok Cheong**
*Chairman, Independent Non-Executive Director (Appointed as Director with effect from 13 March 2024) (Redesignated as Chairman with effect from 31 March 2024)*

**Darmendran Kunaretnam**
*Non-Independent Executive Director, Group Managing Director*

**Chee Cheng Chun**
*Non-Independent Non-Executive Director*

**Tam Kok Meng**
*Independent Non-Executive Director (Appointed with effect from 13 March 2024)*

**Adnan bin Ahmad**
*Independent Non-Executive Director*

**Dato' Cheah Teng Lim**
*Non-Independent Executive Director*

**Chris Kong Wai Fa**
*Non-Independent Executive Director*

**Tan Sri Dato' Mohd Ibrahim bin Mohd Zain**
*Chairman, Independent Non-Executive Director (Resigned with effect from 31 March 2024)*

**Tai Keat Chai**
*Independent Non-Executive Director (Resigned with effect from 31 March 2024)*

## AUDIT AND RISK MANAGEMENT COMMITTEE

**Tam Kok Meng**
*Chairman*
*(Appointed with effect from 1 April 2024)*

**Hong Kok Cheong**
*Member*
*(Appointed with effect from 1 April 2024)*

**Adnan bin Ahmad**
*Member*

**Tai Keat Chai**
*Chairman*
*(Ceased with effect from 31 March 2024)*

**Tan Sri Dato' Mohd Ibrahim bin Mohd Zain**
*Member*
*(Ceased with effect from 31 March 2024)*

## NOMINATION AND REMUNERATION COMMITTEE

**Hong Kok Cheong**
*Chairman*
*(Appointed with effect from 1 April 2024)*

**Adnan bin Ahmad**
*Member*
*(Appointed with effect from 10 July 2024)*

**Tam Kok Meng**
*Member*
*(Appointed with effect from 1 April 2024)*
*(Ceased with effect from 10 July 2024)*

**Tan Sri Dato' Mohd Ibrahim bin Mohd Zain**
*Chairman*
*(Ceased with effect from 31 March 2024)*

**Tai Keat Chai**
*Member*
*(Ceased with effect from 31 March 2024)*

# CORPORATE INFORMATION (CONT'D)

## Company Secretaries

**Yeow Sze Min**
*(MAICSA 7065735)*
*(SSM PC No.: 201908003120)*

**YEE KIT YENG**
*(MAICSA 7068292)*
*(SSM PC NO.: 202208000022)*

## Auditors

**Messrs. Raki CS Tan & Ramanan**
*(AF 0190)*
Chartered Accountants
16-03A, Q Sentral,
Jalan Stesen Sentral 2,
50470 Kuala Lumpur,
Wilayah Persekutuan
Telephone No. : +603-2778 4252
Facsimile No. : +603-2778 4251

## Share Registrar

**Securities Services (Holdings) Sdn. Bhd.**
*[197701005827 (36869-T)]*
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Telephone No. : +603-2084 9000
Facsimile No. : +603-2094 9940/
+603-2095 0292
Email Address : info@sshsb.com.my

## Principal Bankers

Ambank Islamic Berhad
CIMB Bank Berhad
Hong Leong Bank berhad

## Solicitors

Johan Arafat Hamzah & Mona

## Registered Office

No. 46C, Plaza Damansara,
Jalan Medan Setia 2,
Bukit Damansara
50490 Kuala Lumpur
Telephone No. : +603-2011 5142
Facsimile No. : +603-2011 6368
Email Address : rex@rex.net.my

## Stock Exchange Listing

Listed on the Main Market of Bursa Malaysia Securities Berhad

Stock Code : 9946
Stock Name : REX
Sector : Consumer Products & Services

# PROFILE OF DIRECTORS

## HONG KOK CHEONG

*Independent Non-Executive Director, Chairman*

*Aged 60 / Malaysian / Male*

Mr. Hong Kok Cheong was appointed to the Board of the Company on 13 March 2024. He is the Chairman of the Board and Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee of the Company.

Mr. Hong is graduated from the University of Notre Dame, United States, with a Bachelor of Science in Chemical Engineering.

Mr. Hong possesses over 35 years of experience in the Information Technology ("**IT**") industry and is a strong advocate for leveraging IT to drive and enhance sustainable practices as he believes that digital solutions enable businesses to embed circular practices throughout their operations.

Mr. Hong at present serves as the Chief Commercial Officer of Optivolve Pte Ltd, a Singapore-based startup organisation, and serves as a Strategic Advisor to Brandt International and Strateq Group of companies.

Currently, Mr. Hong does not hold any directorship in other public listed companies or listed issuer.

Mr. Hong Kok Cheong has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He had not been convicted of any offences within the past five (5) years other than for traffic offences , if any, and there has not been any public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 June 2024.

Mr. Hong Kok Cheong had attended one (1) out of one (1) Board Meeting held since his appointment to the Board during the financial year ended 30 June 2024.

## DARMENDRAN KUNARETNAM

*Non-Independent Executive Director, Group Managing Director*

*Aged 63 / Malaysian / Male*

Mr. Darmendran Kunaretnam was appointed to the Board of the Company and as the Group Managing Director on 3 March 2015. Currently, he does not sit in any of the Board Committees of the Company.

Mr. Darmendran graduated from Universiti Kebangsaan Malaysia with a Business Degree majoring in Accounting. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He spent ten (10) years as Group Manager in the Audit Division of an international public accounting firm from 1985 to 1995.

Mr. Darmendran 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 Malaysia Securities Berhad. He went on to restructure and list Safeguards Corporation Berhad ("**Safeguards**") on Bursa Malaysia Securities Berhad in June 1997. He was later appointed to the Board of Safeguards in August 1997. In year 2007, he, together with his partner, took Safeguards private.

Subsequently, Mr. Darmendran was appointed as the Chief Financial Officer of Kejuruteraan Samudra Timur Berhad ("**KSTB**") and its group of subsidiaries prior to being appointed to the Board of KSTB as a Non-Executive Director on 26 February 2009. He was redesignated as Executive Director on 24 August 2009 and continues to hold this position till present. Currently, the only directorship of Mr. Darmendran in other public companies is KSTB, which was delisted on 27 December 2016.

Mr. Darmendran has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He had not been convicted of any offences within the past five (5) years other than for traffic offences, if any, and there has not been any public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 June 2024.

Mr. Darmendran had attended all six (6) Board Meetings held in the financial year ended 30 June 2024.

# PROFILE OF DIRECTORS (CONT'D)

## CHEE CHENG CHUN

*Non-Independent Non-Executive Director*

*Aged 39 / Malaysian / Male*

Mr. Chee Cheng Chun was appointed to the Board of the Company on 3 March 2015. Currently, he does not sit in any of the Board Committees of the Company.

Mr. Chee graduated from Imperial College, London with a Master of Engineering in Aeronautical Engineering. He worked as Business Development Manager in Kejuruteraan Samudra Timur Berhad ("**KSTB**") before he was appointed to the Board of KSTB. Currently, the only directorship of Mr. Chee in other public companies is KSTB, which was delisted on 27 December 2016.

Mr. Chee has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He had not been convicted of any offences within the past five (5) years other than for traffic offences, if any, and there has not been any public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 June 2024.

Mr. Chee had attended five (5) out of six (6) Board Meetings held in the financial year ended 30 June 2024.

## TAM KOK MENG

*Independent Non-Executive Director*

*Aged 58 / Malaysian / Male*

Mr. Tam Kok Meng was appointed to the Board of the Company on 13 March 2024. He is the Chairman of the Audit and Risk Management Committee of the Company.

Mr. Tam is a Chartered Accountant and a member of the Malaysian Institute of Accountants and a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants. Mr. Tam has more than 35 years of accounting, auditing, finance, management and advisory experience gained from working in Hanafiah Raslan & Mohamad/Arthur Andersen, Chartered Accountants, several large corporations such as MBF Finance Berhad, Damansara Realty Bhd Group of Companies and SCM Integrated Systems Sdn Bhd (a Canadian-Malaysian Joint Venture) and in the last 25 years as the founder of Bridge Advisory Group that provides auditing, outsourcing, tax compliance, internal audit, litigation support, financial advisory and insolvency services.

Currently, Mr. Tam does not hold any directorship in other public listed companies or listed issuer.

Mr. Tam has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He had not been convicted of any offences within the past five (5) years other than for traffic offences , if any, and there has not been any public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 June 2024.

Mr. Tam attended one (1) Board Meeting held since his appointment to the Board during the financial year ended 30 June 2024.

# PROFILE OF DIRECTORS
(CONT'D)

## ADNAN BIN AHMAD

*Independent Non-Executive Director*

*Aged 75 / Malaysian / Male*

Encik Adnan bin Ahmad was appointed to the Board of the Company on 12 April 2018. He is a member of the Audit and Risk Management Committee of the Company and a member of the Nomination and Remuneration Committee.

Encik Adnan graduated with a Diploma in Industrial Relations. He started his career with Messrs. Hanafiah, Raslan & Mohamad in 1967. He then joined Safeguards G4S Sdn. Bhd., holding various positions, including Head of Human Resource & Administration and Head of Administration and Regulatory and Premises. He was also the Chairman of Koperasi Pelaburan Pekerja-Perkerja Safeguards from 1997 until his retirement on 31 March 2014.

Currently, the only directorship of Encik Adnan in other public companies is KSTB, which was delisted on 27 December 2016.

Encik Adnan has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He had not been convicted of any offences within the past five (5) years other than for traffic offences, if any, and there has not been any public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 June 2024.

Encik Adnan had attended all six (6) Board Meetings held in the financial year ended 30 June 2024.

## DATO' CHEAH TENG LIM

*Non-Independent Executive Director*

*Aged 63 / Malaysian / Male*

Dato' Cheah Teng Lim was appointed to the Board of the Company on 11 October 2022. He also acts as the Chief Executive Officer of Rex Canning Co. Sdn. Bhd. and Rex Trading Sdn. Bhd., the subsidiaries of the Company. Currently, he does not sit in any of the Board Committees of the Company.

Dato' Cheah graduated with a Diploma in Management Programme. He has more than thirty (30) years of experience in the fast-moving consumer goods industry, primarily in the areas of sales and marketing and business re-engineering. Prior to joining the Group, he had various senior sales and marketing positions in companies such as Rothmans of Pall Mall Berhad, British American Tobacco Malaysia Berhad and Carlsberg Breweries Malaysia Berhad. He then went to head the sustainable development division at IRIS Corporation Berhad for five (5) years. He joined the Group in October 2017 as the Marketing Director prior to assuming his current role as Chief Executive Officer of Rex Canning Co. Sdn. Bhd. and Rex Trading Sdn. Bhd., the subsidiaries of the Company.

Currently, Dato' Cheah does not hold any directorship in other public listed companies or listed issuer.

Dato' Cheah has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He had not been convicted of any offences within the past five (5) years other than for traffic offences, if any, and there has not been any public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

Dato' Cheah, had attended all six (6) Board Meetings held in the financial year ended 30 June 2024.

# PROFILE OF DIRECTORS (CONT'D)

## CHRIS KONG WAI FA

*Non-Independent Executive Director*

*Aged 60 / Malaysian / Female*

Chris Kong Wai Fa was appointed to the Board of the Company on 22 May 2023. She is the Company's General Manager of Procurement, Logistic and Warehouse, overseeing the overall supply chain operations, including inventory management and logistics planning. Currently, she does not sit in any of the Board Committees of the Company.

Chris graduated with a LCCI Diploma. She started her career in the Finance Department of Safeguards Oceanic Freightways Sdn. Bhd. in 1982, working her way up to the operations, sales and eventually becoming the Chief Executive Officer of a logistics business company involved in land, sea and air transport, forwarding and warehousing, Safeguards Oceanic. Chris has over forty (40) years of experience in the logistics industry, and has various expertise in financial management, human resources, operations and sales.

Currently, Chris does not hold any directorship in other public listed companies or listed issuer.

Chris has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. She had not been convicted of any offences within the past five (5) years other than for traffic offences , if any, and there has not been any public sanctions or penalties imposed on her by the relevant regulatory bodies during the financial year ended 30 June 2024..

Chris had attended all six (6) Board Meetings held in the financial year ended 30 June 2024.

# PROFILE OF KEY SENIOR MANAGEMENT

## CHU SEANG MING

*General Manager of P.T. Rex Canning, Indonesia*

*Aged 58 / Malaysian / Male*

Mr. Chu Seang Ming was appointed as the General Manager of P.T. Rex Canning, a subsidiary of the Company, on 1 May 1998.

Mr. Chu holds a Master of Business Administration, Marketing from Washington International University and various certifications, which include Indonesia Fishery Department – QMP & HACCP Program (1994), FDA/USDA Better Process Control School, Indonesia (1995), NOAA – Seafood Sensory Program, USA (2000) and HACCP Program SGS, Indonesia (2000).

Mr. Chu started his career with a frozen food manufacturer based in Perak as a Factory Quality Controller where he undertook laboratory quality control tasks for frozen shrimp processing. In 1990, he joined Rex Canning Co. Sdn. Bhd., a subsidiary of the Company, as its Quality Control Supervisor. He then moved to P.T. Rex Canning, Indonesia in 1992 as its Quality Control Manager. From 1997 to 1998, Mr. Chu was tasked with establishing and setting up a new processing plant and operations for the Rex Group in People's Republic of China in his capacity as General Manager for Jie Yang Rex Foods Ltd. Co, before he returned to P.T. Rex Canning in 1998 to be in charge of the general management of P.T. Rex Canning.

Mr. Chu does not hold any directorship in other public companies or listed issuers.

Mr. Chu has no family relationship with any director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He has not been convicted of any offences within the past five (5) years other than for traffic offences, if any, and there has not been any public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 June 2024.

## LESLIE CHNG THENG TAT

*Chief Operating Officer of Rex Canning Co. Sdn. Bhd.*

*Aged 65 / Malaysian / Male*

Mr. Leslie Chng Theng Tat was re-joined as the Chief Operating Officer of Rex Canning Co. Sdn. Bhd., a subsidiary of the Company, on 2 May 2024.

Mr. Leslie holds a Sales Management Certificate from the Marketing Council of Australia and has over thirty-seven (37) years various portfolios including key accounts, brand management, channel and merchandising and marketing operations. He also spent four (4) years in Thailand as marketing director cum country manager of the London American Tobacco Company Limited from 2014 to 2018.Prior to joining the Group in 2019, he was a senior manager with Mobile Kiosk Sdn. Bhd., a major distributor of mobile phone accessories to the modern trade. He was appointed as Chief Operating Officer of Rex Canning Co. Sdn. Bhd. from 2019 to 2021. Prior to his re-joining, he worked in Indonesia as country manager for Paris tobacco International Manufacturing Pte Ltd.

Mr. Leslie does not hold any directorship in other public companies or listed issuers.

Mr. Leslie has no family relationship with any director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He has not been convicted of any offences within the past five (5) years other than for traffic offences, if any, and there has not been any public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 June 2024.

# PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

## CHIA HUP TONG

*Chief Financial Officer of Rex Industry Berhad*

*Aged 47 / Malaysian / Male*

Mr. Chia Hup Tong was appointed as the Chief Financial Officer of the Company on 23 September 2021.

Mr. Chia is a Chartered Accountant of the Malaysian Institute of Accountants. He started his career in the audit industry, where he gained audit and accounting experience. He then joined Kejuruteraan Samudra Timur Berhad, a company providing services to the oil & gas industry in 2006 as Accountant responsible for overall finance and corporate functions. Prior to joining the Group, he was a Group Accountant of Safeguards Corporation Sdn. Bhd. principally in charge of the overall group finance, accounts and compliance for six (6) years. He joined the Company on 1 May 2021 as Finance Manager of P.T. Rex Canning before was promoted as Chief Financial Officer.

Mr. Chia does not hold any directorship in other public companies or listed issuers.

Mr. Chia has no family relationship with any director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He has not been convicted of any offences within the past five (5) years other than for traffic offences, if any, and there has not been any public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 30 June 2024.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Rex Industry Berhad (the "**Company**" or "**REX**") ("**the Board**") recognises the importance of practising high standards of corporate governance in the best interest of REX and its stakeholders, and to protect and enhance shareholders' value and the performance of the Company and its subsidiaries (the "**Group**").

The Board is pleased to present this Corporate Governance ("**CG**") Overview Statement ("**the Statement**") to provide an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the Malaysian Code on Corporate Governance 2021 ("**MCCG**") with reference to the following three (3) key principles, under the stewardship of the Board:-

a) Principle A : Board Leadership and Effectiveness;
b) Principle B : Effective Audit and Risk Management; and
c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement also serves as a compliance with Paragraph 15.25(1) of Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**MainLR**") and should be read together with the CG Report of the Company for the financial year ended 30 June 2024 ("**FYE 2024**") published on the Company's website at www.rexmalaysia.com.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

**Intended Outcome 1.0**

**Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.**

1.1 In setting the Company's strategic goals, the Board relies on the reports provided by the Group Managing Director ("**Group MD**"), who oversees the day-to-day business operations of the Group with the support of a senior management team. The Group MD will brief the Directors on the operations, issues faced and action plans of the Group in order for the Board to keep abreast of the conduct, business activities and latest development of the Company and to discuss and advise the Management in its formulation of the Company's short-term and long-term business strategies. Discussions would include the deployment of resources in achieving the objectives to be met and how the Management has performed its duties in order to ensure that all resources are efficiently and effectively utilised. In making its decisions, the Board would be guided by the Company's values and standards.

To ensure the effective discharge of its stewardship role, the Board has delegated certain duties and responsibilities to two (2) other Board Committees, namely the Audit and Risk Management Committee ("**ARMC**") and Nomination and Remuneration Committee ("**NRC**"). The Board Committees assist the Board in overseeing the Group's affairs and in deliberation of issues within their respective functions and terms of reference ("**TOR**") outlining clearly their objectives, duties and powers as approved by the Board. The Chairman of each Board Committee will report to the Board on the key issues, outcomes and resolutions deliberated at each of the Board Committees' meetings.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company during the FYE 2024, the Board had, amongst others:-

(a) promoted good governance culture within the Company which reinforces ethical, prudent and professional behaviour;
(b) reviewed, challenged and decided on Management's proposals for the Company, and monitored their implementation by the Management;
(c) ensured that the strategic plan of the Company supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

1.1 (Cont'd)

(d) supervised and assessed Management performance to determine whether the business is being properly managed;
(e) ensured there is a sound framework for internal controls and risk management;
(f) understood the principal risks surrounding the Group's business and set the risk appetite to ensure that the risks are properly managed;
(g) ensured sufficient succession planning for the Group's continuity in leadership for all key positions;
(h) ensured the Company has in place procedures to enable effective communication with stakeholders; and
(i) ensured the integrity of the Company's financial and non-financial reporting.

1.2 From 1 July 2023 to 31 March 2024 of FYE 2024, the Board was chaired by Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, an Independent Non-Executive Director ("**INED**"). Upon the resignation of Tan Sri Dato' Mohd Ibrahim as a Director of the Company on 31 March 2024, Mr. Hong Kok Cheong, an INED, assumed the role of Chairman of the Board. Both Tan Sri Dato' Mohd Ibrahim and Mr. Hong Kok Cheong had provided effective leadership and sound advice on the strategic direction of the Group and to monitor and promote good governance practices within the Group.

Both the Chairmen during their term, had:-

(a) demonstrated leadership to the Board without limiting the principle of collective responsibility for the Board decisions;
(b) led the conduct of the Board meetings and discussions in a manner that encouraged constructive discussions and effective contribution from each Director;
(c) reviewed the minutes of Board meetings to ensure that the minutes accurately reflect the Board's deliberations, and that matters arising from the minutes have been addressed properly;
(d) led the Board in establishing, monitoring and implementing good corporate governance practices within the Group;
(e) encouraged active participation of the Board and allowed dissenting views to be freely expressed;
(f) ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole, for consideration and improvement, if any;
(g) acted as the facilitator between the Board and the Management by coordinating smooth communication flow between both parties; and
(h) worked with the Management in reviewing plans, defining issues, maintaining accountability and in any marketing efforts that would effectively position the Company to facilitate growth.

1.3 The positions of Chairman of the Board and Group MD are held by two (2) different individuals with clear accepted divisions of power and responsibilities as outlined in the Board Charter. This is to ensure a balance of power and authority, such that no one (1) individual has unfettered powers of decision making.

The Chairman of the Board is primarily responsible for leading the Board in its collective oversight of Management as well as to provide guidance on strategic matters, while the Group MD has overall responsibilities over the business operations and day-to-day management of the Group and implementation of the Board's policies and decisions. The division of responsibilities is set out in the Company's Board Charter.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

1.4 The Chairman of the Board is also the Chairman of the NRC and a member of the ARMC. The Board takes cognisance that the MCCG does not recommend this and had reconsidered its Committees' composition again but in light of the small board size against other corporate governance requirements, recommendations, and best practices, Mr. Hong Kok Cheong will continue to be part of the Board Committees. The Board is convinced that the presence of the other members in the Board Committees would still create a good balance for open and free discussions.

1.5 The Company is supported by two (2) suitably qualified and competent Company Secretaries, namely Ms. Chua Siew Chuan and Ms. Yeow Sze Min, who are qualified Chartered Secretaries as per Section 235(2)(a) of the Companies Act 2016 and are Fellow Members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("**MAICSA**").

The Company Secretaries are the external Company Secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice. They are supported by a dedicated team of secretarial personnel.

During the FYE 2024, the Company Secretaries had discharged their duties and responsibilities accordingly. They will continue to keep themselves abreast on matters concerning company law, the capital market, CG, and other pertinent matters, as well as with changes in the regulatory environment through continuous training and industry updates.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions and duties.

1.6 All Board and Board Committee meetings are scheduled in advance to enable Board members to reserve their dates for the meetings. During FYE 2024, the Management together with the assistance of the Company Secretaries strived to circulate all complete meeting materials at least five (5) business days in advance in accordance with the Company's Constitution.

Nonetheless, detailed minutes of the Board or Board Committee meetings, with the complete and accurate record of the decisions and resolutions of the meetings, have been distributed by the Company Secretaries to all Directors and Board Committee members with sufficient time for their review and for them to seek for clarification prior to confirmation of the said minutes at the next Board or Board Committee meeting.

Upon signature by the Chairman of the respective Board and Board Committees, the minutes of the Board or Board Committee meetings are kept into the Minutes Books kept at the registered office of the Company to be made available for inspection.

The Management takes cognisance of the importance of providing complete and adequate information to the Directors on a timely basis to enable them to make informed decisions to discharge their duties and responsibilities. They will continue to strive in ensuring that the complete meeting materials are circulated at least five (5) business days in advance of the meetings by hand or email.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

**Intended Outcome 2.0**

**There is demarcation of responsibilities between the Board, Board Committees and Management.**

**There is clarity in the authority of the Board, its Committees and individual Directors.**

2.1 The Board has a Board Charter, which was last reviewed and revised by the Board on 27 November 2023 and includes a formal schedule of matters reserved for the Board. The said schedule details the responsibilities of the Board and Board-Management relationship, including management limitations, as well as an outline on what is expected of Directors in terms of their commitment, roles and responsibilities as Board Members. With this, the respective functions, roles and responsibilities of the Directors and the Management are clearly set out in the Board Charter as guidance and clarity to enable them to effectively discharge their duties.

The latest version of the Board Charter is published on the Company's website at www.rexmalaysia.com.

The TOR of the ARMC has been reviewed in line with the recent amendments made to the MainLR in relation to the conflict of interest ("**COI**") was approved by the Board on 1 July 2023 for adoption.

The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports from the respective Board Committee Chairmen, which are presented to the Board during Board meetings at the appropriate regular intervals.

To-date, the Board has not appointed a Senior Independent Director.

***Activities of the NRC***

On 15 August 2023, the NC had merged with RC and to be known as Nomination and Remuneration Committee ("**NRC**"). The rationale for the merger of the two Board Committees is to enhance the efficiency of the Board Committees in discharging its duties and responsibilities.

During the FYE 2024, the NRC has undertaken the following activities in the discharge of its duties:-

(i) Reviewed and confirmed the minutes of the NRC meetings held;
(ii) Reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a Director through a comprehensive assessment system;
(iii) Conducted evaluations to assess the effectiveness of the Board as a whole and the Board Committees;
(iv) Reviewed the term of office of the ARMC and assessed its effectiveness as a whole;
(v) Reviewed the service contract agreement of the Group MD;
(vi) Reviewed the independence of the Independent Directors and assessed their ability to bring independent and objective judgement to Board deliberations;
(vii) Identified, assessed and conducted the fit and proper assessment on potential candidates to be appointment as INED members of the Board, and upon being satisfied with the assessment, recommended to the Board for the appointment of the same;
(viii) Recommended the re-election of the Directors who are to retire by rotation at the Annual General Meeting ("**AGM**"); and
(ix) Reviewed the meeting attendance of the Board and Board Committees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

During the FYE 2024, the Board had convened a total of six (6) Board meetings for the purposes of deliberating on the Company's quarterly financial results and discussing other strategic and important matters. During the Board meetings, the Board reviewed the operations and performance of the Group and other strategic issues that may affect the Group's business. Relevant senior management members were invited to attend some of the Board meetings to provide the Board with their views and clarifications on issues raised by the Directors.

The NRC has been tasked to review the attendance of the Directors at Board and/or Board Committee meetings. Upon review, the NRC noted the Directors, to the best of their ability, have devoted sufficient time and effort to attend Board and/or Board Committee meetings for the FYE 2024.

The attendance of Directors during the FYE 2024 is set out below:-

| Directors | Directorship | Board | ARMC | NRC |
|---|---|---|---|---|
| Tan Sri Dato' Mohd Ibrahim bin Mohd Zain<br>*(Resigned from the Board on 31 March 2024)* | INED | 4/5 | 3/4 | 0/0 |
| Hong Kok Cheong<br>*(Appointed to the Board on 13 March 2024)* | INED | 1/1 | 1/1 | 1/1 |
| Tam Kok Meng<br>*(Appointed to the Board on 13 March 2024)* | INED | 1/1 | 1/1 | 1/1 |
| Tai Keat Chai<br>(Resigned from the Board on 31 March 2024) | INED | 4/5 | 3/4 | 0/0 |
| Adnan bin Ahmad | INED | 6/6 | 5/5 | 0/0 |
| Darmendran Kunaretnam | Non-IED | 6/6 | Not a member | Not a member |
| Chee Cheng Chun | Non-INED | 5/6 | Not a member | Not a member |
| Dato' Cheah Teng Lim | Non-IED | 6/6 | Not a member | Not a member |
| Chris Kong Wai Fa | Non-IED | 6/6 | Not a member | Not a member |

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board.

The Board has cultivated the following best practices:-

- All newly appointed Directors are to attend the Mandatory Accreditation Programme as prescribed by the MainLR within the stipulated timeframe;
- All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment; and
- The Directors are briefed by the Company Secretaries on updates by Bursa Securities periodically.

Upon assessing the training needs of the Directors, the Board recognised that continuing education would be the way forward in ensuring its members are continually equipped with the necessary skills and knowledge to meet the challenges ahead.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

Up to the date of this report, the Board members had participated in the following trainings and/or courses:-

| Name of Directors | Dates | Description of Training Programmes |
|---|---|---|
| Hong Kok Cheong | 29 – 30 April 2024 | Bursa Malaysia Mandatory Accreditation Programme (MAP) 2023 |
| Tam Kok Meng | 29 – 30 April 2024 | Bursa Malaysia Mandatory Accreditation Programme (MAP) 2023 |
| Chee Cheng Chun | 17 August 2023 | Advocacy Session for Directors and CEOs of Main Market Listed Issuers |
| | 16 October 2024 | Bursa Malaysia Board Ethics: Growing Concerns from New Technology, Stakeholder Interests & Conflict of Interest |
| Chris Kong Wai Fa | 24 – 26 October 2023 | Bursa Malaysia Mandatory Accreditation Programme (MAP) 2023 |

Encik Adnan bin Ahmad, Mr. Darmendran Kunaretnam, and Dato' Cheah Teng Lim did not attend any structured training programme during the financial year ended 30 June 2024 but had continuously kept themselves abreast of the relevant developments in the marketplace through the updates and briefings by the Company Secretaries such as circular from Bursa Malaysia Securities Berhad, Securities Commission Malaysia and Companies Commission of Malaysia, as well as briefings by the Internal Auditors and External Auditors, communications with other Directors, and daily work exposures throughout the year.

**Intended Outcome 3.0**

**The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.**

**The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.**

3.1 The Company has adopted two (2) separate policies as follows:-

- Code of Conduct, which sets forth the ethical and professional standards of corporate and individual behaviour expected to enhance the standard of corporate governance and corporate behavior; and
- Code of Ethics, which consists of commitments formulated as statements of personal responsibility based on the principles of sincerity, integrity, responsibility and corporate social responsibility.

Both Codes are applicable to all Directors, Management and employees of the Group.

The said Codes are published on the Company's website at www.rexmalaysia.com.

3.2 The Company has a Whistleblowing Policy in place to facilitate the Company's employees and stakeholders to report instances of misconduct, wrong-doing, corruption, fraud, waste of the Company's resources or abuse of rules and regulations within the Company without fear of retaliation.

Only genuine concerns should be reported under the whistleblowing procedures. The report should be made in good faith with a reasonable belief that the information and any allegations made are substantially true and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and if proven may lead to legal action and/or dismissal.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

During the FYE 2024, none of the designated persons have received any report or concerns vide the abovementioned communication and feedback channels.

The Board had also adopted an Anti-Bribery and Corruption Policy ("**ABC Policy**") to ensure the Company's daily operations and businesses do not participate in corrupt activities for the Company's advantage or benefit.

The ABC Policy is an unambiguous policy statement on the Company's position regarding bribery and corruption pertaining to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and the 2018 amendment to prevent the occurrence of bribery and corruption within the Company as well.

The ABC Policy is also published on the Company's website at www.rexmalaysia.com.

**Intended Outcome 4.0**

**The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.**

4.1 The Board believes that sustainable business practices are important to the creation of long-term value.

The Company, had established Sustainability Working Group ("**SWG**") in 2018 to enhance the existing governance structure in relation to sustainability.

The role of the SWG is to oversee the performance of the Group's sustainability efforts under the leadership of the ARMC. The SWG is supported by representatives from the relevant departments within the Group. Ultimately, the Board is accountable for setting up sustainability strategies, with the Group MD, who also chairs the SWG, being tasked to oversee the implementation of sustainability strategies set by the Board.

The Group has established action plans to be executed and completed by the SWG during the upcoming financial years as follows:-

- To perform studies of what are being practised by peers in similar industry.
- To perform domestic studies of internal policies & standard operating procedures and gather inputs from all relevant departments/functions.
- To prioritise the material sustainability issues identified, considering their:-
  a) Significance to the Group economic, environment and social impacts; and
  b) Influence on the assessments and decisions of stakeholders.
- To map and present the results on the Group's Materiality Matrix.
- With reference to data collected, to identify the Key Performance Indicators ("KPI"), to allow the Group to continuously measure and monitor our sustainability performance and adherence to the sustainability practices and policies

All sustainability-related activities undertaken to set out by the Company have been disclosed in the Sustainability Statement of the Company's Annual Report.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

4.2 The Company acknowledges the importance of communicating the company's sustainability strategies, priorities, and targets to its internal and external stakeholders.

The Group publishes its Sustainability Statement in the annual report where the Group's sustainability strategies, priorities, and targets are disclosed. The Group's sustainability disclosures include a comprehensive description of the strategy, stakeholders' engagement, materiality, and efforts. The complete information of the Group's sustainability statement can be retrieved from the Group's annual report and is accessible from the corporate website at www.rexmalaysia.com.

4.3 The Board will take part in several initiatives to stay abreast of sustainability issues relevant to the Group and the industry. The Board will take the necessary steps to undertake professional training, development programs, and activities related to sustainability and governance issues which will include climate-related risks and opportunities.

4.4 The NRC continues to conduct the Board Performance Evaluation annually focusses on the competency, contribution and performance, as well as calibre and personality. The Board recognises the importance in address the company's material sustainability risks and opportunities. The Board will implement this in time to come to support sustainability measures.

### II. BOARD COMPOSITION

**Intended Outcome 5.0**

**Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.**

5.1 The Nomination and Remuneration Committee ("**NRC**") is responsible for reviewing the Board's structure, size, and composition regularly as well as making a recommendation to the Board with regard to changes that are deemed necessary. Upon recommending to the Board, NRC will consider the required mix of skills, experience, character, integrity, time commitment, and diversity, where appropriate, which the person nominated can bring to the Board.

During the FYE 2024, in compliance with the Paragraph 15.02 of the MainLR, the NRC had identified and assessed suitable candidates for the appointment as independent directors. Prior to the appointment, the NRC had conducted the director's fit and proper assessment and on 13 March 2024, Mr. Hong Kok Cheong and Mr. Tam Kok Meng were appointed to be Board as Independent Non-Executive Directors of the Company.

The NRC also had assessed the effectiveness of the Board of Directors as a whole and the board committees as well as the contribution and performance of each director.

The NRC annually reviews the performance of directors who are seeking re-election based on competency, preparedness, and contributions. The Directors' Fit and Proper Policy had been adopted by the Board since 27 May 2022.

5.2 The Board currently comprises three (3) INEDs, one (1) Non-Independent Non-Executive Directors and three (3) Non-Independent Executive Directors.

The current Board composition is able to provide independent and objective judgement to facilitate a balanced leadership in the Company as well as to provide effective check and balance to safeguard the interests of the Company and its stakeholders.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

5.3 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as set out in the Board Charter. However, upon completion of the nine (9) years, the Independent Director may continue to serve on Board as an Independent Director, provided the Board shall first justify and obtain shareholders' approval for his or her retention, failing which, he or she may still serve on the Board, but as a Non-Independent Director.

At the last Twenty-Ninth Annual General Meeting ("**29th AGM**") of the Company, the Company sought and obtained approval from the shareholders for the retention of Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain who was appointed as an Independent Non-Executive Director on 30 June 2014. Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain has since resigned from the Board of the Company with effect from 31 March 2024.

5.4 The Board has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years, being a step-up practice.

5.5 The Board is judicious of the gender diversity recommendation promoted by the MCCG in order to offer greater depth and breadth to board discussions and constructive debates at senior management level.

The Group is an equal opportunity employer and all appointments to the Board and employment of senior management are based on objective criteria, merit, skills and experience, and are not driven by any age, cultural background or gender considerations.

At present, the members of the Senior Management team consist of male and female who are equipped with diverse skills, expertise and industry experience to lead the business director on the Group.

5.6 The Board will consider referrals from external sources to identify suitably qualified candidates when the need arises in the future and will not solely rely on recommendations from existing Board members, Management, and/or major shareholders.

5.7 The NRC will assess the performance of the retiring directors and recommend to the Board before tabling at the General Meeting for voting. The information on the appointment and reappointment of directors will be shared with the shareholders via the Notice of Annual General Meeting.

5.8 From 1 July 2023 to 31 March 2024 of FYE 2024, the NRC was chaired by an INED, namely Tan Sri Dato' Mohd Ibrahim bin Mohd Zain. Following to the resignation of Tan Sri Dato' Mohd Ibrahim on 31 March 2024, Mr. Hong Kok Cheong, an INED was appointed as the NRC Chairman. During FYE 2024, the NRC Chairman had led the annual review of Board and Board Committees' effectiveness, ensuring that the performance of each individual Director is independently assessed.

5.9 Despite the Board not having any formalised board diversity policy or gender diversity policy, the Board practices non-gender discrimination and endeavours to promote workplace diversity and supports the representation of women in the composition of Board and Senior Management positions of the Company.

Women representation on the Board and in senior management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives.

Currently, the Board consists of one (1) female director namely, Chris Kong Wai Fa. In this regard, the Board's gender diversity stands at nearly half of 30% as required by the MCCG.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

5.10 The Board undertakes the following effort to ensure the decision making process is fair and aligned with the Company's objectives:-

i) The Board affirms that appointment of more woman representatives to the Board and senior management will be prioritised when vacancies arise and when suitable candidates are identified.

ii) All decisions of the Board would require the consent of the majority of the Board members. In view that the existing Board comprises individuals who have distinguished themselves in their respective fields of expertise, they are able to provide diverse insights and perspectives during board deliberation and decision-making process.

The Board opined that the above Practices are able to meet the above Intended Outcome. Nonetheless, the Board would consider the adoption of a gender diversity policy.

**Intended Outcome 6.0**

**Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.**

6.1 During the FYE 2024, the Board, through the NRC, had conducted the following annual assessments to determine the effectiveness of the Board, the Board Committees and each individual Director in the financial year ended 30 June 2023 ("**FYE 2023**"):-

(i) Directors' self-assessment;
(ii) Evaluation on the effectiveness of the Board as a whole and Board Committees;
(iii) Assessment of Independent Directors;
(iv) Review of the term of office and performance of the ARMC and each of its members; and
(v) Re-election of the retiring Directors.

Based on the aforesaid evaluations conducted for FYE 2023, the NRC was satisfied with the performance of the Board as a whole, the Board Committees and individual Board members.

### III. REMUNERATION

**Intended Outcome 7.0**

**The level and composition of remuneration of Directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the Company's long-term objectives.**

**Remuneration policies and decisions are made through a transparent and independent process.**

7.1 The Board has in place a Directors' Remuneration Policy that sets out the components to be referred by the NRC in recommending remuneration packages for the Executive Director or Group MD, Non-Executive Directors and other senior management personnel.

7.2 Currently, the NRC comprises exclusively of INEDs, which is in line with the MCCG's guidance, and is presently chaired by Mr. Hong Kong Cheong. The NRC is governed by its TOR which outlines its remit, duties and responsibilities, and the same was last updated on 31 July 2023.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION

**Intended Outcome 8.0**

**Stakeholders are able to assess whether the remuneration of Directors and senior management is commensurate with their individual performance, taking into consideration the Company's performance.**

8.1 The breakdown of the remuneration of each individual Director for the FYE 2024 in the Company and Group levels respectively, is as follows:-

i) Company Level

| Name of Director | Salaries and other emoluments (RM) | Directors' Fees (RM) | Statutory Contribution (RM) | Benefits-in-kind (RM) | Bonus and allowances (RM) |
|---|---|---|---|---|---|
| **Executive Director** | | | | | |
| Darmendran Kunaretnam | – | – | – | – | – |
| Dato' Cheah Teng Lim | – | – | – | – | – |
| Chris Kong Wai Fa | – | – | – | – | – |
| **Total** | **-** | **-** | **-** | **-** | **-** |
| **Non-Executive Director** | | | | | |
| Tan Sri Dato' Mohd Ibrahim bin Mohd Zain | – | 36,450 | – | – | – |
| Tai Keat Chai | – | – | – | – | – |
| Hong Kok Cheong | – | 15,000 | – | – | – |
| Tam Kok Meng | – | 15,000 | – | – | – |
| Adnan bin Ahmad | – | 36,000 | – | – | – |
| Chee Cheng Chun | – | – | – | – | – |
| **Total** | **-** | **102,450** | **-** | **-** | **-** |

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION (CONT'D)

8.1 (Cont'd)

ii) Group Level

| Name of Director | Salaries and other emoluments (RM) | Directors' Fees (RM) | Statutory Contribution (RM) | Benefits-in-kind (RM) | Bonus and allowances (RM) |
|---|---|---|---|---|---|
| **Executive Director** | | | | | |
| Darmendran Kunaretnam | 876,171 | – | 52,152 | – | 92,405 |
| Dato' Cheah Teng Lim | 180,000 | – | 18,902 | – | – |
| Chris Kong Wai Fa | – | 12,000 | – | – | 2,000 |
| **Total** | **1,056,171** | **12,000** | **71,054** | **-** | **94,405** |
| **Non-Executive Director** | | | | | |
| Tan Sri Dato' Mohd Ibrahim bin Mohd Zain | – | 36,450 | – | – | 1,500 |
| Tai Keat Chai | – | 72,000 | – | – | 1,500 |
| Hong Kok Cheong | – | 15,000 | – | – | – |
| Tam Kok Meng | – | 15,000 | – | – | – |
| Adnan bin Ahmad | – | 36,000 | – | – | 2,000 |
| Chee Cheng Chun | – | 36,000 | – | – | 1,500 |
| **Total** | **-** | **210,450** | **-** | **-** | **6,500** |

8.2 The Board is of the view that it is inappropriate to disclose the remuneration of senior management staff on a named basis, even in bands of RM50,000.00, for the best interest of the Group taking into consideration the competitive human resource environment which may give rise to poaching issues, as well as to maintain the privacy of senior management staff.

8.3 The detailed remuneration of each member of senior management on a named basis will not be disclosed for confidentiality purposes.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

**Intended Outcome 9.0**

**There is an effective and independent Audit Committee.**

**The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statements are a reliable source of information.**

9.1 At present, the ARMC is chaired by Mr. Tam Kok Meng, who is an INED, while the Chairman of the Board is Mr. Hong Kok Cheong, also an INED. This ensures that the objectivity of the Board's review of the ARMC's findings and recommendations is not impaired.

9.2 In order to safeguard the independence of the audit by avoiding the potential threats which may arise when a former key audit partner is in a position to exert significant influence over the audit and preparation of the Company's financial statements, both the TOR of the ARMC and the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors require a former key audit partner of the Company's external auditors to observe a minimum three (3)-year cooling-off period before being appointed as a member of the ARMC.

During the FYE 2024, none of the existing ARMC members were former key audit partners. In order to uphold the utmost independence of the ARMC, the Board has no intention to appoint any key audit partner as a member of the ARMC or Board.

9.3 The ARMC has adopted a 'Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors' ("Policies and Procedures") that sets out the criteria to be taken into account by the ARMC in assessing the suitability, objectivity and independence of external auditors annually.

In recommending the appointment or re-appointment of the external auditors to the Board, the ARMC has considered the following:-

(a) Competence, audit quality, experience and resource capacity of the external auditors in relation to the audit;
(b) Persons assigned to the audit;
(c) The audit firm's other audit engagements;
(d) External auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
(e) Nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
(f) Written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

During the FYE 2024, the ARMC was of the view that Messrs. Raki CS Tan & Ramanan is suitable, objective and independent to be re-appointed based on the assessment conducted. The Board has in turn recommended the same for shareholders' approval at the Thirtieth ("**30th**") AGM of the Company.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### I. AUDIT COMMITTEE (CONT'D)

Further, following the resignation of Moore Stephens in May 2024, the ARMC had assessed the suitability, objective and independence of Messrs. CS Raki Tan & Ramanan as the new External Auditors of the Company in place of the resigned Auditors, Moore Stephens based on the following criteria set out in the Policies and Procedures:-

- competence, audit quality, experience and resource capacity;
- fees;
- independence;
- the audit firm's other audit engagements, non-audit work.

Upon completion of its assessment, the ARMC was satisfied with Messrs. Raki CS Tan & Ramanan's technical competency and had recommended to the Board the appointment of Messrs. Raki CS Tan & Ramanan as External Auditors of the Company in place of Moore Stephens.

9.4 The ARMC comprises solely of Independent Directors in line with step-up practice 9.4 of the MCCG.

9.5 The Board has ensured that the ARMC as a whole is financially literate and has sufficient understanding of the Group's business and matters under the purview of the ARMC, including the financial reporting process.

The ARMC has reviewed and provided advice on the financial statements which provide a true and fair view of the Company's financial position and performance.

All members of the ARMC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

**Intended Outcome 10.0**

**Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.**

**The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.**

10.1 The Board is committed to determine the Company's level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets by monitoring the internal controls in place with the assistance of the ARMC, the external auditors and the outsourced internal auditors, who will report on the effectiveness and efficiency of the internal control processes and procedures periodically to ensure that the system is viable and robust.

With an established risk management framework, the ARMC is tasked to oversee the area of risk management and internal control.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

10.2 The outsourced internal auditors are engaged to prepare internal audit reports, which summarised the results of the risk re-assessment, risk profiles and the risks identified during the risk assessment process of the Group.

The deliverables included in the internal audit reports had been discussed with the senior management of the Group. The results of risk re-assessment represent the Management's views on the critical focus areas of the Group. The on-going identification and management of risks remain the responsibility of the Board and Management of the Company.

**Intended Outcome 11.0**

**Companies have an effective governance; risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

11.1 The internal audit function of the Group is carried out by an external service provider, namely Finfield Corporate Services Sdn. Bhd., who report directly to the ARMC and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.

The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

During FYE 2024, the ARMC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors for FYE 2024 and that they have the necessary authority to carry out their work.

The ARMC was also satisfied that the internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively.

11.2 The internal audit function of the Company is outsourced to a professional consultation firm and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The personnel involved in the internal audit reviews possess professional qualifications and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The Engagement Partner, Mr. Tan Yen Yeow has a diverse professional experience in internal audit, risk management and corporate governance advisory.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. ENGAGEMENT WITH STAKEHOLDERS

**Intended Outcome 12.0**

**There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.**

**Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.**

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### I. ENGAGEMENT WITH STAKEHOLDERS (CONT'D)

12.1 The Board has developed internal corporate disclosure practices to ensure that communication to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

The Board has a Corporate Disclosure Policy and Procedure in place to ensure only designated spokespersons will be authorised to disseminate information to ensure consistent and accurate flow of information disclosure to the stakeholders.

The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follows:-

(a) Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities.

Shareholders and Investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at www.bursamalaysia.com or via the Company's website at www.rexmalaysia.com.

(b) Annual reports

The Company's annual reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year as well as the status of compliance with applicable rules and regulations.

(c) AGM/ general meetings

The AGM/ general meetings are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company.

(d) Corporate website

The Company's corporate website provides a myriad of relevant information on the Company and is accessible by the public.

(e) Investor relations

Shareholders and other interested parties are welcome to contact the Company should they have any comments, questions or concerns by writing in, via telephone or facsimile to the Company's general email address.

12.2 The Company is not categorised as a "Large Company" and hence, has not adopted integrated reporting based on a globally recognised framework.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### II. CONDUCT OF GENERAL MEETINGS

**Intended Outcome 13.0**

**Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.**

13.1 The Board together with the management committed to ensuring that the despatch of the notice of every AGM of the Company is being circulated at least twenty-eight (28) days prior to the date of the meeting. However, for the 29th AGM, the notice of the 29th AGM was circulated twenty-seven (27) days in advance.

While this falls short by one (1) day of the recommended best practice, the Board recognises that this notice period would still allow the shareholders adequate time to arrange their time to participate in the AGM. The shareholders would have sufficient time to appoint their proxies and corporate representatives for the AGM.

The notice of AGM provides a detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.

13.2 There were two (2) general meetings held in 2023/2024 i.e., 29th AGM and Extraordinary General Meeting ("**EGM**") of the Company held on 27 November 2023 and 10 July 2024, respectively. All directors together with the Chief Financial Controller, Company Secretary and External Auditors attended and participated the general meetings of the Company, to provide meaningful responses to questions raised by the shareholders.

13.3 Both the last AGM held on 27 November 2023 and the EGM held on 10 July 2024 were conducted physically to encourage face-to-face discussions with shareholders and stakeholders.

13.4 The Company believes that a general meeting is a platform for interaction between the Board, Senior Management, and the shareholders of the Company. The Board ensures that shareholders are given the opportunity to participate in general meetings either physically or virtually.

At every general meeting of the Company, the Board together with the Chief Financial Officer, external auditors, and company secretaries would be attending the general meeting to provide greater responses to all shareholders' queries.

The Chairman also has committedly ensured that all questions raised during general meetings would be getting responses either during the meeting itself or after the meeting via email. The responses would be published on the corporate website after the general meetings.

13.5 Both the 29th AGM and EGM were conducted physically which allowed shareholders to efficiently exercise their rights to vote.

13.6 The Minutes of the 29th AGM and the EGM were not made available to the shareholders within thirty (30) business days after the general meetings.

The Corporate Governance Overview Statement and the Corporate Governance Report were duly approved at the Board of Directors' Meeting held on 24 October 2024.

# SUSTAINABILITY STATEMENT

## SECTION 1: EXECUTIVE SUMMARY

REX Industry Berhad ("REX" or the "Company" or the "Group") presents the Sustainability Statement ("this Statement") for the financial year ended 30 June 2024 ("FY2024").This statement encompasses our sustainability efforts and highlights the Group's Environmental, Social and Governance (ESG) performance in FY2024. This Statement adheres to the Bursa Malaysia Sustainability Reporting Guide and includes a materiality assessment emphasizing a multi-stakeholder approach. It highlights REX's initiatives and presents ESG performance data with a year-on-year (YoY) comparison.The FY2024 performance will establish a benchmark for future goal setting.

## REX COMMITMENT TO SUSTAINABILITY

REX is a Malaysia-based investment holding company.The Company is principally engaged in the manufacture and distribution of canned food, beverages, chocolate malt products and coconut milk. REX pledges to deliver high-quality, healthy and safe products for our customers. REX is dedicated to conducting operations responsibly and sustainably, guided by the principles of sustainability encompassing 'People, Planet, and Good Governance'.

### CREATING SHARED VALUE

REX place a great emphasis on creating shared value by fostering mutually beneficial relationships with our stakeholders. We are proud to provide long-term employment opportunities and promote career advancement for local talent by upskilling our workforce. We aim to foster inclusive economic growth by empowering micro-entrepreneurs, particularly in rural and economically disadvantaged areas and contribute to the social and economic resilience of the communities in which we operate.

### ENVIRONMENTAL STEWARDSHIP

At REX, we recognize the importance of minimizing our environmental impact and reducing our carbon footprint, and we are dedicated to adopting best manufacturing practices through continuous improvement and the integration of sustainable practices across all our production facilities. We strive to make tangible progress in our journey towards greater sustainability.

## SCOPE AND BOUNDARY

This Statement covers the sustainability practices across REX Group and operations in its two (2) subsidiaries located in Malaysia namely: Rex Canning Co. Sdn Bhd and Rex Trading Sdn Bhd. In this statement, the information disclosed comprises activities divided into two (2) business segments relating to the manufacturing of beverages, chocolate malt products and coconut milk and the trading/sales of canned food, beverages, chocolate malt products and coconut milk. Collectively, the above contributed approximately 42% of the Group's total revenue.

### REPORTING PERIOD

The reporting period for this statement is from 1st July 2021 to 30th June 2024, unless stated otherwise. REX Group Sustainability Statement is issued on an annual basis for the financial year ended 30th June 2024.

### SUSTAINABILITY FRAMEWORK AND GUIDELINES

This statement is prepared in accordance with:

- BURSA Malaysia Main Market Listing Requirements
- Sustainability Reporting Guide 3rd Edition issued by BURSA Malaysia.
- Malaysian Code on Corporate Governance (MCCG) of Securities Commission Malaysia
- United Nations Sustainable Development Goals (UNSDGs).
- GHG Protocol Corporate Accounting and Reporting Standards.

These guidelines ensure that REX reporting is transparent, consistent, and aligned with best practices in sustainability.

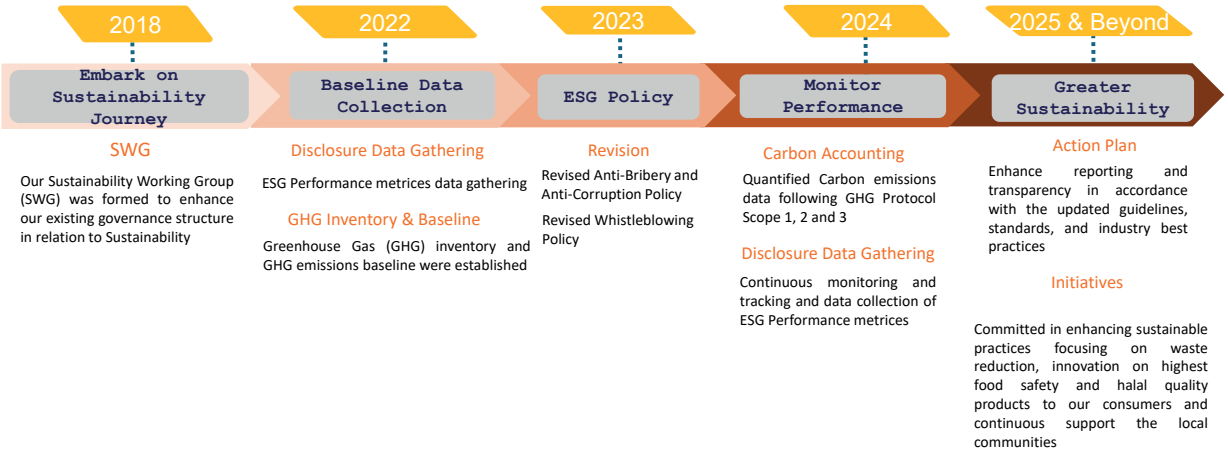
# SUSTAINABILITY STATEMENT
(CONT'D)

## ASSURANCE

There is no external assurance or independent evaluation of the performance data published in this Statement. All the data has been sourced internally and validated by the information owners. We will continue to strengthen the disclosure going forward.

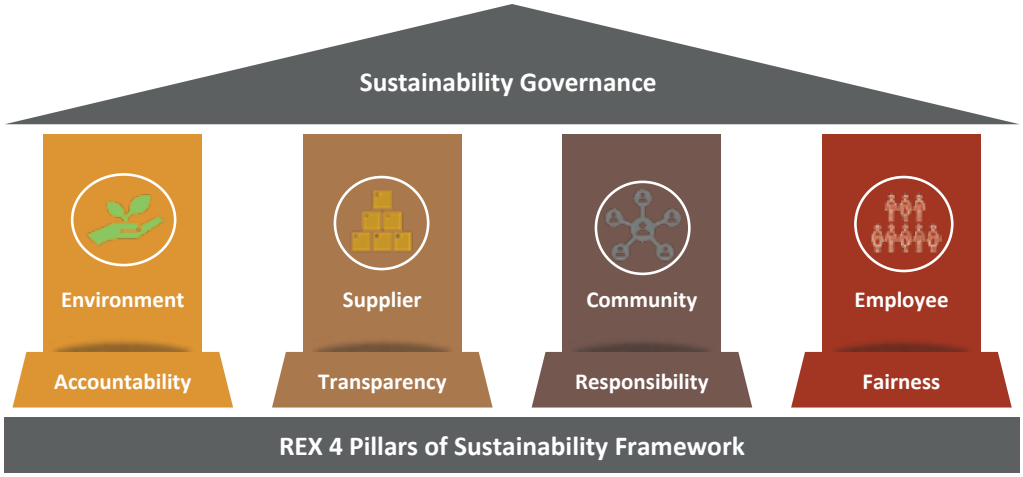
## SECTION 2: SUSTAINABILITY GOVERNANCE

### SUSTAINABILITY MILESTONES




### SUSTAINABILITY FRAMEWORK

We strongly believe that sustainable practices are essential to ensure the going concern of our business. As part of our sustainability strategy, we have established Four (4) Sustainability Pillars that have been adopted as our Sustainability framework to ensure that, while running the business effectively, we are also dedicated to contributing to the larger community. The 4 Sustainability Pillars are illustrated below: -




Our sustainability efforts are anchored on these four key focus areas Environment, Supplier, Community and Employee. The group believes that this framework serves great importance as it ensures sustainability and ensures that the products that our employees, suppliers and the communities we serve are taken care of.

## COMPLIANCE FRAMEWORK

REX Group list of certifications, licenses and membership of trade associations.

**Certification**
- Hazard Analysis Critical Control Point (HACCP)
- Halal Malaysia
- *Makanan Selamat Tanggungjawab Industri (MeSTI)*
- Good Manufacturing Practice (GMP)

**Trade Associations**
- Federation of Malaysian Manufacturers (FMM)
- United States Food & Drug Administration (US FDA)

**Licenses**
- Municipal License
- MITI License (Manufacturing)
- Malaysia Customs Sales & Services Tax
- Premise Registration Kementerian Kesihatan Malaysia

**Permits**
- Sodium Hydroxide Permit by Malaysia Pharmaceutical Services
- *Lembaga Kemajuan Ikan Malaysia (LKIM)*
- Dept of Occupational, Safety & Health (DOSH)
- Kementerian Perdagangan Dalam Negeri, Koperasi Dan Kepenggunaan (KPDNKK)

## GOVERNANCE STRUCTURE

Our Sustainability Working Group ("SWG") was formed in 2018 to enhance our existing governance structure concerning sustainability matters. The SWG, reporting to the Audit and Risk Management Committee ("ARMC"), is chaired by our Group Managing Director and supported by the Heads of Department (HODs):

- Finance
- Sales and Marketing
- Procurement
- Manufacturing
- Warehouse and Logistics

The role of the SWG is to oversee the performance of the Group's sustainability efforts under the leadership of the ARMC. The SWG is supported by representatives from the relevant departments within the Group. The Board is ultimately accountable for setting up sustainability strategies, with the Group Managing Director, who also chairs the SWG, being tasked to oversee the implementation of sustainability strategies set by the Board.

# SUSTAINABILITY STATEMENT
(CONT'D)

## GOVERNANCE STRUCTURE (CONT'D)

The sustainability governance structure is illustrated below: -

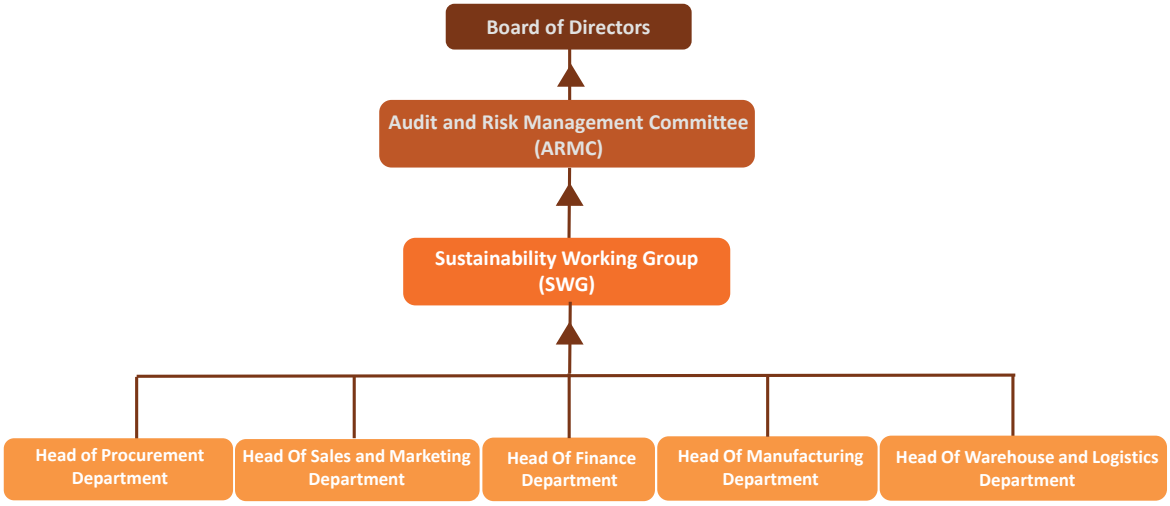



Figure A: REX Group sustainability governance structure

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Audit and Risk Management Committee ("ARMC") has formalized the Risk Management Framework and Policies of the Group. Under the Risk Management Framework, the ARMC oversees the risk management process of the Group, and it is assisted by Risk Management Working Groups ("RMWG") formed at the subsidiary level. With an established risk management framework, the ARMC is tasked to oversee the area of risk management and internal control. The ARMC is comprised solely of Independent Directors.

Risks are assessed by the RMWG by employing the following methodologies:

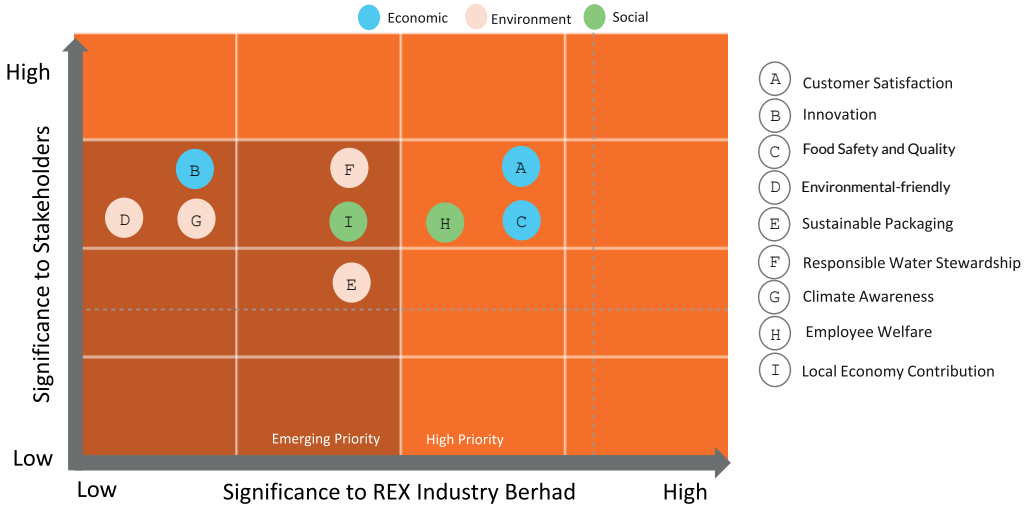
## MATERIAL SUSTAINABILITY MATTERS

Over the years, the Group have studied the processes and determined the priority in terms of material sustainability matters based on the action plan that was laid out over the previous years.

The process of the priority utilizes the insights provided by our stakeholders, with analysis of prevailing issues, risks and trends that are relevant to the industry and our business that results in the identification of material sustainability matters which then form the basis for our sustainability efforts.

## MATERIAL MATRIX

The materiality matrix provided below was generated based on our materiality determination process, detailing the significance of each material sustainability matter to the Group and to our stakeholders.




## MATERIAL SUSTAINABILITY MATTER

The table below describes why each of the sustainability material matters disclosed in this statement is significant to the Group and indicates stakeholders who ranked the matter as 'high priority' during our engagements with them.

Table 1: Material Sustainability Matter

| Material Sustainability Matter | Why It Matters | Who It Matters To | Relevant to UNSDGs |
|---|---|---|---|
| **Economic** | | | |
| Customer Satisfaction | Our priority is to produce quality and affordable products that meet the needs of our target customers. | • Customers<br>• Employees<br>• Local Communities<br>• Investors & Shareholders | |
| Innovation | We invest in research and development, exploring new technologies, ingredients, and processes that have the potential to revolutionize the food industry while advancing ESG objectives. | • Customers<br>• Investors & Shareholders | |

# SUSTAINABILITY STATEMENT
(CONT'D)

## MATERIAL SUSTAINABILITY MATTER (CONT'D)

Table 1: Material Sustainability Matter (Cont'd)

| Material Sustainability Matter | Why It Matters | Who It Matters To | Relevant to UNSDGs |
|---|---|---|---|
| Food Safety & Quality | As a responsible food and beverage manufacturer, we must ensure that our products meet the highest food safety and halal standards while providing the finest quality in every product. | • Customers<br>• Distributors<br>• Governments & Regulators<br>• Employees<br>• Investors & Shareholders<br>• Local Communities | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| **Environmental** | | | |
| Environmental-Friendly | As stewards of the environment, we recognize our responsibility to act with urgency and integrity to safeguard the planet.This is why we have produced our products with environmentally friendly materials. | • Local Communities<br>• Government & Regulators<br>• Investors & Shareholders<br>• Employees | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION<br>13 CLIMATE ACTION |
| Sustainable Packaging | We have embraced environmental friendliness as a core value, and we have produced sustainable environmentally friendly packaging. | • Employees<br>• Governments & Regulators<br>• Investors & Shareholders<br>• Local Community | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION<br>13 CLIMATE ACTION |
| Responsible Water Stewardship | As a responsible food and beverage manufacturer, we hold accountability to extract and treat water in ways that minimize our impact on the environment the planet and the community. | • Employees<br>• Governments & Regulators<br>• Investors & Shareholders<br>• Local Community | 6 CLEAN WATER AND SANITATION |

## MATERIAL SUSTAINABILITY MATTER (CONT'D)

Table 1: Material Sustainability Matter (Cont'd)

| Material Sustainability Matter | Why It Matters | Who It Matters To | Relevant to UNSDGs |
|---|---|---|---|
| Climate Awareness | As a responsible food and beverage manufacturer, we recognize the significant role we play in addressing climate change. We are dedicated to sourcing ingredients sustainably, prioritizing suppliers who share our commitment to environmental responsibility and climate stewardship. | • Employees<br>• Governments & Regulators<br>• Investors & Shareholders<br>• Local Community | 13 CLIMATE ACTION<br>17 PARTNERSHIPS FOR THE GOALS |
| **Social** | | | |
| Employee Welfare | We have provided our employees with an inclusive and safe workplace to enhance productivity and sustainability. | • Employees<br>• Investors & Shareholders | 8 DECENT WORK AND ECONOMIC GROWTH |
| Local Economy Contribution | We actively support small and medium-sized enterprises (SMEs) by providing access to our supply chain and resources to help them thrive and grow. We also strengthen the resilience and diversity of the local economy. | • Distributors<br>• Investors & Shareholders<br>• Local Community<br>• Suppliers | 8 DECENT WORK AND ECONOMIC GROWTH<br>17 PARTNERSHIPS FOR THE GOALS |

## STAKEHOLDERS ENGAGEMENT

We have identified and prioritized the stakeholders, based on the level of influence and dependence of these stakeholders over the Group, and at the same time, the engagement platforms and the engagement matter with the respective stakeholders, as illustrated below:

Table 2: The respective stakeholders' engagement platforms and matters

| Stakeholders | Engagement Platforms | Engagement Matters |
|---|---|---|
| Shareholders | • Annual General Meeting<br>• Financial statements<br>• Press releases/announcements | • Dividend<br>• Return on investment<br>• Financial performance<br>• Share performance |

# SUSTAINABILITY STATEMENT
(CONT'D)

## STAKEHOLDERS ENGAGEMENT (CONT'D)

Table 2: The respective stakeholders' engagement platforms and matters (Cont'd)

| Stakeholders | Engagement Platforms | Engagement Matters |
|---|---|---|
| Board of Directors | • Board Meetings<br>• Annual General Meeting<br>• Company organized events | • Corporate Governance<br>• Company business strategy |
| Employees | • Orientation training<br>• Learning and development programs<br>• Employee performance appraisal<br>• Corporate organized events | • Occupational safety & health<br>• Human resource management<br>• Fair employment practices<br>• Career development opportunities |
| Government / Regulators | • Ongoing interactions<br>• Formal and informal meetings | • Manufacturing issues and policies<br>• Food safety issues and policies<br>• Effluent & waste management<br>• Water & energy management<br>• Compliance with applicable laws<br>• Economic, environmental and social impacts |
| Customers | • Face-to-face interaction<br>• Feedback survey | • Manufacturing quality<br>• Manufacturing capacity<br>• Research & Development |
| Suppliers | • Interviews<br>• Evaluations/Re-evaluations<br>• Face-to-face interaction | • Agreeable contracts<br>• Terms of payments<br>• Maintaining partnership |
| Local communities | • Corporate volunteering programs (e.g. community events, knowledge-sharing initiatives & partnerships with non-governmental organizations) | • Support towards community development<br>• Job creation for local communities<br>• Undertaking business in a responsible manner |

## SECTION 3: PLANET

**Policy related to REX Environmental Management**
- Safety, Health & Environment Policy
- Code of Conduct

## KEY ENVIRONMENTAL SUSTAINABILITY INDICATOR

Relevant key environmental performance indicators have been established, tracked and disclosed to the best of our ability within this statement as it monitors the progress of current performance against baseline.

## KEY ENVIRONMENTAL SUSTAINABILITY INDICATOR (CONT'D)

Table 3: Environmental Sustainability Indicators Progress for FY2024

| Indicator | Unit Measurement | Baseline (2022) | 2024 |
|---|---|---|---|
| Electricity Consumption | Mega Joule | 11,722,187 | 2,070,797 |
| Greenhouse Gas emissions | tCO2e | 10,677 | 1,967 |
| Water consumption | Mega Litres | 0.077 | 0.026 |
| Waste generation | Metric tonnes | 2,220 | 99 |

## GREENHOUSE GAS (GHG) EMISSIONS MANAGEMENT

REX initiated its GHG emissions carbon accounting using the GHG Protocol Corporate Accounting and Reporting Standard. Table 4 in this statement shows Scope 1 and Scope 2 GHG emissions for REX from FY2022 baseline compared to FY2024.

Table 4: REX GHG Emissions Scope 1 and 2

| Indicator | Unit Measurement | Baseline (2022) | 2024 |
|---|---|---|---|
| Scope 1: Direct emissions - Organization GHG Emissions | tCO2e | 2,107 | 449 |
| Scope 2: Indirect emissions - Organization GHG Emissions | tCO2e | 2,468 | 436 |

REX GHG emissions were reduced more than 70% in FY2024 compared to FY2022 baseline due to decrease in operation activities and decommissioning of our Bukit Minyak manufacturing plant.

## ENERGY MANAGEMENT

Since March 2019, Bukit Minyak production facility has switched to natural gas to fuel the boilers.

Benefits from switching to natural gas eliminating the release of ash, soot and sulfur into the air and extending the life spans of the boiler and chimney. Natural gas is also cleaner because it is sludge-free and directly piped in, gas is better insulated against supply disruptions.

Table 5: Total energy consumption for REX Group from FY 2022 to FY2024

| Indicator | Unit Measurement | Baseline (2022) | 2023 | 2024 |
|---|---|---|---|---|
| REX total energy consumption | Mega Joule | 50,158,480 | 29,411,771 | 9,154,193 |

Table 6: Total energy consumption by type of sources from FY 2022 to FY 2024

| Consumption | Unit Measurement | Baseline (2022) | 2023 | 2024 |
|---|---|---|---|---|
| Total Electricity | Mega Joule | 11,722,187 | 6,848,673 | 2,070,797 |
| Total Diesel | Mega Joule | 6,564,487 | 7,436,644 | 5,974,277 |
| Total Petrol | Mega Joule | 1,570,381 | 1,844,390 | 1,109,118 |
| Total Natural Gas | Mega Joule | 30,301,423 | 13,282,062 | *0 |
| TOTAL | Mega Joule | 50,158,478 | 29,411,771 | 9,154,193 |

**Natural Gas zero usage in 2024 due decommissioning manufacturing at Bukit Minyak.*

# SUSTAINABILITY STATEMENT
(CONT'D)

## ENERGY MANAGEMENT (CONT'D)

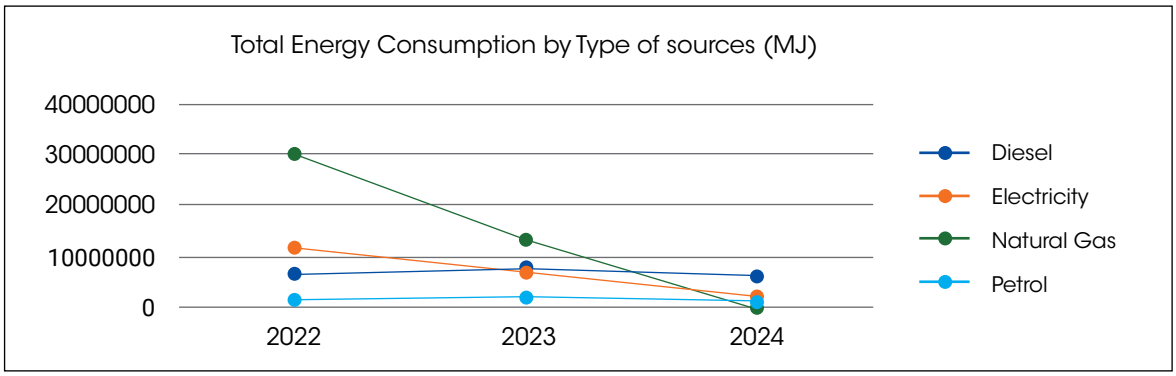



Figure B: Total energy consumption by type of sources

## WASTE MANAGEMENT

Waste generated from our manufacturing processes produced a significant volume of general waste and that has been treated to landfill. The reduction of waste generated is mainly due to the decommissioning of Bukit Minyak plant.

Table 7: Total waste in metric tonnes from FY 2022 to FY2024

| Indicator | Unit Measurement | Baseline (2022) | 2023 | 2024 |
|---|---|---|---|---|
| Waste generated | Metric tonnes | 2,220 | 436 | 99 |
| Waste disposed | Metric tonnes | 2,220 | 436 | 99 |
| Total waste | Metric tonnes | 2,220 | 436 | 99 |

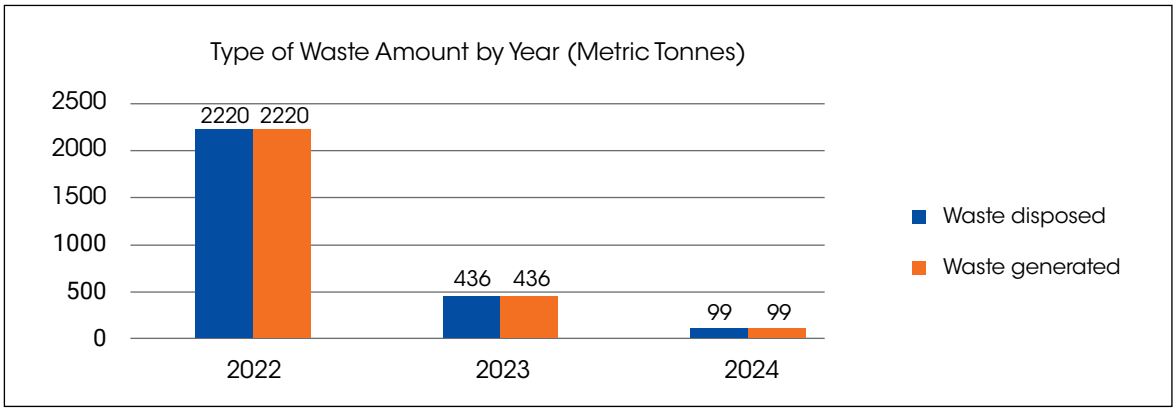



Figure C: Type of waste amount from FY2022 to FY2024

## WATER CONSUMPTION

Since FY2022, we continuously monitored our usage of water consumption. In addition, we are looking at other alternatives such as harnessing rainwater to reduce our water consumption in future. The reduction of water consumption in FY2024 is largely attributed to the decommissioning of Bukit Minyak plant.

## WATER CONSUMPTION (CONT'D)

Table 8: Total water consumption from FY2022 to FY2024

| Indicator | Unit Measurement | Baseline (2022) | 2023 | 2024 |
|---|---|---|---|---|
| Water consumption | Megaliters | 0.077 | 0.065 | 0.026 |
| Water discharged | Megaliters | – | – | – |
| Total water consumption (Water consumption-water discharged) | Megaliters | 0.077 | 0.065 | 0.026 |

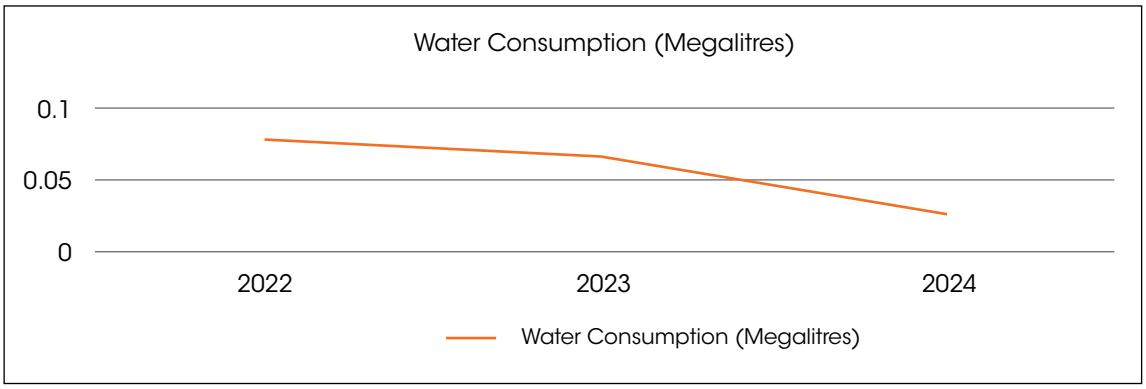



Figure D: Total water consumption from FY2022 to FY2024

## SECTION 4: PEOPLE

**Policy related to REX Social Dimensions**
- Employee Handbook
- Safety, Health & Environment Policy
- Code of Conduct

## WORKFORCE DIVERSITY

At REX, we recognize that diversity has become a fundamental strength that helps us to drive innovation, creativity, and success. We aim for REX to be a workplace where every employee feels valued, respected, and empowered regardless of their background. We celebrate differences, champion equity, and actively seek perspectives from all walks of life.

As such, we have put into practice having a diverse workplace. FY2024 where the percentage of our employees in the executive categories was 72% male and 28% female with the age range of 8% for those who were under 30 and 92% for those who were above the age of 30. As for the non-executive categories, there were 82% male and 18% female with the age range of 48% for those who were under 30 and 52% for those who were above the age of 30.

# SUSTAINABILITY STATEMENT
(CONT'D)

## WORKFORCE DIVERSITY (CONT'D)

We also practice diversity even at the director level of the company where there is 86% male 14% female with the age range of 14% for those who were under 40 and 86% for those who were above the age of 40.

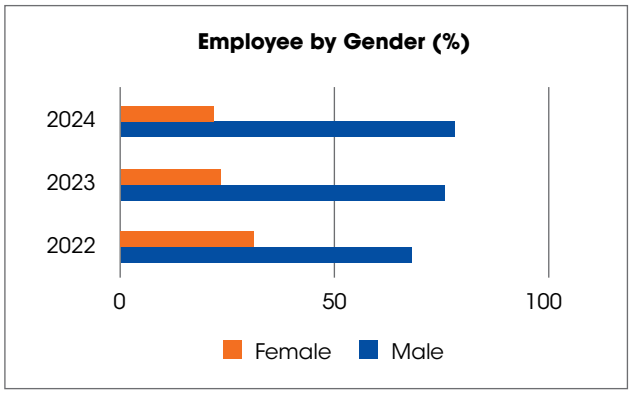



Figure E: Employees by Gender (%) FY22'-FY24'

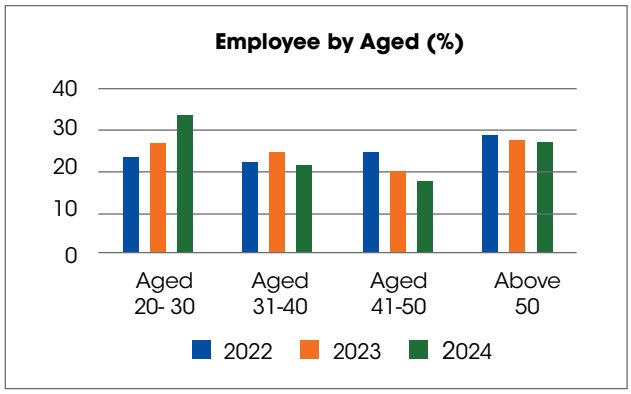



Figure F: Employees by Age (%) FY22'-24'

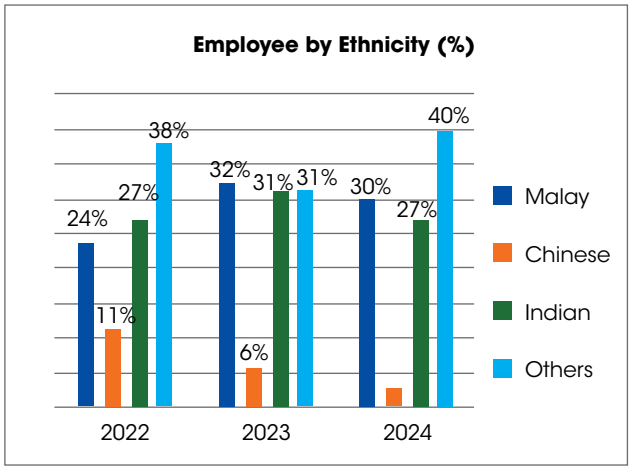



Figure G: Employees by Ethnicity (%) FY22'-FY24'

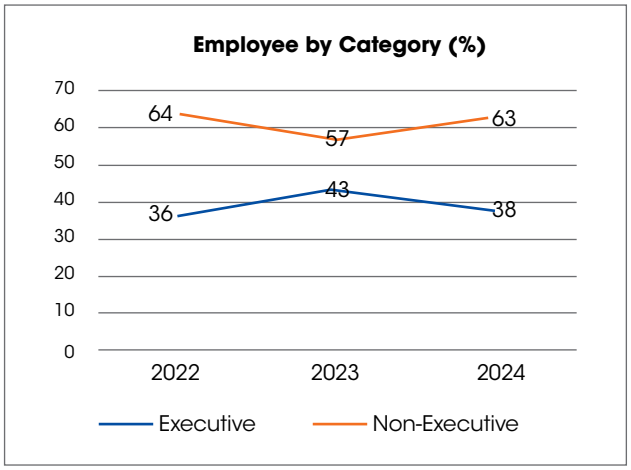



Figure H: Employees by Category (%) FY22'-FY24'

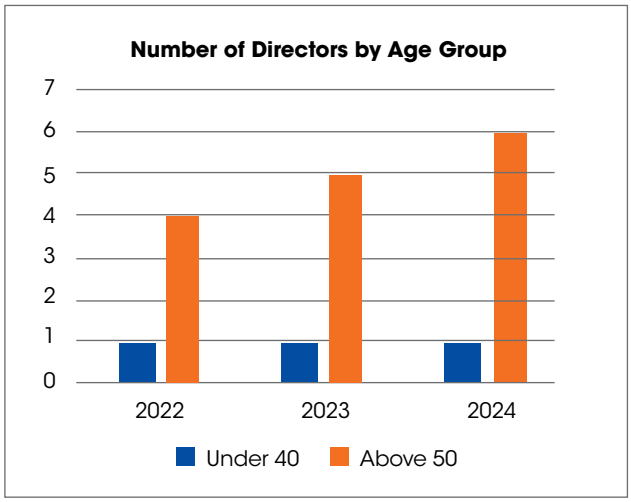



Figure I: Number of Directors by age group FY22'-FY24'

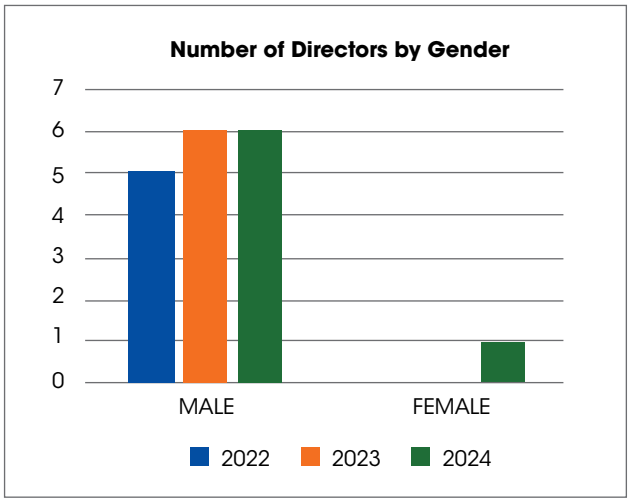



Figure J: Number of Directors by gender FY22'-FY24'

## EMPLOYMENT

Human resources are seen as one of the core pillars of the Group, as it is important to recruit and retain high-caliber employees to add value to the Group. The Group is ardent to nurturing a diverse, competent, and dedicated talent pool by providing routine staff training and development to encourage their career development and performance enhancement which are relevant to their current or future job functions. Moreover, REX also provides opportunities for contract/temporary staff who are looking for employment.

## TURNOVER RATE

For FY 2024, REX registered 4 resignations at the executive and non-executive levels, and 2 at the managerial level.

## NON-DISCRIMINATION AND VIOLATION OF HUMAN RIGHTS

Besides that, REX also takes Labour Practices and Standards very seriously and strives to abide by the Labour Practices and Standards as outlined in the Employment Act of 1955. In FY 2024, we had zero cases of substantiated complaints concerning human rights violations.

## ANTI-CHILD LABOUR

Our company strictly prohibits the employment of individuals under the age of 16 in compliance with Malaysia's Employment Act 1955. We do not employ children who have not completed their compulsory education. All employees must possess a valid Malaysian identification card or, in the case of legal foreign workers, comply with all Malaysian immigration regulations. The recruitment process and workers' requirements as stated in the Company's Employment Policy.

## TRAINING AND EDUCATION

REX investing in human capital by empowering all our employees in all categories by sending them for training to upgrade their skills and knowledge. In FY 2024, on average, every employee in the company attended a total of 16 hours of training.

Table 9: Total training hours by employee category.

| Indicator | Unit Measurement | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Senior Management | Hours | 1,440 | 384 | 672 |
| Senior Manager & Manager | Hours | 672 | 576 | 336 |
| Assistant Manager & Senior Executive | Hours | 240 | 960 | 576 |
| Executives | Hours | 960 | 720 | 480 |
| Non-Executives | Hours | 2,256 | 1,608 | 1,440 |

# SUSTAINABILITY STATEMENT
(CONT'D)

## TRAINING AND EDUCATION (CONT'D)

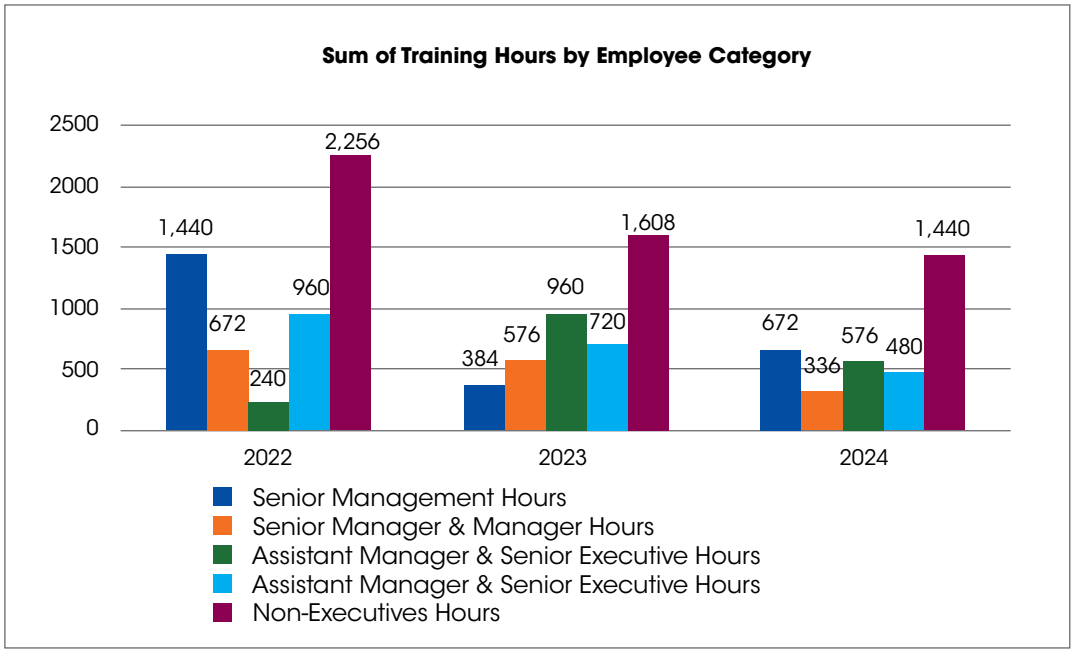



Figure K: Total training hours by employee category from FY2022 to FY2024

## OCCUPATIONAL SAFETY AND HEALTH (OSH)

REX Canning Co. Sdn. Bhd. has established the Safety, Health and Environment Policy that adheres to the Occupational Safety & Health Act (1994) and prioritizes safety, health, and environmental considerations in all business operations in accordance with requirements and regulations. We are diligent in providing a safe, healthy, and environment-friendly working environment for all employees, contractors, visitors, and the public. We aim to implement this policy throughout our business activities.

### WORKPLACE SAFETY AND HEALTH

We view workplace safety and health highly as the safety and well-being of the Group's employees is the foundation of success. A safety and health committee have been formed to ensure the Occupational Safety and Health Act ("OSHA") 1994 and Factories and Machinery Act ("FMA") 1997 are adhered to.

Training in quality, safety and health has been conducted to ensure all levels of employees are aware of their significance and to ensure the Group's emphasis on safety and health has been well communicated throughout the Group.

### SAFETY PERFORMANCE

The Group would ensure the health and safety policies are adhered to as the compliance would benefit the employees, customers, investors as well as the public in the form of quality products and environment-friendly practices which do not harm the public environment. In FY 2024, 42% of OSHA committee members have been trained in Safety and Health standards. We had zero cases of work-related fatalities, while the Lost Time Incident Rate is as in the table below.

## SAFETY PERFORMANCE (CONT'D)

Table 10: REX Lost Time Incident Rate (LTIR) from FY 2022 to FY 2024

| Indicator | Unit Measurement | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Lost Time Incident | Rate | 2.7 | 2.1 | 5.3 |
| Recordable work-related injuries | Hours | 1.6 | 2.1 | 2.7 |

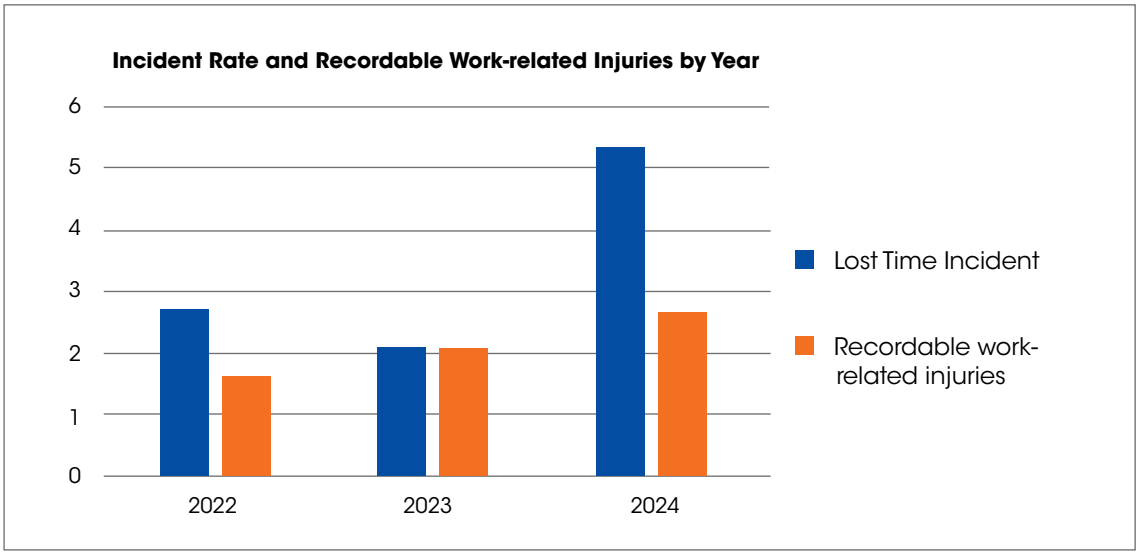



Figure L: Lost Time Incident Rate (LTIR) and work-related injuries recorded by year from FY 2022 to FY 2024

## LOCAL COMMUNITY

As we have been doing for previous years, we have set aside a portion of the sales earnings from REX's products bearing the "Love Rex" logo to benefit various poor and disabled groups in our society as part of the company's good corporate citizenship initiative.

Throughout FY 2024, we continued to support various orphanages and homes for the underprivileged across Malaysia under the REX CARE program which consists of MySkills, Rumah Kasih and Open Hands. Through this effort, we have provided food baskets for over 200 beneficiaries nationwide. Additionally, REX has also contributed to the local community by providing food baskets for various NGOs, shelters, Police Training Centers and more which have impacted over 1,200 beneficiaries. Besides that, REX had also provided aid relief to the victims of Natural Disasters which helped over 2,500 families.

# SUSTAINABILITY STATEMENT
(CONT'D)

## SECTION 5: GOOD GOVERNANCE

**Policy related to REX Corporate Governance**
- Whistleblowing Policy (Revised 2023)
- Anti-Bribery & Corruption Policy (Revised 2023)
- Director's Fit and Proper Policy
- TOR of the Audit and Risk Management Committee (2022)
- Code Of Ethics
- Code of Conduct

### ETHICAL BUSINESS

We believe that anti-corruption efforts are important in the group as they can undermine a company's ESG policies and processes, as bribed officials will ignore standards. In turn, companies that have been found involved in corruption, whether intentional or not, will face a backlash and loss of confidence from the public.

In the interest of good governance and ethical business, the Group has invested in anti-corruption programs that align with the company's ESG compliance which will lead it to corporate growth and propel the nation's economy.

Completely the FY 2024 period, REX continually sent our employees ranging from the 20s, 30s, 40s, 50s, and 60 to receive training on Anti-corruption where the total percentage of employees who have attended the Anti-corruption training stands at 72%. We have also assessed our employees to find out if they have been involved in corruption-related cases and we are proud to disclose that zero confirmed incidents of corruption have taken place in REX.

### CYBERSECURITY AND DATA PROTECTION

As of late, we have seen how important data privacy and security have become in our society with companies being involved in the act of buying and selling data and how important it is to secure the companies' security to avoid data breaches.

Therefore, REX has invested heavily in ensuring that the data of all those who are connected with the company, be it customers, stakeholders, suppliers, etc. are protected with high-level security. In FY 2024, we have had zero cases of substantiated complaints concerning breaches of customer privacy and losses of customer data.

### PRODUCT QUALITY AND SAFETY

We place great importance on our product quality and safety to maintain a quality standard for our products that are safe for consumption.

We adhere to numerous food standards and regulations applicable to the food and beverage industry such as Hazard Analysis and Critical Control Point ("HACCP"), Makanan Selamat Tanggungjawab Industri ("MeSTI") and Good Manufacturing Practice ("GMP") certifications. Our products are halal certified as well as attaining the Halal MS 1500:2009 certification.

We have set in place a proper Quality Assurance ("QA") department and Halal compliance committee which have clearly defined levels of responsibility, authority, and appropriate reporting procedures to ensure the Group's product quality and safety.

## SUPPLY CHAIN MANAGEMENT

REX is very particular in our supply chain management. Considering it encompasses the entire production flow of goods from selecting the raw materials to delivering the final product to customers. We are committed to working with local suppliers who sustainably produce their goods hence, we are not only serving the community by providing high-quality goods in the market likewise serving the planet by choosing "green" local suppliers.

## PROPORTION OF SPENDING ON LOCAL SUPPLIERS

For FY 2024, 60% of our procurement where from local suppliers. REX aims to prioritize sourcing from more environmentally friendly local suppliers in the future who meet our standards in sustainability.

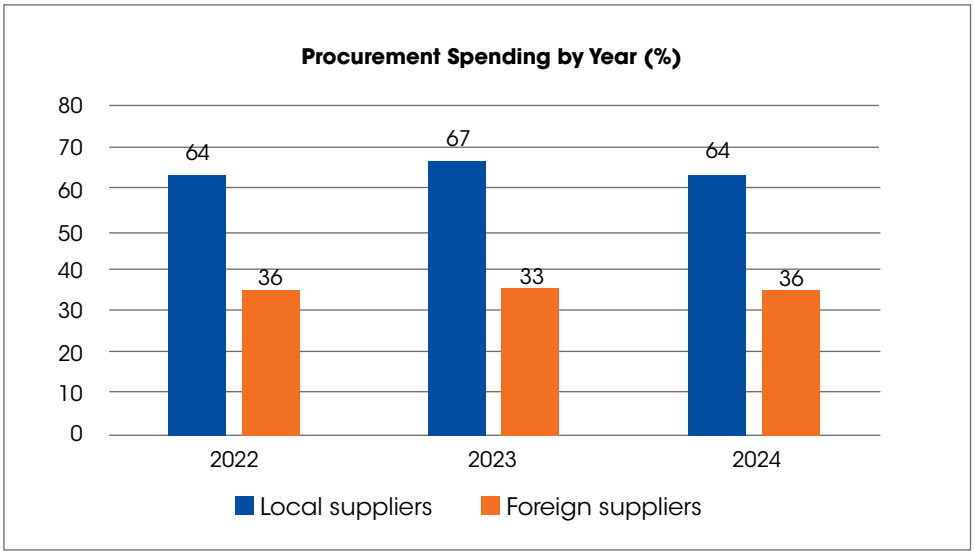



Figure M: Procurement Spending by FY 22-24 (%)

## SECTION 6: FUTURE OUTLOOK

REX Group strives to enhance our reporting and transparency in accordance with the applicable updated guidelines, standards, and industry best practices. Moving forward, we aim to enhance our performance disclosure on sector-specific metrics and put into action as part of our commitment to enhancing sustainable practices focusing on alternatives to reduce our water consumption further by harnessing rainwater, waste reduction, innovation on the highest food safety and halal quality products to our consumers and continuously support our local communities.

# SUSTAINABILITY STATEMENT
(CONT'D)

## SCOPE OF SUTAINABILITY MATERIAL MATTERS

The scope of the internal review covered the assessment of data for the following sustainability indicators for FY2024:

| No. | Bursa Common Sustainability Matters | Bursa Common Indicators (BCI) | |
|---|---|---|---|
| 1. | Anti-corruption | Bursa C1 (a) | Percentage of employees who have received training on anti corruption by employee category |
| | | Bursa C1 (b) | Percentage of operations assessed for corruption-related risks |
| | | Bursa C1(c) | Confirmed incidents of corruption and action |
| 2. | Community/ Society | Bursa C2 (a) | Total amount invested in the community where the target beneficiaries are external to the listed issuer |
| | | Bursa C2 (b) | Total number of beneficiaries of the investment in communities |
| 3. | Diversity | Bursa C3 (a) | Percentage of employees by gender and age group, for each employee category |
| | | Bursa C3 (b) | Percentage of directors by gender and age group |
| 4. | Energy management | Bursa C4 (a) | Total energy consumption |
| 5. | Health and safety | Bursa C5 (a) | Number of work-related fatalities |
| | | Bursa C5 (b) | Lost time incident rate |
| | | Bursa C5 (c) | Number of employees trained on health and safety standards |
| 6. | Labour practices and standards | Bursa C6 (a) | Total hours of training by employee category |
| | | Bursa C6 (b) | Percentage of employees that are contractors or temporary staff |
| | | Bursa C6 (c) | Total number of employee turnover by employee category |
| | | Bursa C6 (d) | Number of substantiated complaints concerning human rights violations |
| 7. | Supply chain management | Bursa C7 (a) | Proportion of spending on local suppliers |
| 8. | Data privacy and security | Bursa C8 (a) | Number of substantiated complaints concerning breaches of customer privacy and losses of customer data |
| 9. | Water | Bursa C9 (a) | Total volume of water used |
| 10. | Waste management | Bursa C10 (a) | Total waste generated, and a breakdown of the following:<br>(i) total waste diverted from disposal<br>(ii) total waste directed to disposal |
| 11. | Emissions management | Bursa C11 (a) | Scope 1 emissions in tonnes of $CO_2e$ |
| | | Bursa C11 (b) | Scope 2 emissions in tonnes of $CO_2e$ |
| | | Bursa C11 (c) | Scope 3 emissions in tonnes of $CO_2e$ (at least for the categories of business travel and employee commuting) |

## SUSTAINABILITY PERFORMANCE REPORT

| Indicator | Measurement Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Bursa (Anti-corruption)** | | | | |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category | | | | |
| Executive | Percentage | 0.00 | 0.00 | 39.00 |
| Non-executive | Percentage | 0.00 | 0.00 | 92.00 |
| Bursa C1(b) Percentage of operations assessed for corruption-related risks | Percentage | 0.00 | 0.00 | 0.00 |
| Bursa C1(c) Confirmed incidents of corruption and action taken | Number | 0 | 0 | 0 |
| **Bursa (Community/Society)** | | | | |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR | 42,000.00 | 43,500.00 | 45,000.00 |
| Bursa C2(b) Total number of beneficiaries of the investment in communities | Number | 3,580 | 4,160 | 4,250 |
| **Bursa (Diversity)** | | | | |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category | | | | |
| Age Group by Employee Category | | | | |
| Executive Under 30 | Percentage | 22.00 | 12.00 | 8.00 |
| Executive 41-50 | Percentage | 26.00 | 24.00 | 19.00 |
| Executive Above 50 | Percentage | 28.00 | 47.00 | 53.00 |
| Executive 31-40 | Percentage | 24.00 | 18.00 | 19.00 |
| Non-executive Under 30 | Percentage | 24.00 | 39.00 | 48.00 |
| Non-executive 41-50 | Percentage | 24.00 | 18.00 | 17.00 |
| Non-executive Above 50 | Percentage | 30.00 | 13.00 | 12.00 |
| Non-executive 31-40 | Percentage | 21.00 | 30.00 | 23.00 |
| Gender Group by Employee Category | | | | |
| Executive Male | Percentage | 69.00 | 73.00 | 72.00 |
| Executive Female | Percentage | 31.00 | 27.00 | 28.00 |
| Non-executive Male | Percentage | 68.00 | 79.00 | 82.00 |
| Non-executive Female | Percentage | 32.00 | 21.00 | 18.00 |
| Bursa C3(b) Percentage of directors by gender and age group | | | | |
| Male | Percentage | 100.00 | 100.00 | 86.00 |
| Female | Percentage | 0.00 | 0.00 | 14.00 |
| Under 30 | Percentage | 0.00 | 0.00 | 0.00 |
| 41-50 | Percentage | 0.00 | 0.00 | 0.00 |
| Above 50 | Percentage | 80.00 | 83.00 | 86.00 |
| 31-40 | Percentage | 20.00 | 17.00 | 14.00 |
| **Bursa (Energy management)** | | | | |
| Bursa C4(a) Total energy consumption | Megawatt | 50,158,478.00 * | 29,411,771.00 | 9,154,193.00 |
| **Bursa (Health and safety)** | | | | |
| Bursa C5(a) Number of work-related fatalities | Number | 0 | 0 | 0 |
| Bursa C5(b) Lost time incident rate ("LTIR") | Rate | 2.70 | 2.10 | 5.30 |
| Bursa C5(c) Number of employees trained on health and safety standards | Number | 13 | 30 | 14 |

# SUSTAINABILITY STATEMENT
(CONT'D)

## SUSTAINABILITY PERFORMANCE REPORT (CONT'D)

| Indicator | Measurement Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Bursa (Labour practices and standards)** | | | | |
| Bursa C6(a) Total hours of training by employee category | | | | |
| Senior Management | Hours | 1,440 | 384 | 672 |
| Executive | Hours | 960 | 720 | 480 |
| Non-executive | Hours | 2,256 | 1,608 | 1,440 |
| Senior Manager & Manager | Hours | 672 | 576 | 336 |
| Assistant Manager & Senior Executive | Hours | 240 | 960 | 576 |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff | Percentage | 0.00 | 0.00 | 1.00 |
| Bursa C6(c) Total number of employee turnover by employee category | | | | |
| Senior Manager & Manager | Number | 2 | 2 | 2 |
| Executive | Number | 2 | 3 | 2 |
| Non-executive | Number | 10 | 9 | 2 |
| Assistant Manager & Senior Executive | Number | 0 | 0 | 0 |
| Bursa C6(d) Number of substantiated complaints concerning human rights violations | Number | 0 | 0 | 0 |
| **Bursa (Supply chain management)** | | | | |
| Bursa C7(a) Proportion of spending on local suppliers | Percentage | 64.00 | 67.00 | 64.00 |
| **Bursa (Data privacy and security)** | | | | |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 0 | 0 | 0 |
| **Bursa (Water)** | | | | |
| Bursa C9(a) Total volume of water used | Megalitres | 0.077000 | 0.065000 | 0.026000 |
| **Bursa (Waste management)** | | | | |
| Bursa C10(a) Total waste generated | Metric tonnes | 2,220.00 | 436.50 | 99.00 |
| Bursa C10(a)(i) Total waste diverted from disposal | Metric tonnes | 0.00 | 0.00 | 0.00 |
| Bursa C10(a)(ii) Total waste directed to disposal | Metric tonnes | 2,220.00 | 436.50 | 99.00 |
| **Bursa (Emissions management)** | | | | |
| Bursa C11(a) Scope 1 emissions in tonnes of CO2e | Metric tonnes | 2,107.00 | 1,286.00 | 449.00 |
| Bursa C11(b) Scope 2 emissions in tonnes of CO2e | Metric tonnes | 2,468.00 | 1,442.00 | 436.00 |
| Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting) | Metric tonnes | 1,103.00 | 217.00 | 49.00 |

Internal assurance | External assurance | No assurance | (*)Restated

# AUDIT COMMITTEE REPORT

The Audit and Risk Management Committee ("**ARMC**") was established to assist the Board of Directors ("**Board**") in discharging its statutory and fiduciary duties and responsibilities relating to accounting and reporting practices as well as corporate governance and risk management of the Company and its subsidiaries ("**the Group**").

## 1. COMPOSITION OF THE ARMC

During the financial year ended 30 June 2024 ("**FYE 2024**"), the ARMC comprises three (3) members as follows, all of whom are Independent Non-Executive Directors, which met the requirements of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**MainLR**") under paragraph 15.09(1) and as recommended by Step Up Practice 9.4 of the Malaysian Code on Corporate Governance, whereby the Audit Committee comprises solely Independent Directors:-

| Name | Designation | Directorship |
|---|---|---|
| Tai Keat Chai<br>*(Ceased with effect from 31 March 2024)* | Chairman | Independent Non-Executive Director |
| Tam Kok Meng<br>*(Appointed with effect from 31 March 2024)* | Chairman | Independent Non-Executive Director |
| Tan Sri Dato' Mohd Ibrahim bin Mohd Zain<br>*(Ceased with effect from 31 March 2024)* | Member | Independent Non-Executive Director |
| Hong Kok Cheong<br>*(Appointed with effect from 31 March 2024)* | Member | Independent Non-Executive Director |
| Adnan bin Ahmad | Member | Independent Non-Executive Director |

The Chairman of the ARMC is a member of the Malaysian Institute of Accountants fulfilling the requisite qualifications under Paragraph 15.09(1)(c) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Neither any of the ARMC members was previously a partner in the incumbent External Auditors, Messrs. Raki CS Tan & Ramanan in the previous three (3) years, nor did any of the ARMC members hold any financial interest in Messrs. Raki CS Tan & Ramanan.

## 2. MEETING ATTENDANCE

The ARMC held a total of five (5) Meetings during the FYE 2024. The details of the attendance of the respective ARMC members are as follows:-

| Name | No. of Meetings Attended * |
|---|---|
| Tai Keat Chai | 3 of 4 |
| Tam Kok Meng | 1 of 1 |
| Tan Sri Dato' Mohd Ibrahim bin Mohd Zain | 3 of 4 |
| Hong Kok Cheong | 1 of 1 |
| Adnan bin Ahmad | 5 of 5 |

* The Meetings were held on 15 August 2023, 24 October 2023, 27 November 2023, 28 February 2024 and 28 May 2024.

# AUDIT COMMITTEE REPORT
(CONT'D)

## 2. MEETING ATTENDANCE (CONT'D)

The External Auditors for the Group had attended three (3) of the ARMC Meetings held in the FYE 2024, wherein the ARMC had also met up with the External Auditors without the presence of the Executive Director and management personnel two (2) times during the FYE 2024, which was as required in the Terms of Reference ("**TOR**") of the ARMC whereby at least two (2) private sessions with the External Auditors should be conducted annually.

## 3. TOR

The TOR of the ARMC is available for reference on the Company's website at www.rexmalaysia.com.

## 4. SUMMARY OF WORK OF THE ARMC

During the FYE 2024, the ARMC carried out the following work activities which are in line with its duties, functions and responsibilities as set out in its TOR:-

**Financial performance and reporting**

a) Reviewed the unaudited quarterly reports on the consolidated results of the Group for the financial quarters ended 30 June 2023, 30 September 2023, 31 December 2023 and 31 March 2024, and recommended the same to the Board for approval.

b) Discussed the financial performance and updates on the corporate and business developments of the Group on quarterly basis.

c) Reviewed the Company's audited financial statements for the financial year ended 30 June 2023 ("**FYE 2023**") to ensure that the financial statements and disclosures presented a true and fair view of the Company's financial position and performance for the said year and are in compliance with the provisions of the Companies Act 2016 as well as the applicable Malaysian Financial Reporting Standards, and recommended the same to the Board for approval.

**External audit**

a) Met two (2) times with the External Auditors without the presence of the Executive Director and management personnel.

b) Received the AC closing presentation prepared by the External Auditors for the FYE 2023, covering matters to highlight, status of audit and salient accounting and auditing matters, etc.

c) Reviewed the suitability, independence, experience and credentials of the External Auditors and upon being satisfied, recommended to the Board for the appointment of External Auditors.

d) Reviewed the audit planning memorandum for the financial year ending 30 June 2024 prepared by the External Auditors, entailing mainly the overview of audit approach and timeline, key audit matters and areas of audit emphasis and accounting standard updates.

e) Reviewed the statutory audit fee for the financial year ending 30 June 2024, and recommended the same to the Board for approval.

f) Reviewed and approved the proposed fees in relation to the following non-audit services:-

- Review of the Statement on Risk Management and Internal Control ("**SORMIC**"); and
- Review of component auditors' working papers.

## 4. SUMMARY OF WORK OF THE ARMC (CONT'D)

**External audit (Cont'd)**

g) Reviewed the suitability, independence and performance of the External Auditors for the FYE 2024 vide a formalised "External Auditors' performance and independence evaluation" and upon review and being satisfied with the results of the said assessment, the same has been recommended to the Board to recommend to the shareholders for approval.

h) Inquired into the assistance given by the Management to the External Auditors.

**Internal audit**

a) Reviewed the internal audit reports, audit recommendations made and management response to those recommendations and reviewed the follow-up audits to ensure that appropriate actions were taken and recommendations of the Internal Auditors were implemented.

b) Assessed the adequacy of the scope, functions, competency and resources of the internal audit functions vide a formalised "Evaluation of internal audit function" and that it has the necessary authority to carry out its work.

c) Discussed the internal audit plan for the financial year ending 30 June 2024 as prepared by the Internal Auditors.

**Related Party Transactions ("RPT")**

a) Reviewed the RPT and Recurrent RPT of a Revenue or Trading Nature ("**RRPT**") on quarterly basis to ensure that they are within the mandate approved by the shareholders at the previous Twenty-Ninth Annual General Meeting of the Company held on 27 November 2023.

b) Reviewed the Circular/Statement to Shareholders in relation to the Proposed Renewal of Existing Shareholder Mandate for RRPT and Proposed Renewal of Authority for the Company to Purchase its Own Shares, and recommended the same to the Board for approval.

c) Assessed on any conflict of interest ("**COI**") situation or potential conflict of interest situation that may arise following transactions highlighted to the ARMC to be undertaken the Company or Group. No COI or any potential COI were identified or reported among the board members during the financial year under review.

**Oversight of Risk Management and Internal Control**

a) Reviewed the proposed Risk Management Framework of the Company for adoption by the Company, and recommended the same to the Board for approval.

b) Reviewed the disclosures in AC Report, SORMIC and Corporate Governance Overview Statement, and recommended the same to the Board for approval for inclusion in the 2024 Annual Report.

# AUDIT COMMITTEE REPORT
(CONT'D)

## 4. SUMMARY OF WORK OF THE ARMC (CONT'D)

**Other matters**

a) Assessed the performance of each ARMC member by his peers vide a formalised "ARMC member's peer performance" for the purpose of assisting the Nomination Committee in reviewing the term of office and performance of the ARMC and each of its members annually to determine whether they have carried out their duties properly in accordance to the TOR.

b) Reported to the Board on the proceedings of each ARMC Meeting through the Chairman of the ARMC.

c) Reviewed and confirmed the minutes of the ARMC Meetings.

## 5. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an independent professional internal audit service provider to assist the Board and ARMC to oversee that the Management has put in place an effective internal control and governance system accordingly to ensure that the Group's internal control system is satisfactory and operating effectively.

The summary of work activities carried out by the Internal Auditors comprised the following:-

a) Formulated the internal audit plan and presented the plan for the ARMC's review and approval;

b) Carried out the internal audit reviews covering the following areas in accordance with the approved audit plan:-

- Risk management assessment; and
- Compliance with Guidelines on Adequate Procedures pursuant to Section 17A of the MACC Act

c) Based on the audit reviews carried out, reported the results of the audit reviews to the ARMC. The reports highlighted the internal control weaknesses identified and corresponding recommendations for improvements; and

d) Followed up on the status of implementation of management action plans carried out and reported the same to the ARMC.

The internal audit reviews carried out for FYE 2024 did not reveal weaknesses that have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

The total costs incurred for the internal audit function for the financial year ended 30 June 2024 was RM13,795.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

## FOR PREPARING THE FINANCIAL STATEMENTS

This statement is prepared as required by Bursa Malaysia Securities Berhad Main Market Listing Requirements under paragraph 15.26(a).

The Directors are required to take reasonable steps in ensuring that the financial statements of the Company and its subsidiaries ("**the Group**") are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of its results and cash flows for the year then ended.

The Directors consider that in preparing the financial statements for the financial year ended 30 June 2024:-

- the Group has adopted the appropriate accounting policies and applied them consistently;
- reasonable and prudent judgements and estimates have been made;
- all applicable approved accounting standards in Malaysia have been followed; and
- the financial statements have been prepared on a going concern basis.

The Directors have ensured that the Group maintains accounting records that disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the financial statements comply with the Companies Act 2016. The Statement by the Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated audited financial statements for the financial year ended 30 June 2024.

The Directors have also ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Malaysia Securities Berhad in a timely manner in order to keep the investing public informed of the Group's latest performance and developments.

The Directors also have general responsibilities for taking such steps to ensure that appropriate systems are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control ("Statement") by the Board of Directors ("Board") of Rex Industry Berhad ("REX") is made in respect of the financial year ended 30 June 2024 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia.

The Board is committed to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, and is pleased to set out below its Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group during the year.

The Board acknowledges its overall responsibility for ensuring a sound and effective system of risk management and internal control is maintained throughout the Group to safeguard shareholders' investment and the Group's assets and regular review of its effectiveness and adequacy is inevitable. The Board recognises that risk cannot be totally eliminated and the system of internal control instituted can only help minimise and manage risks and provide some reasonable but not absolute assurance that the assets of the Group and of the Company are safeguarded against material losses and unauthorised use and that the financial statements are not materially misstated and the Group is managed and operated in a systematic manner.

The Board exercises control through an organisation structure with clearly defined levels of responsibility, authority and appropriate reporting procedures. Management including the Managing Director is empowered by the Board and shall be responsible for identifying, evaluating, monitoring and managing significant risks affecting the achievement of business objectives of the Group. The process of identifying, evaluating, monitoring and managing risks is an on-going process. All significant issues identified and affecting the business objectives of the Group are reported to the Board accordingly.

The key elements and processes of risk management and internal control system in place throughout the Group include:

1. Defined delegation of responsibilities to Board Committees, namely the Audit and Risk Management Committee, Nomination and Remuneration Committee and to operating units with clearly defined areas of responsibility, authority limits and operational authorities for all aspects of the business;

2. Involvement of the Group Managing Director in the day-to-day operations of the Group and attendance at operational and management level meetings, monitoring adherence to the Group's policies and procedures. The Group Managing Director has regular reviews on the operational, financial and strategic issues and challenges affecting the respective business units with the heads of business units. Significant matters identified during these meetings are highlighted to the Board on a timely basis; and

3. The Board is briefed and updated on the operational performance and corporate development of the Group by the Group Managing Director and on the financial performance of the Group by the Chief Financial Officer on quarterly basis;

The Internal Audit function of the Group is outsourced to an independent professional Internal Audit service provider that reports to the Audit and Risk Management Committee. The Group adopts a risk-based approach in identifying major operation areas that warrant Internal Audit review and assessment to be carried out taking into consideration corporate exercises proposed or/and undertaken by the Group. The Internal Auditors carry out reviews on areas which are identified by Management as warranting attention and to assess the adequacy and effectiveness of the control processes to address the risks and recommend improvements to strengthen the control processes, where appropriate.

The Internal Auditors perform Internal Audits on major operating units and other management areas deemed appropriate within the Group. Based on their assessment, the Internal Auditors will provide the Audit and Risk Management Committee with reports highlighting their observations, recommendations and corrective action taken by Management to ensure adequacy, integrity and appropriate improvements to the system of internal control. Follow-up Internal Audits to assess implementation of past audit findings are also carried out to ensure effectiveness of the system of internal control implemented.

The Audit and Risk Management Committee has formalised the Risk Management Framework and Policies of the Group. Under the Risk Management Framework, the Audit and Risk Management Committee oversees the risk management process of the Group, and it is assisted by Risk Management Working Groups ("RMWG") formed at subsidiary level.

Risks are assessed by the RMWG by employing the following methodologies:

- Identification of risks by the process owners
- Assessment of the likelihood and impact of the risks identified
- Evaluating the control strategies in relation to the risks
- Formulating action plan to address control deficiencies
- Setting Key Risk Indicators to monitor the risks

The Board is generally satisfied with the existing system of risk management and internal control which has not resulted in any significant breakdown or weaknesses that could give rise to material losses incurred by the Group during the financial year under review or require disclosure in the 2024 Annual Report. Nevertheless, the Board recognises the review and improvement to the existing system of risk management and internal control is an on-going process to accommodate evolving business needs. The Board believes that with the assistance from the Internal Auditors, the system of internal control of the Group could be closely managed, monitored and improved over time.

## CONCLUSION

The risk management and internal control system of the Group, comprising the respective frameworks, procedures, management processes and monitoring processes described in this statement, is considered appropriate. While the Board acknowledges that the risk management and internal control system does not eliminate the possibility of collusion or deliberate circumvention of procedures by employees, human errors and/or other unforeseen circumstances that might result in poor judgement, an assurance was received from the Group Managing Director and Chief Financial Officer that the risk management and internal control system of the Group is operating adequately and effectively. The Group continues to take measures to enhance and strengthen the risk management and internal controls environment.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors of REX have reviewed this Statement for inclusion in the Annual Report of REX for the financial year ended 30 June 2024. Their review was conducted in accordance with Audit and Assurance Practice Guide ("AAPG") 3 (Revised: February 2018), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants ("MIA"). AAPG 3 does not require the external auditors to, and they did not consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems. Based on the review of the external auditors, they have reported to the Board that nothing has come to the attention of the external auditors that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system.

This Statement on Risk Management and Internal Control has been approved by the Board of REX on 24 October 2024.

# ADDITIONAL COMPLIANCE INFORMATION

In conformance with Bursa Malaysia Securities Berhad Main Market Listing Requirements, the following information is provided: -

## 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

**A. Renounceable rights issue of 164,417,645 new ordinary shares in Rex ("Rex Share(s)" or "Share(s)") ("Rights Share(s)") on the basis of 1 Rights Share for every 3 existing Rex Shares held, together with 54,805,881 free detachable warrants in Rex ("Warrant(s)") on the basis of 1 Warrant for every 3 Rights Shares subscribed ("Rights Issue with Warrants")**

The Company had on 30 August 2022 completed the above Proposed Rights Issue with Warrants. The Renounceable Rights Issue had raised gross proceeds of RM16,441,765. The status of the utilisation of proceeds derived from this corporate proposal is as follows: -

| Details of utilisation | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Balance RM'000 | Timeframe for Utilisation after Extension of Time |
|---|---|---|---|---|
| Business expansion | 10,000 | (5,534) | 4,466 | Within 30 months |
| Working capital | 5,882 | (5,882) | – | |
| Expenses for this corporate exercise | 560 | (560) | – | |
| **Total** | **16,442** | **(11,976)** | **4,466** | |

**B. Disposal by Rex Canning Co Sdn Bhd, a wholly-owned subsidiary of Rex Industry Berhad, of the following:-**

**i. All that piece of land and hereditaments measuring 24,377 square metres held under No. Hakmilik PN 6849, Lot 3826, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang together with beverages & canning factories, warehouses and a 3-storey office block erected thereon bearing the address Plot 125, Jalan Perindustrian Bukit Minyak 5, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Seberang Perai, Pulau Pinang; and**

**ii. All that piece of land and hereditaments measuring 7,051 square metres held under No. Hakmilik PN 10414, Lot 7067, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang together with the building erected thereon bearing the address Plot 126, Jalan Perindustrian Bukit Minyak 5, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Seberang Perai, Pulau Pinang;**

# ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

## 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS (CONT'D)

### B. (CONT'D)

**For a total disposal consideration of RM41.80 million to be satisfied entirely via cash**

The Company had on 30 September 2024 completed the above Proposed Disposal. The status of the utilisation of proceeds derived from this corporate proposal is as follows: -

| Details of utilisation | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Balance RM'000 | Timeframe for Utilisation |
|---|---|---|---|---|
| Repayment of bank borrowings | 21,046 | (4,938) | 16,108 | Within 12 months |
| Working capital | 16,803 | (1,659) | 15,144 | Within 24 months |
| Expenses for this corporate exercise | 3,951 | (3,506) | 445 | Within 3 months |
| **Total** | **41,800** | **(10,103)** | **31,697** | |

## 2. AUDIT AND NON-AUDIT FEES

During the FYE 2024, External Auditors have rendered certain audit and non-audit services to the Company and the Group. A breakdown of the fees paid is as follows:-

| Item | Company (RM) | Group (RM) |
|---|---|---|
| **Audit services rendered** | | |
| Statutory audit in respect of the FYE 2024 | 55,000 | 208,770 |
| **Non-audit services rendered** | | |
| a) Review of Statement of Risk Management and Internal Control | 8,000 | 8,000 |
| b) Review of Component Auditors' working papers | 21,000 | 21,000 |

## 3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There are no material contracts entered into by the Group involving Directors' and Major Shareholders' interests or are still subsisting, since the end of the previous financial year ended 30 June 2023.

# ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTS")

The RRPTs entered into by the Group during FYE 2024 were as follows:-

| Nature of RRPTs | RRPTs entered into between the Group with related parties | Interested Directors and/or interested major shareholders | Aggregate value of RRPTs during FYE 2024 (RM) |
|---|---|---|---|
| Vehicle fleet management services provided by Safworks Sdn. Bhd. ("Safworks") | • Rex Canning Co. Sdn. Bhd.<br>• Rex Trading Sdn. Bhd. | • Darmendran Kunaretnam[1]<br>• Eighth Jewels[2] | 97,487 |
| Transportation, freight handling services and warehouse management provided by Airoceanic Express Sdn. Bhd. ("Airoceanic") and Safeguards Oceanic Sdn. Bhd. ("Safeguards Oceanic") | • Rex Canning Co Sdn. Bhd.<br>• Rex Trading Sdn. Bhd.<br>• PT Rex Canning<br>• Summit Teamtrade (2011) Sdn. Bhd.<br>• Cinta Edar (M) Sdn. Bhd. | • Darmendran Kunaretnam[1]<br>• Eighth Jewels[2] | 4,515,304 |
| Purchase of air tickets and tour arrangement from Gem Travel Sdn. Bhd. ("Gem Travel") | • Rex Canning Co Sdn. Bhd.<br>• Rex Trading Sdn. Bhd. | Chee Cheng Chun[3] | 44,274 |

Notes:

*The following Directors and/or major shareholders of REX are deemed interested:*

(1) *Mr. Darmendran Kunaretnam is a Director and major shareholder of the Company. He is a director of Safworks and Airoceanic.*

(2) *Eighth Jewels Systems Sdn. Bhd. ("**Eighth Jewels**") is the ultimate holding company of Safworks, Airoceanic and Safeguards Oceanic. Mr. Darmendran Kunaretnam is a director and controlling shareholder of Eighth Jewels.*

(3) *Mr. Chee Cheng Chun is a Director and major shareholder of the Company. He is a director and controlling shareholder of Gem Travel.*

# MANAGEMENT DISCUSSION & ANALYSIS

## OUR HISTORY AND BUSINESS

Rex was incorporated on 26 November 1993 as a private limited company under the Companies Act 1965 by the name of Kompetitif Pertama Sdn Bhd.The Company acquired the entire issued and paid-up share capital of Rex Canning Co. Sdn Bhd, Rex Trading Sdn Bhd and Rex Foods Sdn Bhd and took on the function as a holding company in conjunction with the listing of Rex on Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Company changed its name to Rex Industry Sdn Bhd on 5 February 1994. It was converted to a public limited company on 16 February 1994 and adopted its present name. Rex was listed on the Second Board of Bursa Securities on 29 November 1995.

Rex Group is involved in the manufacturing of canned food, beverage and confectionary products. Rex Canning Co. Sdn. Bhd. a wholly owned subsidiary of Rex was founded in 1965 and has since grown into a leading manufacturer, distributor and exporter of halal canned products, frozen food, and beverages in Malaysia. PT Rex Canning Indonesia ("**PT Rex**") began commercial operations in August 1992; with principal activities in manufacturing and exporting of canned processed seafood. PT Rex operates under stringent standards set by the Ministry of Marine Affairs and Fisheries of Indonesia. Most of the PT Rex's canned seafood is exported to the US and EU.

Our strength lies in providing quality products that cater to the taste preferences and budgets of our growing population.

## OUR POLICY

Towards producing trusted products for all consumers, food safety best practices are core to our business. They are implemented throughout the chain from sourcing to manufacturing and delivery, to ensure compliance with local and international food safety standards and manufacturing best practices.

## FINANCIAL PERFORMANCE

For the financial year ended ("FYE") 30 June 2024, the Group recorded a revenue of RM130.52 million which represents a reduction of approximately RM31.89 million when compared to the preceding financial year of RM162.41 million. The decline in revenue was mainly due to weaker demand from both local and overseas market.

The Group recorded a loss before tax of RM4.18 million for FYE 30 June 2024 when compared to preceding financial year's loss of RM43.41 million. The huge loss in the preceding financial year was due to additional cost incurred in relation to the decommissioning of Bukit Minyak facility for one-off impairment of the plants' fixed assets, provision allowance of inventories obsolescence and staff retrenchment cost.

The lower loss in this financial year was mainly attributed to cost control initiatives instituted and better operational efficiencies from the business rationalisation plan.

| **REX GROUP** | **FY 2022** | **FY 2023** | **FY 2024** |
|---|---|---|---|
| (All in RM'000) | | | |
| Revenue | 161,111 | 162,408 | 130,522 |
| (Loss)/Profit before tax | 2,934 | (43,414) | (4,181) |

The Board is committed to continue with prudent measures to improve the Group's financial performance and deliver satisfactory results taking cognizance of the prevailing business environment.

# MANAGEMENT DISCUSSION & ANALYSIS
(CONT'D)

## FINANCIAL HIGHLIGHTS

| | 30 Jun 20 RM'000 | 30 Jun 21 RM'000 | 30 Jun 22 RM'000 | 30 Jun 23 RM'000 | 30 Jun 24 RM'000 |
|---|---|---|---|---|---|
| **Statement of Profit and Loss** | | | | | |
| Revenue | 149,245 | 160,539 | 161,111 | 162,408 | 130,522 |
| (Loss)/Profit before Tax after Minority Interest | (8,396) | 3,912 | 2,934 | (43,414) | (4,181) |
| Interest expense | 2,050 | 1,531 | 1,171 | 1,617 | 1,707 |
| (Loss)/Profit after Tax and Minority Interest | (9,465) | 2,603 | 2,027 | (44,399) | (4,167) |
| Dividend declared | – | (987) | – | – | – |
| **Statement of Financial Position** | | | | | |
| Paid-up Share Capital | 73,742 | 97,903 | 97,903 | 113,717 | 113,717 |
| Shareholders Funds | 101,891 | 127,404 | 129,714 | 103,562 | 96,361 |
| Borrowings | 42,209 | 28,884 | 27,804 | 31,766 | 24,849 |
| Net Tangible Assets ("NTA") | 94,854 | 120,367 | 122,677 | 96,525 | 89,324 |
| **Financial Ratio** | | | | | |
| **Investment Ratio** | | | | | |
| NTA per share | 0.38 | 0.24 | 0.25 | 0.15 | 0.14 |
| Basic (Loss)/Earnings Per Share (Sen) | (3.84) | 0.64 | 0.38 | (7.04) | (0.63) |
| Dividend per share (sen) | – | 0.2 | – | – | – |
| **Operating Ratio** | | | | | |
| After tax return on shareholders' fund (%) | (9.29) | 2.04 | 1.56 | (42.87) | (4.32) |
| Pre-tax profit margin (%) | (5.63) | 2.44 | 1.82 | (26.73) | (3.20) |
| **Financial Ratio** | | | | | |
| Gearing (times) | 0.42 | 0.23 | 0.22 | 0.31 | 0.26 |
| Interest Coverage ratio | (3.10) | 3.55 | 3.51 | (25.85) | (1.45) |
| **Liquidity ratio** | | | | | |
| Current ratio | 1.32 | 1.87 | 1.79 | 1.67 | 2.04 |
| Quick ratio | 0.61 | 0.93 | 0.83 | 0.77 | 1.08 |

**Note:**

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

## CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial year ended 30 June 2024.

## CORPORATE EXERCISE

The Company's wholly owned subsidiary, Rex Canning Co. Sdn. Bhd. has completed the disposal of the land and buildings bearing the address plot 125 & 126, Jalan Perindustrian Bukit Minyak 5, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Seberang Perai, Pulau Pinang for a disposal consideration of RM41.80 million on 30 September 2024.

The proceeds from the disposal will be utilised firstly to repay bank borrowings, secondly for working capital required on day-to day operations of the Group and lastly to defray expenses related to the disposal.

## OUTLOOK AND PROSPECTS

The Group expects the business environment in the remaining year to remain challenging due to uncertainties that pose risks to business including the on-going global geopolitical tensions, inflationary pressures and rising costs of raw materials, packaging materials together with uncertainities in logistic cost and availability.

The Group will continue to focus on improving our performance through product innovation, new product launches, improving operational efficiency, adopting cost saving measures and broadening the distribution network to grow the Group's revenue and profitability.

## ACKNOWLEDGEMENTS

On behalf of the Board, I take this opportunity to extend a warm welcome to our new Chairman of the Board of Directors, Mr Hong Kok Cheong and new Chairman of the Audit and Risk Management Committee, Mr Tam Kok Meng, who have been appointed to the Board on 13 March 2024. Their combined experiences and expertise will contribute positively to the strategies and direction of the Group.

I would like to record our appreciation to previous members of the Board, Tan Sri Dato' Mohd Ibrahim and Mr Tai Keat Chai for their invaluable contributions to the Company during their tenures as Directors of the Company. I would also like to thank my fellow Board members, our shareholders, customers and business partners for their continued support, trust, and unwavering confidence over the past years.

To all our staff and management team, thank you for your dedication and commitment in driving the Company to greater heights.

**DAMENDRAN KUNARETNAM**
Group Managing Director

# ANALYSIS OF SHAREHOLDINGS

AS AT 4 OCTOBER 2024

| | | |
|---|---|---|
| Class of Securities | : | Ordinary Shares |
| Total Number of Holders | : | 1,572 |
| Number of Issued Share Capital | : | 657,670,581 |
| Voting Rights | : | One (1) vote per Ordinary Share |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares Held | % |
|---|---|---|---|---|
| 1 – 99 | 34 | 2.16 | 952 | 0.00 |
| 100 – 1,000 | 158 | 10.05 | 65,917 | 0.01 |
| 1,001 – 10,000 | 468 | 29.77 | 2,873,867 | 0.44 |
| 10,001 – 100,000 | 695 | 44.21 | 27,496,267 | 4.18 |
| 100,001 – 32,883,528 (*) | 215 | 13.68 | 430,470,712 | 65.45 |
| 32,883,529 and above (**) | 2 | 0.13 | 196,762,866 | 29.92 |
| **TOTAL** | **1,572** | **100.00** | **657,670,581** | **100.00** |

Remarks: * Less than 5% of Issued Shares
** 5% and above of Issued Shares

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The names of the substantial shareholders of Rex Industry Berhad and their respective shareholdings based on the Register of Substantial Shareholders of the Company as at 4 October 2024 are as follows:

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| **Substantial Shareholders** | **No. of Shares Held** | **%** | **No. of Shares Held** | **%** |
| Daiman Taipan Sdn. Bhd. | 183,577,800 | 27.91 | – | – |
| Darmendran A/L Kunaretnam | 83,399,603 | 12.68 | 183,577,800 (1) | 27.91 |
| Chee Cheng Chun | – | – | 183,577,800 (1) | 27.91 |

**Notes:**

(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his interest in Daiman Taipan Sdn. Bhd.

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

## DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of Rex Industry Berhad based on the Register of Directors' Shareholdings of the Company as at 4 October 2024 are as follows:

| Directors | Direct Interest No. of Shares Held | % | Deemed Interest No. of Shares Held | % |
|---|---|---|---|---|
| Hong Kok Cheong | – | – | – | – |
| Darmendran Kunaretnam | 83,399,603 | 12.68 | 183,577,800 (1) | 27.91 |
| Chee Cheng Chun | – | – | 183,577,800 (1) | 27.91 |
| Tam Kok Meng | – | – | – | – |
| Adnan bin Ahmad | – | – | – | – |
| Dato' Cheah Teng Lim | – | – | 100,000(2) | 0.02 |
| Chris Kong Wai Fa | – | – | – | – |

**Notes:**

(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his interest in Daiman Taipan Sdn. Bhd.

(2) Deemed interested pursuant to Section 59(11) of the Companies Act 2016 by virtue of the shareholdings held by his spouse, Madam Kok Jin Ling.

## THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 4 OCTOBER 2024

(without aggregating securities from different securities accounts belonging to the same persons)

| No. | Name of Shareholders | No. of Shares | (%) |
|---|---|---|---|
| 1. | Daiman Taipan Sdn. Bhd. | 151,352,200 | 23.01 |
| 2. | RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Darmendran Kunaretnam) | 45,410,666 | 6.90 |
| 3. | Sterling Honour Sdn. Bhd. | 32,640,900 | 4.96 |
| 4. | RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Daiman Taipan Sdn. Bhd.) | 32,225,600 | 4.90 |
| 5. | Innoteguh Sdn. Bhd. | 32,033,866 | 4.87 |
| 6. | Vivadoor Sdn. Bhd. | 28,997,200 | 4.41 |
| 7. | Thevandran A/L K Ragavan | 21,306,666 | 3.24 |
| 8. | Melody Station Sdn. Bhd. | 20,954,800 | 3.19 |
| 9. | UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Teo Siew Lai) | 17,990,300 | 2.74 |
| 10. | Darmendran Kunaretnam | 14,560,672 | 2.21 |
| 11. | Taiko Voyage Sdn. Bhd. | 13,273,733 | 2.02 |
| 12. | RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Kamlesh Kumar) | 12,024,600 | 1.83 |

# ANALYSIS OF SHAREHOLDINGS
(CONT'D)

## THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 4 OCTOBER 2024 (CONT'D)

(without aggregating securities from different securities accounts belonging to the same persons)

| No. | Name of Shareholders | No. of Shares | (%) |
|---|---|---|---|
| 13. | UOB Kay Hian Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Teo Kwee Hock) | 11,481,066 | 1.75 |
| 14. | Kenanga Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Thevandran A/L K Ragavan (021)) | 10,477,066 | 1.59 |
| 15. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Mohd Ibrahim bin Mohd Zain) | 9,415,600 | 1.43 |
| 16. | Malacca Equity Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Ng L'Yp-Hau) | 8,650,666 | 1.32 |
| 17. | CGS International Nominees Malaysia (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Darmendran Kunaretnam (MY2013)) | 8,533,333 | 1.30 |
| 18. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Darmendran Kunaretnam) | 8,068,266 | 1.23 |
| 19. | AMSEC Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Kuek Boon Siang) | 7,216,000 | 1.10 |
| 20. | AllianceGroup Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Darmendran Kunaretnam (7000587)) | 6,826,666 | 1.04 |
| 21. | Southern Realty Resource Sdn. Bhd. | 6,666,666 | 1.01 |
| 22. | Public Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Tang Kam Sing (E-KTN)) | 6,600,000 | 1.00 |
| 23. | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Exempt An for Aham Asset Management Berhad (TSTAC/CLNTT) | 6,596,000 | 1.00 |
| 24. | Haridas A/L Suppiah | 6,531,066 | 0.99 |
| 25. | Kuek Boon Siang | 5,292,100 | 0.80 |
| 26. | HLIB Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Chen Siew Cheen) | 5,040,000 | 0.77 |
| 27. | Securicor (Malaysia) Sdn. Bhd. | 4,772,700 | 0.73 |
| 28. | TA Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Tay Ben Chuan) | 4,602,000 | 0.70 |
| 29. | HSBC Nominees (Asing) Sdn. Bhd.<br>(Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch)) | 4,266,666 | 0.65 |
| 30. | AllianceGroup Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Choo Keng Weng (7003043)) | 2,666,666 | 0.41 |
| **TOTAL** | | **546,473,730** | **83.09** |

# ANALYSIS OF WARRANT A HOLDINGS

AS AT 4 OCTOBER 2024

| | | |
|---|---|---|
| Class of Securities | : | Warrants A |
| Number of Outstanding Warrants A Issued | : | 54,805,755 |
| Total Number of Holders | : | 382 |
| Exercise Ratio | : | 1 Warrant for 1 Ordinary Share |
| Maturity Date | : | 23 August 2027 |

## DISTRIBUTION OF WARRANT A HOLDINGS

**Size of Warrant A Holdings**

| | No. of Warrant A Holders | % | No. of Warrants A | % |
|---|---|---|---|---|
| 1 – 99 | 40 | 10.47 | 1,895 | 0.00 |
| 100 – 1,000 | 61 | 15.97 | 31,537 | 0.06 |
| 1,001 – 10,000 | 149 | 39.01 | 558,184 | 1.02 |
| 10,001 – 100,000 | 82 | 21.47 | 2,865,871 | 5.23 |
| 100,001 – 2,740,286 (*) | 45 | 11.78 | 26,066,436 | 47.56 |
| 2,740,287 and above (**) | 5 | 1.31 | 25,281,832 | 46.13 |
| **TOTAL** | **382** | **100.00** | **54,805,755** | **100.00** |

Remarks: * Less than 5% of Issued Warrants A
** 5% and above of Issued Warrants A

## DIRECTORS' WARRANT A HOLDINGS

The Directors' Warrant A Holdings of Rex Industry Berhad based on the Register of Directors' Warrant Holdings of the Company as at 4 October 2024 are as follows:

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| **Directors** | **No. of Warrants A Held** | **%** | **No. of Warrants A Held** | **%** |
| Hong Kok Cheong | – | – | – | – |
| Darmendran Kunaretnam | 6,949,965 | 12.68 | 14,525,866 (1) | 26.50 |
| Chee Cheng Chun | – | – | 14,525,866 (1) | 26.50 |
| Tam Kok MEng | – | – | – | – |
| Adnan bin Ahmad | – | – | – | – |
| Dato' Cheah Teng Lim | – | – | 33,333 (2) | 0.06 |
| Chris Kong Wai Fa | – | – | – | – |

**Notes:**

(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his interest in Daiman Taipan Sdn. Bhd.

(2) Deemed interested pursuant to Section 59(11) of the Companies Act 2016 by virtue of the shareholdings held by his spouse, Madam Kok Jin Ling.

# ANALYSIS OF WARRANT A HOLDINGS
(CONT'D)

## THIRTY (30) LARGEST WARRANT A HOLDERS BASED ON RECORD OF DEPOSITORS AS AT 4 OCTOBER 2024
(without aggregating securities from different securities accounts belonging to the same person)

| No. | Name of Shareholders | No. of Shares | (%) |
|---|---|---|---|
| 1. | Daiman Taipan Sdn. Bhd. | 10,423,733 | 19.02 |
| 2. | Warrants Capital Limited | 4,204,700 | 7.67 |
| 3. | RHB Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Daiman Taipan Sdn. Bhd.) | 4,102,133 | 7.48 |
| 4. | CGS-International Nominees Malaysia (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Hee Yuen Sang (MY2105)) | 3,756,000 | 6.85 |
| 5. | Vivadoor Sdn. Bhd. | 2,795,266 | 5.10 |
| 6. | Innoteguh Sdn. Bhd. | 2,669,488 | 4.87 |
| 7. | RHB Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Darmendran Kunaretnam) | 2,534,222 | 4.62 |
| 8. | Darmendran Kunaretnam | 2,463,389 | 4.49 |
| 9. | Chai Mei Ling | 1,925,000 | 3.51 |
| 10. | Voon Jye Wah | 1,445,300 | 2.64 |
| 11. | Sterling Honour Sdn. Bhd. | 1,130,200 | 2.06 |
| 12. | Hee Yuen Sang | 1,105,000 | 2.02 |
| 13. | GV Asia Fund Limited | 982,300 | 1.79 |
| 14. | Kenanga Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Thevandran A/L K Ragavan (021)) | 877,255 | 1.60 |
| 15. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Mohd Ibrahim bin Mohd Zain) | 784,666 | 1.43 |
| 16. | Malacca Equity Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Ng L'Yp-Hau) | 720,888 | 1.32 |
| 17. | CGS International Nominees Malaysia (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Darmendran Kunaretnam (MY2013)) | 711,111 | 1.30 |
| 18. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Darmendran Kunaretnam) | 672,355 | 1.23 |
| 19. | AMSEC Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Kuek Boon Siang) | 601,333 | 1.10 |
| 20. | Muhamad Fairiezal Bin Basri | 593,600 | 1.08 |

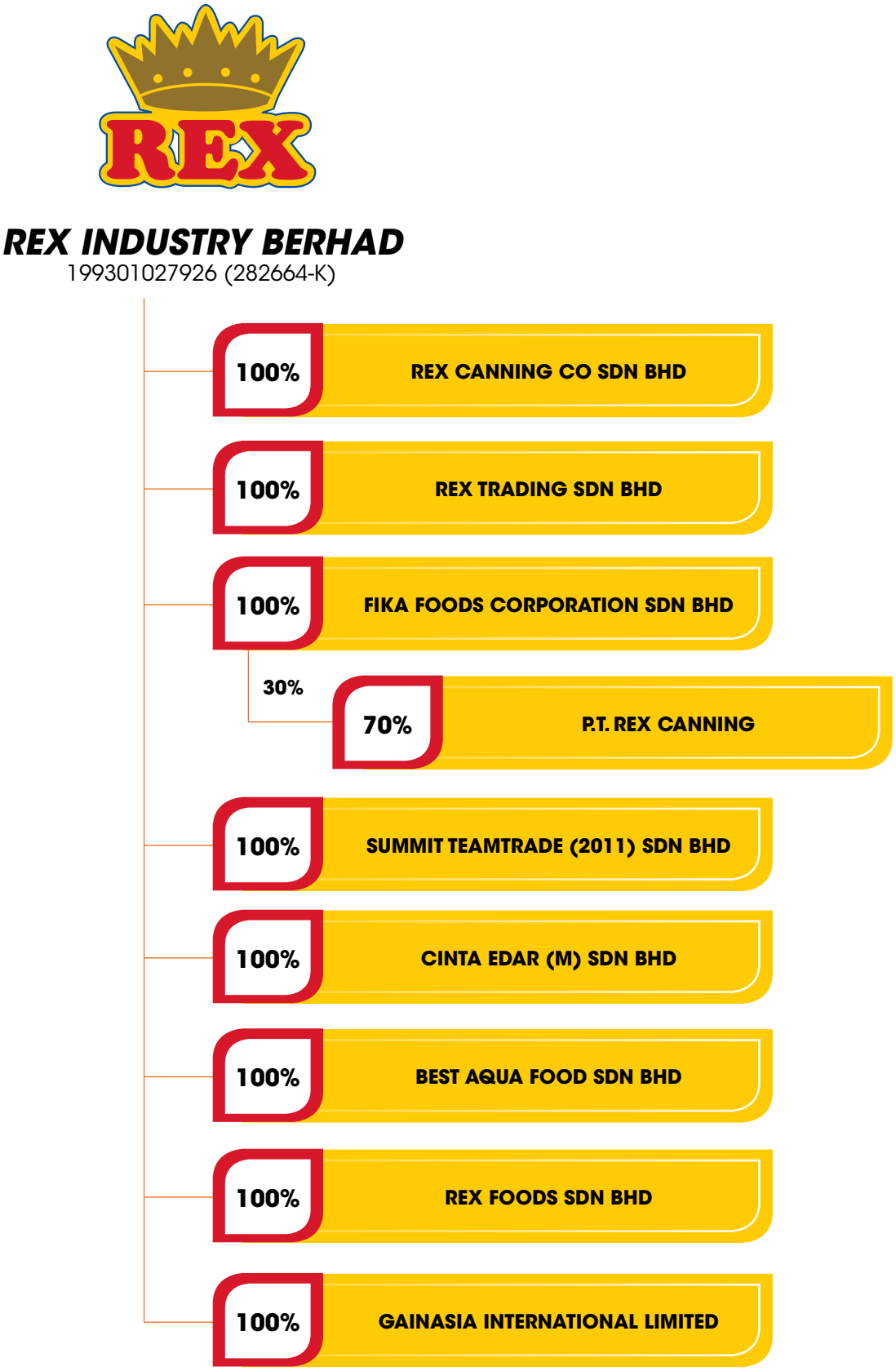
# ANALYSIS OF WARRANT A HOLDINGS
(CONT'D)

## THIRTY (30) LARGEST WARRANT A HOLDERS BASED ON RECORD OF DEPOSITORS AS AT 4 OCTOBER 2024 (CONT'D)

(without aggregating securities from different securities accounts belonging to the same person)

| No. | Name of Shareholders | No. of Shares | (%) |
|---|---|---|---|
| 21. | AllianceGroup Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Darmendran Kunaretnam (7000587) | 568,888 | 1.04 |
| 22. | Southern Realty Resource Sdn. Bhd. | 555,555 | 1.01 |
| 23. | Samsuri Bin Daud | 507,200 | 0.93 |
| 24. | HLIB Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Chen Siew Cheen) | 420,000 | 0.77 |
| 25. | HSBC Nominees (Asing) Sdn. Bhd.<br>(Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch)) | 355,555 | 0.65 |
| 26. | Chai Mei Ling | 329,000 | 0.60 |
| 27. | Ewe Hong Khoon | 316,833 | 0.58 |
| 28. | Public Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Ng Yong Leng (E-IMO)) | 258,000 | 0.47 |
| 29. | See Chong Gay | 249,400 | 0.46 |
| 30. | AllianceGroup Nominees (Tempatan) Sdn. Bhd.<br>(Pledged Securities Account for Choo Keng Weng (7003043)) | 222,222 | 0.41 |
| **TOTAL** | | **48,280,592** | **88.09** |

# CORPORATE STRUCTURE



# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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

## 1. PRINCIPAL ACTIVITIES

The Company is an investment holding company.The principal activities of the subsidiaries companies are as stated in Note 15 to the financial statements.

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

## 2. RESULTS FOR THE FINANCIAL YEAR

| | GROUP RM | COMPANY RM |
|---|---|---|
| Loss for the financial year, net of tax attributable to Owners of the Company | 4,167,260 | 419,244 |

## 3. DIVIDENDS

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

## 4. RESERVES AND PROVISIONS

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

## 5. ISSUANCE OF SHARES AND DEBENTURES

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

## 6. WARRANTS 2022/2027

During the financial year, no warrants were exercised. As at 30 June 2024, the total number of Warrants 2022/2027 that remained unexercised were 54,805,755.

The salient features and other terms of the Warrants 2022/2027 are disclosed in Note 23(b) to the financial statements.

Details of Warrants 2022/2027 issued to Directors are disclosed in the Directors' Interests section of this report.

# DIRECTORS' REPORT
(CONT'D)

## 7. OPTIONS GRANTED OVER UNISSUED SHARES

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

## 8. DIRECTORS

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

| | |
|---|---|
| Adnan Bin Ahmad | |
| Chee Cheng Chun* | |
| Darmendran Kunaretnam* | |
| Dato' Cheah Teng Lim* | |
| Kong Wai Fa* | |
| Hong Kok Cheong | (Appointed on 13 March 2024) |
| Tam Kok Meng | (Appointed on 13 March 2024) |
| Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain | (Resigned on 31 March 2024) |
| Tai Keat Chai | (Resigned on 31 March 2024) |

* These Directors are also Directors of the Company's subsidiaries.

The name of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

| | |
|---|---|
| Drs. Lody Joko Susilo | |
| Vong Nee Toh | (Resigned on 31 March 2024) |

## 9. DIRECTORS' INTERESTS

According to the register of Directors' shareholdings under Section 59 of the Companies Act 2016, the interests of Directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations, if any, during the financial year are as follows:

| | Number of Ordinary Shares | | | |
|---|---|---|---|---|
| | **At 01.07.2023 Unit** | **Bought Unit** | **Sold Unit** | **At 30.06.2024 Unit** |
| **Name of Directors** | | | | |
| *Ordinary shares in the Company* | | | | |
| *Direct interests:* | | | | |
| Darmendran Kunaretnam | 83,399,603 | – | – | 83,399,603 |
| *Indirect interests:* | | | | |
| Darmendran Kunaretnam* | | | | |
| - Daiman Taipan Sdn. Bhd. | 174,310,400 | 9,267,400 | – | 183,577,800 |
| Chee Cheng Chun* | | | | |
| - Daiman Taipan Sdn. Bhd. | 174,310,400 | 9,267,400 | – | 183,577,800 |
| Dato' Cheah Teng Lim^ | 100,000 | – | – | 100,000 |

## 9. DIRECTORS' INTERESTS (CONT'D)

According to the register of Directors' shareholdings under Section 59 of the Companies Act 2016, the interests of Directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations, if any, during the financial year are as follows:

| | Number of Warrants | | | |
|---|---|---|---|---|
| | At 01.07.2023 Unit | Bought Unit | Sold/ Conversion Unit | At 30.06.2024 Unit |
| **Warrants shareholding registered in the name of Directors** | | | | |
| **In the Company** | | | | |
| *Direct interest:* | | | | |
| Darmendran Kunaretnam | 6,949,965 | – | – | 6,949,965 |
| *Indirect interest:* | | | | |
| Darmendran Kunaretnam* | | | | |
| - Daiman Taipan Sdn. Bhd. | 14,525,866 | – | – | 14,525,866 |
| Chee Cheng Chun* | | | | |
| - Daiman Taipan Sdn. Bhd. | 14,525,866 | – | – | 14,525,866 |
| Dato' Cheah Teng Lim^ | 33,333 | – | – | 33,333 |

* Deemed interested via shareholding in a related corporation pursuant to Section 8(4) of the Companies Act 2016 in Malaysia.

^ Indirect interest by virtue of shares held by his spouse pursuant to Section 59 and 197 of the Companies Act 2016 in Malaysia.

The other Directors in office at the end of the financial year had no interest in the ordinary shares and warrants of the Company and its related corporations during the financial year.

## 10. DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were disclosed in Note 9 to the financial statements.

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed 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, except as disclosed in Note 30 to the financial statements.

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.

# DIRECTORS' REPORT
(CONT'D)

## 11. INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

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

## 12. OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of comprehensive income of the Group and 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 Group and 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 Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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 Group or 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 Group or 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 Group or 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 Group and of the Company misleading.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## 13. SIGNIFICANT EVENTS AND EVENTS AFTER REPORTING PERIOD

Significant events during the financial year and events after the reporting period are disclosed in Note 36 and Note 37 respectively to the financial statements.

## 14. AUDITORS

The total amount receivable by the auditors as remuneration are disclosed in Note 9 to the financial statements.

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

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

**HONG KOK CHEONG**
Director

**DARMENDRAN KUNARETNAM**
Director

# STATEMENT BY DIRECTORS

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

We, **Hong Kok Cheong** and **Darmendran Kunaretnam**, being two of the Directors of **REX INDUSTRY BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 84 to 159 are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and of their financial performance and cash flows of the Group and 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.

**HONG KOK CHEONG**
Director

**DARMENDRAN KUNARETNAM**
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 INDUSTRY BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 84 to 159 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,
**THANGAPERUMAL A/L ANDIMUTHU**
**W 919**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF REX INDUSTRY BERHAD 199301027926 (282664 - K)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Rex Industry Berhad, 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 of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 84 to 159.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and 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 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 Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Impairment assessment on goodwill*

Goodwill on consolidation amounting to RM7,037,480 is disclosed in Note 16 to the financial statements and is carried at cost less accumulated impairment losses, if any, as stated in Note 6(j) to the financial statements.

As stated in Note 5(b), the Group is required to, at least annually or more frequently when indication of impairment exists, perform impairment assessment on goodwill that has an indefinite useful life. For the purpose of performing impairment assessments, goodwill has been allocated to respective cash-generating unit ("CGU"). Management have assessed the recoverable amounts of goodwill based on value in use of the CGU.

# INDEPENDENT AUDITORS' REPORT
(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

**Key Audit Matters (Cont'd)**

*Impairment assessment on investment in subsidiaries*

Investment in subsidiaries amounting to RM82,013,702 is disclosed in Note 15 to the financial statements and is carried at cost less accumulated impairment losses as stated in Note 6(a) to the financial statements.

As stated in Note 5(e) to the financial statements, investment in subsidiaries are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Lower net assets recorded by certain subsidiaries have resulted in an indication that the carrying amounts of investments in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amount of the investments in subsidiaries as the higher of fair value less cost of disposal and its value in use.

*Impairment assessment on property, plant and equipment ("PPE")*

Property, plant and equipment amounting to RM38,167,611 is disclosed in Note 12 to the financial statements and are carried at cost less accumulated depreciation and accumulated impairment losses as stated in Note 6(g) to the financial statements.

As stated in Note 5(a) to the financial statements, the Group reviews the carrying amount amounts of property, plant and equipment at each reporting date to assess whether there is any indicator of impairment.

The Group has incurred loss of RM4,167,260. This gave rise to an indication that the carrying amounts of PPE may be impaired. Accordingly, the Group estimated the recoverable amounts of the PPE as the higher of fair value less cost of disposal and its value in use.

Management have assessed recoverable amounts as the higher of fair value less cost of disposal and value in use. We have identified the impairment assessments mentioned above as a key audit matters as the process of estimating value in use, requires significant judgement in applying the assumptions used, in particular, determining budgeted gross margins, growth rates and discount rates, used in the projections.

**How our audit addressed the Key Audit Matters**

In addressing the Key Audit Matters, we have performed, among others, the following audit procedures:-

- Evaluated the assumptions and methodologies used in performing the impairment assessment;
- Tested the basis of preparing the cash flow forecasts taking into account the historical evidence and future business strategies supporting the underlying assumptions;
- Evaluated the key assumptions, in particular, the weighted-average cost of capital discount rate and growth rate of sales by comparing against internal information;
- Assessed the sensitivity of the cash flows to the changes in key assumptions used in the discounted cash flows projections;
- Assessed the basis in deriving the fair value less costs of disposal of certain PPE;
- Assessed the net assets of the subsidiaries in deriving the recoverable amounts of the cost of investments; and
- Evaluated the adequacy of the Group's disclosures in the financial statements concerning those key assumptions to which the outcome of the impairment assessment is most sensitive.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

**Responsibilities of the Directors for the Financial Statements**

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# INDEPENDENT AUDITORS' REPORT
(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- 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 Group's and 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 Group's or 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 Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

# INDEPENDENT AUDITORS' REPORT (CONT'D)

**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 content of this report.

Signed at Kuala Lumpur on 24 October 2024.

**RAKI CS TAN & RAMANAN**
**(AF 0190)**
**CHARTERED ACCOUNTANTS**

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

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

| | Note | Group 2024 RM | Group 2023 RM | Company 2024 RM | Company 2023 RM |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Revenue | 7 | 130,522,286 | 162,408,090 | – | – |
| Changes in inventories | | (10,747,561) | (6,482,134) | – | – |
| Raw materials and consumables used | | (84,506,576) | (111,457,480) | – | – |
| Staff cost | | (17,062,213) | (23,357,395) | (102,450) | (89,100) |
| Depreciation | | (1,966,663) | (4,656,957) | – | – |
| Other expenses | | (20,453,302) | (35,244,942) | (320,375) | (292,896) |
| Impairment loss on financial assets | | – | (3,336,868) | – | – |
| Impairment loss on non-financial assets | | (201,036) | (20,633,216) | – | (30,745,462) |
| Other income | 8 | 1,941,054 | 963,849 | 3,581 | – |
| **Loss from operations** | | (2,474,011) | (41,797,053) | (419,244) | (31,127,458) |
| Finance costs | 9(d) | (1,706,849) | (1,616,892) | – | – |
| **Loss before tax from continuing operations** | 9 | (4,180,860) | (43,413,945) | (419,244) | (31,127,458) |
| Tax benefit/(expense) | 10 | 13,600 | (985,180) | – | – |
| **Loss for the financial year** | | (4,167,260) | (44,399,125) | (419,244) | (31,127,458) |
| **Other comprehensive loss, net of tax** | | | | | |
| Item that may be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translation | | (3,210,946) | 2,098,635 | – | – |
| Item that will not be reclassified subsequently to profit or loss | | | | | |
| Defined benefit plan actuarial gain | | 176,804 | 335,128 | – | – |
| **Total other comprehensive loss for the financial year** | | (3,034,142) | 2,433,763 | – | – |
| **Total comprehensive loss for the financial year** | | (7,201,402) | (41,965,362) | (419,244) | (31,127,458) |
| **Loss attributable to:** | | | | | |
| Owners of the Company | | (4,167,260) | (44,399,125) | (419,244) | (31,127,458) |
| **Total comprehensive loss attributable to:** | | | | | |
| Owners of the Company | | (7,201,402) | (41,965,362) | (419,244) | (31,127,458) |
| **Basic loss per ordinary share attributable to Owners of the Company (sen):** | | | | | |
| - Basic/Diluted | 11 | (0.63) | (7.04) | | |

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

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

| | Note | Group 2024 RM | Group 2023 RM | Company 2024 RM | Company 2023 RM |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 12 | 38,167,611 | 52,239,323 | – | – |
| Right-of-use assets | 13 | 415,145 | 5,576,472 | – | – |
| Investment properties | 14 | 5,194,425 | 5,505,572 | – | – |
| Investments in subsidiaries | 15 | – | – | 82,013,702 | 82,013,702 |
| Goodwill on consolidation | 16 | 7,037,480 | 7,037,480 | – | – |
| | | 50,814,661 | 70,358,847 | 82,013,702 | 82,013,702 |
| **Current Assets** | | | | | |
| Inventories | 17 | 49,679,470 | 58,045,582 | – | – |
| Trade receivables | 18 | 22,788,365 | 28,669,726 | – | – |
| Other receivables | 19 | 2,931,647 | 2,879,181 | 23,884 | 30,331 |
| Tax recoverable | | 813,850 | 187,256 | 31,320 | 31,320 |
| Fixed deposits with licensed banks | 20 | 893,677 | 936,589 | – | – |
| Cash and bank balances | | 8,338,811 | 17,427,480 | 22,637 | 22,018 |
| | | 85,445,820 | 108,145,814 | 77,841 | 83,669 |
| Assets held for sale | 21 | 19,565,851 | – | – | – |
| | | 105,011,671 | 108,145,814 | 77,841 | 83,669 |
| **TOTAL ASSETS** | | 155,826,332 | 178,504,661 | 82,091,543 | 82,097,371 |

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

# STATEMENT OF FINANCIAL POSITION
(CONT'D)

| | Note | Group 2024 RM | Group 2023 RM | Company 2024 RM | Company 2023 RM |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | 22 | 113,716,680 | 113,716,680 | 113,716,680 | 113,716,680 |
| Reserves | 23 | (4,779,413) | (1,568,467) | – | – |
| Accumulated losses | | (12,576,420) | (8,585,964) | (35,298,459) | (34,879,215) |
| **Total equity attributable to owners of the Company** | | 96,360,847 | 103,562,249 | 78,418,221 | 78,837,465 |
| **Non-current liabilities** | | | | | |
| Borrowings | 24 | 6,388,966 | 8,178,974 | – | – |
| Deferred tax liabilities | 25 | 1,463,585 | 1,477,185 | – | – |
| Lease liabilities | 26 | 228,019 | 477,939 | – | – |
| | | 8,080,570 | 10,134,098 | – | – |
| **Current liabilities** | | | | | |
| Trade payables | 27 | 14,779,836 | 20,010,259 | – | – |
| Other payables | 28 | 14,517,541 | 17,609,197 | 164,954 | 127,583 |
| Rebate liability | 29 | 3,536,175 | 3,296,408 | – | – |
| Amounts due to subsidiaries | | – | – | 3,508,368 | 3,132,323 |
| Borrowings | 24 | 18,459,673 | 23,586,617 | – | – |
| Lease liabilities | 26 | 91,690 | 226,342 | – | – |
| Tax payable | | – | 79,491 | – | – |
| | | 51,384,915 | 64,808,314 | 3,673,322 | 3,259,906 |
| **Total liabilities** | | 59,465,485 | 74,942,412 | 3,673,322 | 3,259,906 |
| **TOTAL EQUITY AND LIABILITIES** | | 155,826,332 | 178,504,661 | 82,091,543 | 82,097,371 |

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

| | | Attributable to Owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | | Distributable | |
| | Note | Share Capital RM | Other Reserve RM | Translation Reserve RM | Warrants Reserve RM | Total Reserves RM | Retained Earnings/ (Accumulated Losses) RM | Total Equity RM |
| **Group** | | | | | | | | |
| **At 1 July 2023** | | 113,716,680 | (2,092,584) | (1,568,467) | 2,092,584 | (1,568,467) | (8,585,964) | 103,562,249 |
| Foreign currency translation difference for foreign operations | | – | – | (3,210,946) | – | (3,210,946) | – | (3,210,946) |
| Defined benefit plan actuarial gain | | – | – | – | – | – | 176,804 | 176,804 |
| **Total other comprehensive (loss)/income for the financial year** | | – | – | (3,210,946) | – | (3,210,946) | 176,804 | (3,034,142) |
| Loss for the financial year | | – | – | – | – | – | (4,167,260) | (4,167,260) |
| **Total comprehensive loss for the financial year** | | – | – | (3,210,946) | – | (3,210,946) | (3,990,456) | (7,201,402) |
| **At 30 June 2024** | | 113,716,680 | (2,092,584) | (4,779,413) | 2,092,584 | (4,779,413) | (12,576,420) | 96,360,847 |

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

# STATEMENT OF CHANGES IN EQUITY (CONT'D)

| | Note | Attributable to Owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | | Distributable | |
| | | Share Capital RM | Other Reserve RM | Translation Reserve RM | Warrants Reserve RM | Total Reserves RM | Retained Earnings/ (Accumulated Losses) RM | Total Equity RM |
| **Group (Cont'd)** | | | | | | | | |
| **At 1 July 2022** | | 97,903,444 | – | (3,667,102) | – | (3,667,102) | 35,478,033 | 129,714,375 |
| Foreign currency translation difference for foreign operation | | – | – | 2,098,635 | – | 2,098,635 | – | 2,098,635 |
| Defined benefit plan actuarial gain | | – | – | – | – | – | 335,128 | 335,128 |
| **Total other comprehensive income for the financial year** | | – | – | 2,098,635 | – | 2,098,635 | 335,128 | 2,433,763 |
| Loss for the financial year | | – | – | – | – | – | (44,399,125) | (44,399,125) |
| **Total comprehensive income/(loss) for the financial year** | | – | – | 2,098,635 | – | 2,098,635 | (44,063,997) | (41,965,362) |
| **Transaction with Owners of the Company** | | | | | | | | |
| Rights issue with warrants, net of transaction costs | 22, 23 | 15,813,236 | (2,092,584) | – | 2,092,584 | – | – | 15,813,236 |
| **At 30 June 2023** | | 113,716,680 | (2,092,584) | (1,568,467) | 2,092,584 | (1,568,467) | (8,585,964) | 103,562,249 |

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

# STATEMENT OF CHANGES IN EQUITY (CONT'D)

| | Note | Attributable to Owners of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | Distributable | |
| | | Share Capital RM | Other Reserve RM | Warrants Reserve RM | Total Reserves RM | Accumulated Losses RM | Total Equity RM |
| **Company** | | | | | | | |
| **At 1 July 2022** | | 97,903,444 | – | – | – | (3,751,757) | 94,151,687 |
| Loss for the financial year, representing total comprehensive income for the financial year | | – | – | – | – | (31,127,458) | (31,127,458) |
| **Transaction with Owners of the Company** | | | | | | | |
| Rights issue with warrants, net of transaction costs | 22, 23 | 15,813,236 | (2,092,584) | 2,092,584 | – | – | 15,813,236 |
| **At 30 June 2023** | | 113,716,680 | (2,092,584) | 2,092,584 | – | (34,879,215) | 78,837,465 |
| Loss for the financial year, representing total comprehensive income for the financial year | | – | – | – | – | (419,244) | (419,244) |
| **At 30 June 2024** | | 113,716,680 | (2,092,584) | 2,092,584 | – | (35,298,459) | 78,418,221 |

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

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| **Cash Flows from Operating Activities** | | | | |
| Loss before tax from continuing operations | (4,180,860) | (43,413,945) | (419,244) | (31,127,458) |
| 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 | 1,637,925 | 4,126,210 | – | – |
| Depreciation of right-of-use assets | 218,628 | 418,388 | – | – |
| Gain on disposal of property, plant and equipment | (931,811) | – | – | – |
| Gain on lease termination | (9,175) | | – | – |
| Loss on lease termination | 31,107 | – | – | – |
| Impairment loss on: | | | | |
| - investments in subsidiaries | – | – | – | 30,745,462 |
| - property, plant and equipment | – | 20,633,216 | – | – |
| - investment properties | 201,036 | – | – | – |
| - trade receivables | – | 548,859 | – | – |
| - other receivables | – | 2,788,009 | – | – |
| Interest expense | 1,706,849 | 1,616,892 | – | – |
| Interest income | (183,172) | (149,217) | – | – |
| (Reversal)/provision for employee termination benefits | (110,614) | 900,000 | – | – |
| Provision for dismantling and relocation cost | – | 360,000 | – | – |
| Reversal of impairment loss on: | | | | |
| - trade receivables | – | (186,244) | – | – |
| - other receivables | – | (213,599) | – | – |
| Reversal of allowance for obsolete and slow-moving inventories | – | (6,493) | – | – |
| Unrealised loss on foreign exchange, net | 413,368 | 423,394 | – | – |
| Waiver of lease liabilities | – | (7,500) | – | – |
| Investment in subsidiaries written off | – | – | – | 10 |
| Operating loss before changes in working capital | (1,096,608) | (6,603,226) | (419,244) | (381,986) |
| **Changes in working capital:** | | | | |
| Inventories | 5,318,208 | (3,094,657) | – | – |
| Trade and other receivables | 4,446,524 | 6,960,938 | 6,447 | 205,166 |
| Trade and other payables | (5,454,701) | (975,295) | 7,371 | (127,789) |
| Rebate liability | 239,767 | 2,700,132 | – | – |
| **Cash from/(used in) operations** | 3,453,190 | (1,012,108) | (405,426) | (304,609) |
| Interest paid | (1,706,849) | (1,616,892) | – | – |
| Interest received | 183,172 | 149,217 | – | – |
| Tax paid | (723,202) | (1,029,916) | – | – |
| **Net cash from/(used in) operating activities** | 1,206,311 | (3,509,699) | (405,426) | (304,609) |

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

# STATEMENT OF CASH FLOWS (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| **Cash Flows from Investing Activities** | | | | |
| Acquisition of property, plant and equipment | (3,023,941) | (1,673,746) | – | – |
| Sales proceed form disposal of property, plant and equipment | 990,625 | – | – | – |
| Acquisition of right-of-use assets: | | | | |
| - Cash payments | – | (89,896) | – | – |
| Advances to subsidiaries | – | – | – | (15,712,319) |
| **Net cash used in investing activities** | (2,033,316) | (1,763,642) | – | (15,712,319) |
| **Cash Flows from Financing Activities** | | | | |
| (Repayment to)/advance from Directors | (1,795,445) | (4,307,970) | 30,000 | – |
| Advances from subsidiaries | – | – | 376,045 | 132,400 |
| Drawdown/(repayment) of borrowings, net | (5,957,540) | 2,716,375 | – | – |
| Payment for the principal portion of lease liabilities | (101,172) | (280,061) | – | – |
| Proceeds from issuance of rights issue with warrants net of transaction costs | – | 15,813,236 | – | 15,813,236 |
| **Net cash (used in)/from financing activities** | (7,854,157) | 13,941,580 | 406,045 | 15,945,636 |
| **Net increase/(decrease) in cash and cash equivalents** | (8,681,162) | 8,668,239 | 619 | (71,292) |
| Cash and cash equivalents at beginning of the financial year | 16,291,889 | 7,507,269 | 22,018 | 93,310 |
| Effect of exchange rate changes on cash and cash equivalents | (137,668) | 116,381 | – | – |
| **Cash and cash equivalents at end of the financial year** | 7,473,059 | 16,291,889 | 22,637 | 22,018 |

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

# STATEMENT OF CASH FLOWS
(CONT'D)

(i) Cash and cash equivalents comprise:-

| | Note | Group 2024 RM | Group 2023 RM | Company 2024 RM | Company 2023 RM |
|---|---|---|---|---|---|
| Cash and bank balances | | 8,338,811 | 17,427,480 | 22,637 | 22,018 |
| Fixed deposits with licensed banks | 20 | 893,677 | 936,589 | – | – |
| | | 9,232,488 | 18,364,069 | 22,637 | 22,018 |
| Less: Bank overdrafts | 24 | (1,759,429) | (2,072,180) | – | – |
| | | 7,473,059 | 16,291,889 | 22,637 | 22,018 |

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

| | Amount due to Directors RM | Banker's acceptance RM | Term loans RM | Revolving credit RM | Lease liabilities RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2024** | | | | | |
| At 1 July 2023 | 4,295,838 | 17,340,209 | 9,353,202 | 3,000,000 | 704,281 |
| Disposal | – | – | – | – | (254,041) |
| Exchange differences | – | (646,661) | – | – | (29,359) |
| Interest expense | – | 957,570 | 504,725 | 82,064 | 46,350 |
| Repayment | (1,795,445) | (2,465,342) | (1,954,493) | (3,082,064) | (147,522) |
| **Net changes in financing cash flows** | (1,795,445) | (1,507,772) | (1,449,768) | (3,000,000) | (101,172) |
| At 30 June 2024 | 2,500,393 | 15,185,776 | 7,903,434 | – | 319,709 |
| **2023** | | | | | |
| At 1 July 2022 | 8,603,808 | 13,009,048 | 10,512,227 | 3,000,000 | 663,147 |
| Additions | – | – | – | – | 308,529 |
| Waiver of lease liabilities | – | – | – | – | (7,500) |
| Exchange differences | – | 455,761 | – | – | 20,166 |
| Interest expense | – | 836,536 | 529,864 | 145,413 | 26,149 |
| Repayment | (4,307,970) | – | (1,688,889) | (145,413) | (306,210) |
| Drawdown, net | – | 3,038,864 | – | – | – |
| **Net changes in financing cash flows** | (4,307,970) | 3,875,400 | (1,159,025) | – | (280,061) |
| At 30 June 2023 | 4,295,838 | 17,340,209 | 9,353,202 | 3,000,000 | 704,281 |

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

# STATEMENT OF CASH FLOWS (CONT'D)

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

| | Amount due to subsidiaries RM |
|---|---|
| **Company** | |
| **2024** | |
| At 1 July 2023 | 3,132,323 |
| Advances from | 376,045 |
| At 30 June 2024 | 3,508,368 |
| **2023** | |
| At 1 July 2022 | 2,999,923 |
| Advances from | 132,400 |
| At 30 June 2023 | 3,132,323 |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

## 1. GENERAL INFORMATION

### (a) PRINCIPAL ACTIVITIES

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is an investment holding company.The principal activities of the subsidiaries companies are as stated in Note 15 to the financial statements.

There have been no significant changes in the 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) DATE OF AUTHORISATION OF ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Group and 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 Group and 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").

## 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 |

## 3. NEW STANDARDS ADOPTED (CONT'D)

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.

## 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 |

**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 |

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.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of financial statements, and the reported amounts of the revenue and expenses during the reported year. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual result may differ.

The key assumptions made on estimation uncertainty and critical judgements that could cause material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

### (a) Impairment of property, plant and equipment

The Group 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 Group 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) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

### (c) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with their debt instruments carried at amortised cost. The impairment methodology applied as disclosed in Note 6(n) depends on whether there has been a significant increase in credit risk.

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

For other receivables and amount due from related parties, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and 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.

For amount due from subsidiaries, 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.

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

The key assumptions made on estimation uncertainty and critical judgements that could cause material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows: (Cont'd)

### (d) Allowance for obsolete and slow-moving inventories

In conjunction with the business rationalisation plan undertaken by the Company which would lead to decommissioning of one of the subsidiary's production facilities in prior 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 selling 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.

### (e) Carrying value of investment in subsidiaries

Investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

### (f) Defined benefit plan

The cost of retirement benefit, death benefit, disability benefit and resignation benefit as well as the present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rate, salary increment rate, mortality rate, disability rate and resignation rate. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management has derived the applicable interest rates from the market yield on government bond which sourced from Indonesia Bond Pricing Agency ("IBPA") per date of calculation.

The details of the other assumptions are further disclosed in Note 28(v).

### (g) 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 Group 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.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

The key assumptions made on estimation uncertainty and critical judgements that could cause material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows: (Cont'd)

### (h) Rebate liability

The Group participates in various promotional programmes with customers designed to increase the sale of products. Among the programmes are arrangements under which rebates, refunds, price concessions or similar items can be earned by customers for attaining agreed upon sales levels, or for participating in specific marketing programmes. Those promotional programmes do not give rise to a separate performance obligation. Where the consideration the Group is entitled to varies because of such programmes, the amount payable is deemed to be variable consideration. Management makes estimates on an ongoing basis for each individual promotion to assess the value of the variable consideration based upon detailed budget agreed between management and customers. The related accruals are recognised as a deduction from revenue or in other expenses and are not considered distinct from the sale of products to the customer.

## 6. MATERIAL ACCOUNTING POLICIES

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

### (a) BASIS OF CONSOLIDATION

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (a) BASIS OF CONSOLIDATION (Cont'd)

Consolidation (Cont'd)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in the profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in the profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Discount on acquisition which represents negative goodwill is recognised immediately as income in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (a) BASIS OF CONSOLIDATION (Cont'd)

Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

### (b) FOREIGN CURRENCY

#### (i) Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the 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 at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

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 part of the Group's net investment in foreign operation.

#### (ii) Foreign operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:-

- Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to other comprehensive income.

Exchange reserve in respect of a foreign operation is recognised to the profit or loss when control, joint control or significant influence over the foreign operation is lost.

On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to the profit or loss in respect of all other partial disposals.

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (c) REVENUE 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 in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group 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 Group 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 it 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.

The control of the promised goods or services may be transferred over time or at a point 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 Group's performance as the Group performs;

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's performance does not create an asset with an alternative use and the Group 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.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (c) REVENUE RECOGNITION (Cont'd)

**Rebate Liability**

A rebate liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.The rebate liability will be offset against revenue when the Group performs its obligation under the contracts.

The Group provides retrospective volume rebates and other discounts to customers. Rebates and discounts are offset against amount payable by the customer.To estimate the variable consideration for the expected future rebates and discounts, the Group applies the most likely amount method. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

**Other income**

Other income earned by the Group and 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.

### (d) 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 Group. Short term accumulating compensated absences such as paid annual leave is 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 leaves 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"). The subsidiaries outside Malaysia make contributions to the relevant state pension scheme. Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group has no further payment obligations.

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (d) EMPLOYEE BENEFITS (Cont'd)

**Defined benefit plan**

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the end of the reporting period on government bond (sourced from Indonesia Bond Pricing Agency ("IBPA")) that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans to equity in other comprehensive income in the period when they arise and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

### (e) BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in the 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 its 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 its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (f) 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 from domestic and foreign operations, using tax rates enacted or substantively 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 or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the carrying amount of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities at the time of transaction which is not a business combination and that 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 there 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 assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted 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.

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (g) 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.

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 |

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.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (h) CAPITAL WORK-IN PROGRESS

Capital work-in-progress is measured at cost less any accumulated impairment losses and includes borrowing costs incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

### (i) 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 the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property 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 Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### (j) INTANGIBLE ASSETS

**Goodwill**

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash-generating units and is measured at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the consolidated statement of comprehensive income.

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (k) 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 for as follows:

- cost of raw materials and packaging materials comprise cost of purchase and are stated on a weighted average cost or standard cost basis (which approximates average actual cost).

- cost of finished goods includes raw materials and packing materials, labour and an appropriate proportion of production overheads.

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

### (l) FINANCIAL INSTRUMENTS

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or 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, transaction 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 contract 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.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (I) FINANCIAL INSTRUMENTS (Cont'd)

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

The Group and the Company categorise 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 Group or 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 the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [Note 6(n)] where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment [Note 6(n)].

**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 gains 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 presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (I) FINANCIAL INSTRUMENTS (Cont'd)

#### (iv) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

Liabilities arising from financial guarantees are presented together with other provisions.

#### (v) 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.

#### (vi) 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial assets are transferred to another party. 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 the 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.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (m) 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.

### (n) IMPAIRMENT OF FINANCIAL ASSETS

The Group and 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 Group and 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.

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (n) IMPAIRMENT OF FINANCIAL ASSETS (Cont'd)

Simplified approach – trade receivables

The Group and 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 Group's and 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 Group and 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 Group and 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 Group and 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 Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

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 Group and 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 Group and the Company in full, without recourse by the Group and 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 Group and the Company are exposed to credit risk.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (n) IMPAIRMENT OF FINANCIAL ASSETS (Cont'd)

Credit impaired financial assets

At each reporting date, the Group and 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 Group and the Company on terms that the Group and the Company would not consider otherwise);
- 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 Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due. Any recoveries made are recognised in the profit or loss.

### (o) EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities.

(i) Ordinary shares

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

(ii) Issuance expenses

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (o) EQUITY INSTRUMENTS (Cont'd)

(iii) Warrants reserve

Rights Issue with Warrants

Total proceeds received by the Company arising from the Rights Issue with Warrants have been allocated to two types of equity instruments i.e. share capital and warrants. Fair value of Rights Issue and Warrants are adjusted for the apportionment of its relative fair value between share capital and warrants. The amount allocated to warrant represents the relative fair value of the warrant issued are credited to a warrants reserve which is non-distributable. Warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to other reserve.

### (p) 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.

### (q) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group and 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 Group and the Company or a present obligation that is not recognised because it is not probable that an outflow or 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 Group and the Company. The Group and the Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

### (r) OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 6. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (s) 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.

When measuring the fair value of an asset or a liability, the Group 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 technique as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group 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 Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

### (t) EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year for the effects of all dilutive potential ordinary shares and warrants.

### (u) PROVISIONS

A provision is recognised if, as a result of a past event, the Group or 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.

## 7. REVENUE

The Group sells a range of canned food, beverages and premix products. Revenue from sales of 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.

Disaggregation of revenue by geographical area is disclosed in Note 32.

## 8. OTHER INCOME

Other income comprise of:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Gain on disposal of property, plant and equipment | 931,811 | – | – | – |
| Gain on foreign exchange (realised) | 147,849 | – | – | – |
| Gain on lease termination | 9,175 | – | – | – |
| Interest income | 183,172 | 149,217 | 779 | – |
| Reversal on impairment loss on trade receivables | – | 186,244 | – | – |
| Reversal on impairment loss on other receivables | – | 213,599 | – | – |
| Reversal of allowance for obsolete and slow moving inventories | – | 6,493 | – | – |
| Waiver of lease liabilities | – | 7,500 | – | – |
| Scrap sales | 460,194 | – | – | – |
| Sundry income | 42,453 | 70,513 | 2,802 | – |
| Rental income | 166,400 | 330,283 | – | – |
| | 1,941,054 | 963,849 | 3,581 | – |

## 9. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

a) Loss before tax from continuing operations is stated after charging:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Auditors' remuneration: | | | | |
| - statutory audit | 208,770 | 224,681 | 55,000 | 60,000 |
| - other services | 29,000 | 36,726 | 29,000 | 8,000 |
| - under provision in prior year | 12,251 | – | 4,080 | – |
| Allowance for obsolete and slow-moving inventories | – | 5,446,445 | – | – |
| Depreciation of investment properties | 110,111 | 112,359 | – | – |
| Depreciation of property, plant and equipment | 1,637,925 | 4,126,210 | – | – |
| Depreciation of right- of-use assets | 218,628 | 418,388 | – | – |
| Employee benefits expense (Note b) | 17,062,213 | 23,357,395 | 102,450 | 89,100 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 9. LOSS BEFORE TAX FROM CONTINUING OPERATIONS (CONT'D)

a) Loss before tax from continuing operations is stated after charging: (Cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Impairment loss on: | | | | |
| - investments in subsidiaries | – | – | – | 30,745,462 |
| - property, plant and equipment | – | 20,633,216 | – | – |
| - investment properties | 201,036 | – | – | – |
| - trade receivables | – | 548,859 | – | – |
| - other receivables | – | 2,788,009 | – | – |
| Provision for dismantling and relocation cost | – | 360,000 | – | – |
| Realised loss on foreign exchange | – | 2,239 | – | – |
| Short-term lease and lease of low value assets: | | | | |
| - premises | 867,761 | 774,599 | – | – |
| - equipment | 170,477 | 210,277 | – | – |
| Loss on lease termination | 31,107 | – | – | – |
| Unrealised loss on foreign exchange, net | 413,368 | 423,394 | – | – |
| Investment in subsidiaries written off | – | – | – | 10 |

b) Employees benefits comprise of:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| **Staff costs:** | | | | |
| Directors' remuneration (Note c) | 1,616,803 | 1,697,930 | 102,450 | 89,100 |
| Salaries, wages, allowances and overtime | 15,153,921 | 19,969,366 | – | – |
| Income from defined benefit plan | (2,096) | (702,676) | – | – |
| Contributions to a defined contribution plan | 340,462 | 593,153 | – | – |
| Social security contributions | 63,737 | 899,622 | – | – |
| (Reversal)/provision for employee termination benefits | (110,614) | 900,000 | – | – |
| | 17,062,213 | 23,357,395 | 102,450 | 89,100 |

## 9. LOSS BEFORE TAX FROM CONTINUING OPERATIONS (CONT'D)

c) Directors' remunerations comprise of:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| **Directors of the Company:** | | | | |
| *Executive Directors* | | | | |
| Salaries, fees and other emoluments | 1,162,576 | 1,228,335 | – | – |
| Contributions to defined contribution plan | 66,708 | 72,108 | – | – |
| Social security contributions | 4,346 | 1,438 | – | – |
| | 1,233,630 | 1,301,881 | – | – |
| *Non-executive Directors* | | | | |
| Fees and allowances | 216,950 | 226,100 | 102,450 | 89,100 |
| | 1,450,580 | 1,527,981 | 102,450 | 89,100 |
| **Directors of the subsidiaries:** | | | | |
| *Executive Directors* | | | | |
| Salaries and other emoluments | 158,101 | 161,854 | – | – |
| Social security contributions | 8,122 | 8,095 | – | – |
| | 166,223 | 169,949 | – | – |
| | 1,616,803 | 1,697,930 | 102,450 | 89,100 |

d) Finance costs comprise of:

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| Bank overdrafts | 116,140 | 78,930 |
| Bankers' acceptance | 957,570 | 836,536 |
| Lease liabilities | 46,350 | 26,149 |
| Revolving credit | 82,064 | 145,413 |
| Term loans | 504,725 | 529,864 |
| | 1,706,849 | 1,616,892 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 10. TAX (BENEFIT)/EXPENSE

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| **Current income tax:** | | |
| - Malaysian tax | – | – |
| - Foreign tax | – | 985,538 |
| Under provision in prior year: | | |
| - Malaysian tax | – | 14,345 |
| | – | 999,883 |
| **Deferred tax (Note 25):** | | |
| Reversal of temporary differences | (13,600) | (14,703) |
| Tax (benefit)/expense for the financial year | (13,600) | 985,180 |

Reconciliation of tax expense of the Company is as follows:-

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Loss before tax from continuing operations | (4,180,860) | (43,413,945) | (419,244) | (31,127,458) |
| Tax at the Malaysian statutory income tax rate of 24% (2023: 24%) | (1,003,406) | (10,419,300) | (100,619) | (7,470,600) |
| Effect of different tax rate in other country | 13,990 | (11,737) | – | – |
| Income not subject to tax | – | (95,929) | – | – |
| Expenses not deductible for tax purposes | 1,282,012 | 1,677,541 | 100,619 | 7,470,600 |
| Potential deferred tax not recognised | (306,196) | 9,820,260 | – | – |
| Under provision in respect of prior years: - income tax | – | 14,345 | – | – |
| Tax expense for the financial year | (13,600) | 985,180 | – | – |

## 10. INCOME TAX EXPENSE (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable results for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has the following estimates unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits:-

| | Group | |
|---|---|---|
| | **2024 RM** | **2023 RM** |
| Unutilised tax losses | 34,751,997 | 34,885,063 |
| Unabsorbed capital allowances | 26,663,184 | 23,635,427 |
| | 61,415,181 | 58,520,490 |

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 | 3,521,564 | 6,646,269 |
| Year of assessment 2030 | 7,965,408 | 7,965,408 |
| Year of assessment 2031 | 8,247,162 | 8,247,162 |
| Year of assessment 2032 | 615,515 | 615,515 |
| Year of assessment 2033 | 1,835,653 | 11,307,823 |
| Year of assessment 2034 | 9,575,056 | 102,886 |
| Year of assessment 2035 | 2,991,639 | – |
| | 34,751,997 | 34,885,063 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 11. LOSS PER ORDINARY SHARE

### (a) Basic

Basic loss per ordinary share for the financial year is calculated by dividing the loss after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|---|---|---|
| | **2024 RM** | **2023 RM** |
| **Basic loss per share:** | | |
| Loss after tax attributable to Owners of the Company | (4,167,260) | (44,399,125) |
| **Weighted average number of ordinary shares in issue:** | | |
| Number of ordinary shares at beginning of the financial year (unit) | 657,670,581 | 493,252,936 |
| Effect of rights issue with warrants | – | 137,390,087 |
| **Weighted average number of ordinary shares at end of the financial year** | 657,670,581 | 630,643,023 |
| Basic loss per share (sen) | (0.63) | (7.04) |

### (b) Diluted

Diluted loss per share is not presented as the Warrants 2022/2027 were anti-dilutive in nature during the financial year, considering the average market price of the ordinary share was lower than the exercise price of the unexpired warrants as disclosed in Note 23 (b).

## 12. PROPERTY, PLANT AND EQUIPMENT

| | Land RM | Buildings RM | Plant, machinery and factory equipment RM | Furniture, fittings and office equipment RM | Motor vehicles RM | Capital work-in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2024** | | | | | | | |
| **Cost** | | | | | | | |
| At 1 July 2023 | 16,300,386 | 40,856,604 | 57,178,098 | 8,586,146 | 3,674,999 | – | 126,596,233 |
| Additions | – | – | 2,564,042 | 135,301 | 142,800 | 181,798 | 3,023,941 |
| Disposals | – | – | (27,397,864) | (360) | (665,464) | – | (28,063,688) |
| Reclassification to assets held for sale (Note 21) | – | (22,035,523) | (150,948) | – | – | – | (22,186,471) |
| Exchange difference | (502,693) | (207,662) | (308,475) | (75,259) | (103,855) | (6,147) | (1,204,091) |
| At 30 June 2024 | 15,797,693 | 18,613,419 | 31,884,853 | 8,645,828 | 3,048,480 | 175,651 | 78,165,924 |
| **Less: Accumulated Depreciation** | | | | | | | |
| At 1 July 2023 | – | 10,541,393 | 34,273,403 | 5,665,279 | 3,087,536 | – | 53,567,611 |
| Charge for the financial year | – | 603,806 | 906,032 | 14,770 | 113,317 | – | 1,637,925 |
| Disposals | – | – | (18,903,003) | – | (590,138) | – | (19,493,141) |
| Reclassification to assets held for sale (Note 21) | – | (7,572,166) | – | – | – | – | (7,572,166) |
| Exchange difference | – | (86,719) | (166,014) | (68,473) | (98,276) | – | (419,482) |
| At 30 June 2024 | – | 3,486,314 | 16,110,418 | 5,611,576 | 2,512,439 | – | 27,720,747 |
| **Less: Accumulated Impairment Loss** | | | | | | | |
| At 1 July 2023 | 939,743 | 1,767,125 | 15,090,876 | 2,891,537 | 100,018 | – | 20,789,299 |
| Disposal | – | – | (8,494,861) | – | (16,872) | – | (8,511,733) |
| At 30 June 2024 | 939,743 | 1,767,125 | 6,596,015 | 2,891,537 | 83,146 | – | 12,277,566 |
| **Net Carrying Amount** | | | | | | | |
| At 30 June 2024 | 14,857,950 | 13,359,980 | 9,178,420 | 142,715 | 452,895 | 175,651 | 38,167,611 |

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

| | Land RM | Buildings RM | Plant, machinery and factory equipment RM | Furniture, fittings and office equipment RM | Motor vehicles RM | Capital work-in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|
| **Group (Cont'd)** | | | | | | | |
| **2023** | | | | | | | |
| **Cost** | | | | | | | |
| At 1 July 2022, as reported previously | 15,701,346 | 46,653,925 | 55,593,066 | 6,027,809 | 1,496,466 | 1,430,397 | 126,903,009 |
| Reclassification | 271,194 | (335,949) | (1,095,685) | 2,389,180 | 2,021,793 | – | 3,250,533 |
| At 1 July 2022, as restated | 15,972,540 | 46,317,976 | 54,497,381 | 8,416,989 | 3,518,259 | 1,430,397 | 130,153,542 |
| Additions | – | 654,984 | 823,926 | 120,036 | – | 74,800 | 1,673,746 |
| Reclassification within property, plant and equipment | – | – | 1,487,197 | 18,000 | – | (1,505,197) | – |
| Reclassification from right-of-use assets (Note 13) | – | – | – | – | 99,296 | – | 99,296 |
| Reclassification to investment properties (Note 14) | – | (6,249,366) | – | – | – | – | (6,249,366) |
| Exchange differences | 327,846 | 133,010 | 369,594 | 31,121 | 57,444 | – | 919,015 |
| At 30 June 2023 | 16,300,386 | 40,856,604 | 57,178,098 | 8,586,146 | 3,674,999 | – | 126,596,233 |

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

| | Land RM | Buildings RM | Plant, machinery and factory equipment RM | Furniture, fittings and office equipment RM | Motor vehicles RM | Capital work-in-progress RM | Total RM |
|---|---|---|---|---|---|---|---|
| **Group (Cont'd)** | | | | | | | |
| **2023 (Cont'd)** | | | | | | | |
| **Less: Accumulated Depreciation** | | | | | | | |
| At 1 July 2022, as reported previously | – | 9,986,415 | 31,788,287 | 3,801,905 | 793,140 | – | 46,369,747 |
| Reclassification | – | 429,503 | (590,282) | 1,434,715 | 1,976,597 | – | 3,250,533 |
| At 1 July 2022, as restated | – | 10,415,918 | 31,198,005 | 5,236,620 | 2,769,737 | – | 49,620,280 |
| Charge for the financial year | – | 701,422 | 2,822,844 | 399,011 | 202,933 | – | 4,126,210 |
| Reclassification from right-of-use assets (Note 13) | – | – | – | – | 63,369 | – | 63,369 |
| Reclassification to investment properties (Note 14) | – | (631,435) | – | – | – | – | (631,435) |
| Exchange differences | – | 55,488 | 252,554 | 29,648 | 51,497 | – | 389,187 |
| At 30 June 2023 | – | 10,541,393 | 34,273,403 | 5,665,279 | 3,087,536 | – | 53,567,611 |
| **Less: Accumulated Impairment Loss** | | | | | | | |
| At 1 July 2022 | – | – | – | 156,083 | – | – | 156,083 |
| Charge for the financial year | 939,743 | 1,767,125 | 15,090,876 | 2,735,454 | 100,018 | – | 20,633,216 |
| At 30 June 2023 | 939,743 | 1,767,125 | 15,090,876 | 2,891,537 | 100,018 | – | 20,789,299 |
| **Net Carrying Amount** | | | | | | | |
| At 30 June 2023 | 15,360,643 | 28,548,086 | 7,813,819 | 29,330 | 487,445 | – | 52,239,323 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

### a) Assets pledged as security

As at 30 June 2024, certain land and buildings with net carrying amount of RM28,217,930 (2023: RM29,150,201) are held as security with the banks for certain banking facilities granted to the Group as disclosed in Note 24.

### b) Land in Indonesia

Land in Indonesia which is regulated under Hak Guna Bangunan ("HGB") can be renewed indefinitely with minimal cost if certain conditions are met. The Group assessed the conditions and concluded that the possibility of nonrenewal of the usage rights of the land is remote. Hence, the Group exercised significant judgement and concluded that the land is in substance a purchase of rights which meets the definition of property, plant and equipment regardless of whether the legal title transfers.

### c) 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.

### d) Impairment loss

The Group 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 Group 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:

(i) Budgeted gross margin

The budgeted average gross margin is 15% to 21% (2023: 22%). Gross margins are based on average values achieved in the years preceding the beginning of the budget period. Gross margins are assumed to be maintained over the budgeted period.

(ii) Weighted average growth rate

The weighted average growth rate for business operations is 7% (2023: 6%). Revenue growth is based on growth achieved as well as taking into consideration of future demand outlook.

(iii) Discount rate

A post-tax discount rate of 9% to 12% (2023: 9.5%) was applied to the calculations in determining the recoverable amount of the CGU. The discount rate used is based on the average cost of capital of the CGU as well as taking into consideration of country risk premium.

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

### d) Impairment loss (Cont'd)

Management believes that while cash flow projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions used in assessing recoverable amounts have been considered in determining the recoverable amount of the CGU. Based on the sensitivity analysis performed, management concluded that no reasonably possible change in any of the above key assumptions would cause the recoverable amount of the unit to be materially below its carrying amount.

### e) Assets held for sale

The leasehold land (as disclosed in Note 13) and building (as disclosed in Note 12) have been reclassified to asset held for sale as disclosed in Note 21.

## 13. RIGHT-OF-USE ASSETS

| | Leasehold land RM | Hostel rental RM | Factory rental RM | Motor vehicles RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2024** | | | | | |
| **Cost** | | | | | |
| At 1 July 2023 | 7,048,346 | 187,871 | 544,982 | 716,963 | 8,498,162 |
| Reclassification to assets held for sale (Note 21) | (7,016,216) | – | – | – | (7,016,216) |
| Reclassification | (32,130) | 32,130 | – | – | – |
| Disposal | – | (220,001) | (544,982) | – | (764,983) |
| Exchange difference | – | – | – | (53,023) | (53,023) |
| At 30 June 2024 | – | – | – | 663,940 | 663,940 |
| **Less: Accumulated Depreciation** | | | | | |
| At 1 July 2023 | 2,321,603 | 140,903 | 335,372 | 123,812 | 2,921,690 |
| Charge for the financial year | 98,474 | 12,735 | – | 107,419 | 218,628 |
| Reclassification to assets held for sale (Note 21) | (2,420,077) | – | – | – | (2,420,077) |
| Disposal | – | (153,638) | (335,372) | – | (489,010) |
| Exchange difference | – | – | – | 17,564 | 17,564 |
| At 30 June 2024 | – | – | – | 248,795 | 248,795 |
| **Net Carrying Amount** | | | | | |
| At 30 June 2024 | – | – | – | 415,145 | 415,145 |

## 13. RIGHT-OF-USE ASSETS (CONT'D)

| | Leasehold land RM | Hostel rental RM | Factory rental RM | Motor vehicles RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2023** | | | | | |
| **Cost** | | | | | |
| At 1 July 2022 | 7,048,346 | 270,546 | 544,982 | 384,361 | 8,248,235 |
| Additions [Note (a)] | – | – | – | 398,425 | 398,425 |
| Reclassification to property, plant and equipment (Note 12)* | – | – | – | (99,296) | (99,296) |
| Expiry of lease contract | – | (82,675) | – | – | (82,675) |
| Exchange differences | – | – | – | 33,473 | 33,473 |
| At 30 June 2023 | 7,048,346 | 187,871 | 544,982 | 716,963 | 8,498,162 |
| **Less: Accumulated Depreciation** | | | | | |
| At 1 July 2022 | 2,200,403 | 78,280 | 251,529 | 113,181 | 2,643,393 |
| Charge for the financial year | 121,200 | 145,298 | 83,843 | 68,047 | 418,388 |
| Reclassification to property, plant and equipment (Note 12)* | – | – | – | (63,369) | (63,369) |
| Expiry of lease contract | – | (82,675) | – | – | (82,675) |
| Exchange differences | – | – | – | 5,953 | 5,953 |
| At 30 June 2023 | 2,321,603 | 140,903 | 335,372 | 123,812 | 2,921,690 |
| **Net Carrying Amount** | | | | | |
| At 30 June 2023 | 4,726,743 | 46,968 | 209,610 | 593,151 | 5,576,472 |

* *Reclassification as a result of the full settlement of lease*

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 13. RIGHT-OF-USE ASSETS (CONT'D)

(a) Acquisition of right of use assets are satisfied by the following:-

| | 2024 RM | 2023 RM |
|---|---|---|
| Cash payments | – | 89,896 |
| Lease arrangement | – | 308,529 |
| | – | 398,425 |

(b) The expenses/(income) charged/(credited) to the profit or loss during the financial year are as follow:-

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| Depreciation of right-of-use assets | 218,628 | 418,388 |
| Interest expense on lease liabilities | 46,350 | 26,149 |
| Lease of low value assets | 170,477 | 210,277 |
| Gain on lease termination | (9,175) | – |
| Loss on lease termination | 31,107 | – |
| Short-term leases | 867,761 | 774,599 |
| Waiver of lease liabilities | – | (7,500) |

## 14. INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| **Buildings** | | |
| **Cost** | | |
| At 1 July | 6,249,366 | – |
| Reclassification from property, plant and equipment (Note 12) | – | 6,249,366 |
| At 30 June | 6,249,366 | 6,249,366 |
| **Less: Accumulated Depreciation** | | |
| At 1 July | 743,794 | – |
| Reclassification from property, plant and equipment (Note 12) | – | 631,435 |
| Charge for the financial year | 110,111 | 112,359 |
| At 30 June | 853,905 | 743,794 |
| **Less: Accumulated Impairment Loss** | | |
| At 1 July | – | – |
| Addition | 201,036 | – |
| At 30 June | 201,036 | – |
| **Net Carrying Amount** | | |
| At 30 June | 5,194,425 | 5,505,572 |

## 14. INVESTMENT PROPERTIES (CONT'D)

(a) The fair value of the investment properties are as below:

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| **At fair value:** | | |
| Buildings | 5,700,000 | 5,700,000 |

The fair value is determined by the Directors based 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 Group have been pledged as security to secure term loan facilities of the Group as disclosed in Note 24.

(c) (Income)/expenses derived from the above investment properties are as below:

| | Group | |
|---|---|---|
| | 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 | 61,244 | 97,270 |

## 15. INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2024 RM | 2023 RM |
| **Unquoted Shares, Cost** | | |
| At beginning of the financial year | 42,233,607 | 42,501,620 |
| Written off | – | (268,013) |
| At end of the financial year | 42,233,607 | 42,233,607 |
| **Capital Contribution To Subsidiaries** | | |
| At beginning of the financial year | 79,100,166 | 51,221,633 |
| Addition | – | 27,878,533 |
| At end of the financial year | 79,100,166 | 79,100,166 |
| **Accumulated Impairment Loss** | | |
| At beginning of the financial year | 39,320,071 | 8,842,612 |
| Addition | – | 30,745,462 |
| Written off | – | (268,003) |
| At end of the financial year | 39,320,071 | 39,320,071 |
| **Net Carrying Amount** | 82,013,702 | 82,013,702 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Capital contribution to subsidiaries represents advances to subsidiaries which are non-trade in nature, unsecured and interest free and the settlement of the amounts are neither planned nor likely to occur in the foreseeable future.

| Name of company | Country of incorporation | Effective equity interest 2024 % | Effective equity interest 2023 % | Principal activities |
|---|---|---|---|---|
| Rex Canning Co. Sdn. Bhd. | Malaysia | 100 | 100 | Manufacture and export of canned food, beverages and premix products |
| Rex Trading Sdn. Bhd. | Malaysia | 100 | 100 | Trading of canned food, beverages and premix products |
| Fika Foods Corporation Sdn. Bhd. | Malaysia | 100 | 100 | Investment holding |
| Summit Teamtrade (2011) Sdn. Bhd. | Malaysia | 100 | 100 | Dormant |
| P.T. Rex Canning * # | Indonesia | 100 | 100 | Manufacture and export of canned food |
| Cinta Edar (M) Sdn. Bhd. | Malaysia | 100 | 100 | Dormant |
| Rex Foods Sdn. Bhd. | Malaysia | 100 | 100 | Dormant |
| Best Aqua Food Sdn. Bhd. | Malaysia | 100 | 100 | Dormant |
| Gainasia International Limited * ^ | British Virgin Islands | 100 | 100 | Dormant |

* *Not audited by Raki CS Tan & Ramanan*
\# *Fika Foods Corporation Sdn. Bhd. has 30% equity interest in P.T. Rex Canning.*
^ *The financial statements have been reviewed for consolidation purposes by Raki CS Tan & Ramanan*

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Impairment loss on investments in subsidiaries

The Company has carried out a review of the recoverable amounts of its investment in subsidiaries which have been determined based on discounted cash flows projections from financial budgets covering a period of 5 years.

In determining the discounted cash flows projections, the key assumptions used are as follows:

(a) Budgeted gross margin

The budgeted gross margins are ranging from 15% to 21% depending on the CGU. Gross margins are based on average values achieved in the years preceding the beginning 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 business operations is 7%. Revenue growth is based on growth achieved as well as taking into consideration of future demand outlook.

(c) Discount rate

A post-tax discount rate of 9% to 12% was applied to the calculations in determining the recoverable amount of the CGU. The discount rate used is derived based on the industry average cost of capital.

Management believes that while cash flow projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions used in assessing recoverable amounts have been considered in determining the recoverable amount of the CGU. Based on the sensitivity analysis performed, management concluded that no reasonably possible change in any of the above key assumptions would cause the recoverable amount of the unit to be materially below its carrying amount.

## 16. GOODWILL ON CONSOLIDATION

| | Group | |
|---|---|---|
| | **2024 RM** | **2023 RM** |
| **Cost** | | |
| At beginning/end of the financial year | 11,378,743 | 11,378,743 |
| **Accumulated Impairment Loss** | | |
| At beginning/end of the financial year | (4,341,263) | (4,341,263) |
| **Net Carrying Amount** | 7,037,480 | 7,037,480 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 16. GOODWILL ON CONSOLIDATION (CONT'D)

Impairment testing for CGU containing goodwill

Goodwill has been allocated to the Group's CGU identified according to the business segment as follows:-

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| Indonesia manufacturing plant | 7,037,480 | 7,037,480 |

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

Management has assessed the recoverable amount of goodwill based on value in use generated from the continuing use of the CGU projected based on the financial budget for 2025 and projected revenue growth 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 15% (2023: 15%). Gross margins are based on average values achieved in the years preceding the beginning of the budget period. Gross margins are assumed to be maintained over the budgeted period.

(b) Weighted average growth rate

The weighted average growth rate for business operation is 7% (2023: 5%). Revenue growth is projected based on growth achieved as well as taking into consideration of future demand outlook.

(c) Discount rate

A post-tax discount rate of 12% (2023: 9.3%) was applied to the calculations in determining the recoverable amount of the CGU. The discount rate used is based on the average cost of capital of the CGU as well as taking into consideration of country risk premium.

(d) Terminal growth rate

A terminal growth rate of Nil (2023: 2.5%) was then applied.

Management believes that while cash flow projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions used in assessing recoverable amounts have been considered in determining the recoverable amount of the CGU. Based on the sensitivity analysis performed, management concluded that no reasonably possible change in any of the above key assumptions would cause the recoverable amount of the unit to be materially below its carrying amount.

## 17. INVENTORIES

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| **Cost:** | | |
| Raw materials | 18,375,218 | 23,808,075 |
| Finished goods | 25,853,901 | 28,434,147 |
| Packaging materials | 7,377,724 | 9,732,651 |
| Spare parts and diesel | 1,524,936 | 1,587,866 |
| | 53,131,779 | 63,562,739 |
| Less: Allowance for obsolete and slow-moving inventories | | |
| At beginning of the financial year | (5,517,157) | (906,154) |
| Addition | – | (5,446,445) |
| Reversal | – | 6,493 |
| Written off | 2,064,848 | 828,949 |
| At end of the financial year | (3,452,309) | (5,517,157) |
| **Net Carrying Amount** | 49,679,470 | 58,045,582 |
| Inventories recognised in cost of sales | 97,609,913 | 110,391,546 |

## 18. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| Trade receivables, gross | 24,268,371 | 30,149,732 |
| Less: Allowance for impairment loss | | |
| At beginning of the financial year | (1,480,006) | (2,659,837) |
| Additions | – | (548,859) |
| Reversal | – | 186,244 |
| Written off | – | 1,542,446 |
| At end of the financial year | (1,480,006) | (1,480,006) |
| Trade Receivables, Net | 22,788,365 | 28,669,726 |

The normal credit terms of trade receivables of the Group range from 30 to 90 days (2023: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Trade receivables amounting to RM7,235,382 (2023: RM9,470,097) is held as security for bankers' acceptance facilities as disclosed in Note 24.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 19. OTHER RECEIVABLES

| | Note | Group 2024 RM | Group 2023 RM | Company 2024 RM | Company 2023 RM |
|---|---|---|---|---|---|
| Sundry receivables, gross | | 491,847 | 490,277 | – | – |
| Less: Allowance for impairment loss | | | | | |
| At beginning of the financial year | | (409,197) | (1,467,395) | – | – |
| Additions | | – | (325,799) | – | – |
| Reversal | | – | 213,599 | – | – |
| Written off | | – | 1,170,398 | – | – |
| At end of the financial year | | (409,197) | (409,197) | – | – |
| Sundry receivables, net | | 82,650 | 81,080 | – | – |
| Deposits, gross | (i) | 800,268 | 2,802,196 | – | – |
| Less: Allowance for impairment loss | | | | | |
| At beginning of the financial year | | (2,267,000) | – | – | – |
| Additions | | – | (2,267,000) | – | – |
| Written off | | 2,267,000 | – | – | – |
| At end of the financial year | | – | (2,267,000) | – | – |
| Deposits, net | | 800,268 | 535,196 | – | – |
| Prepayments, gross | (ii) | 2,243,939 | 2,458,115 | 23,884 | 30,331 |
| Less: Allowance for impairment loss | | | | | |
| At beginning of the financial year | | (195,210) | – | – | – |
| Additions | | – | (195,210) | – | – |
| At end of the financial year | | (195,210) | (195,210) | – | – |
| Prepayment, net | | 2,048,729 | 2,262,905 | 23,884 | 30,331 |
| **Other Receivables, Net** | | 2,931,647 | 2,879,181 | 23,884 | 30,331 |

(i) Included in deposits, net of the Group are:

(a) Deposits paid for the purchase of machineries amounting to Nil (2023: RM368,000); and

(b) Non-interest bearing deposits placed with a bank for bank guarantee facilities granted to the Group amounting to RM48,000 (2023: RM48,000).

(ii) Included in prepayments, net of the Group is advance payment to suppliers amounting to RM1,165,015 (2023: RM955,103).

## 20. FIXED DEPOSITS WITH LICENSED BANK

The effective interest rates of the fixed deposits of the Group ranging from 2.60% to 3.84% (2023: 2.80% to 3.84%) per annum with maturity period of 3 to 6 months (2023: 3 to 6 months).

## 21. ASSETS HELD FOR SALE

On 10 November 2023, a subsidiary of 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 36.

At 30 June 2024, these assets were classified as assets held for sales as follows:

| | NOTE | 2024<br>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 |
| | | 19,565,851 |

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.

## 22. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of shares | | Amount | |
| | 2024<br>Unit | 2023<br>Unit | 2024<br>RM | 2023<br>RM |
| **Ordinary Shares Issued And Fully Paid** | | | | |
| At beginning of the financial year | 657,670,581 | 493,252,936 | 113,716,680 | 97,903,444 |
| Rights issue with warrants | – | 164,417,645 | – | 15,813,236 |
| At end of the financial year | 657,670,581 | 657,670,581 | 113,716,680 | 113,716,680 |

The proceeds from the Rights Issue in the previous year were for business expansion and working capital purposes. The holders of ordinary shares are 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 regards to the Company's residual interests.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 23. RESERVES

| | Note | Group 2024 RM | Group 2023 RM | Company 2024 RM | Company 2023 RM |
|---|---|---|---|---|---|
| **Non-distributable:** | | | | | |
| Translation reserve | (a) | (4,779,413) | (1,568,467) | – | – |
| Warrants reserve | (b) | 2,092,584 | 2,092,584 | 2,092,584 | 2,092,584 |
| Other reserve | (c) | (2,092,584) | (2,092,584) | (2,092,584) | (2,092,584) |
| | | (4,779,413) | (1,568,467) | – | – |

### (a) Translation reserve

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries.

### (b) Warrants reserve

Warrants 2022/2027

In prior year, the Company has issued 54,805,755 free warrants ("Warrants 2022/2027") pursuant to the Rights Issue with Warrants on the basis of one Rights Warrant for every three Rights Shares subscribed, and completed the exercise following the listing of and quotation for the Warrants on the Main Market of Bursa Malaysia Securities Berhad on 30 August 2022. The fair value of the Warrant was determined based on the fair value of warrants immediately upon the listing and quotation thereof as RM0.07 per warrant. The Rights Warrants are constituted by the Deed Poll dated 29 August 2022.

The salient features and other terms of the Warrants are as follows:

(i) Issue price

The Warrants will be issued at no cost to the Entitled Shareholders.

(ii) Exercise price

Each Warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share in the Company at an exercise price of RM0.15 per Warrant.

(iii) Exercise period

Five (5) years commencing on and including the date of issuance of the Warrants. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

(iv) Rights of Warrant holders

The holder of Warrants shall not be entitled to any voting rights or to participate in any dividends, rights, allotments and/or other forms of distributions other than on winding-up, compromise or arrangement of our Company and/or offer of further securities in the Company until and unless such holders of the Warrants become a shareholder of the Company by exercising their Warrants into new Ordinary Shares of the Company or unless otherwise resolved by the Company in a general meeting.

## 23. RESERVES (CONT'D)

### (b) Warrants reserve (Cont'd)

Warrants 2022/2027 (Cont'd)

The salient features and other terms of the Warrants are as follows: (Cont'd)

(v) Ranking of new ordinary shares

The new ordinary shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing ordinary shares of the Company except that such new ordinary shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new ordinary shares.

(vi) Adjustment in the exercise price and/or number of Warrants

The exercise price and/or the number of Warrants held by each Warrant holder may from time to time be adjusted by the Directors in consultation with an approved adviser and certified by the auditors at any time during the tenure of the Warrants.

As at 30 June 2024, total number of Warrants that remains unexercised were 54,805,755.

### (c) Other reserve

Other reserve represents the discount on issuance of shares and the value of which is represented by the fair value of warrants. The other reserve, in substance, form part of the issued and paid-up share capital and is presented separately for better understanding.

## 24. BORROWINGS

| | Group | |
|---|---|---|
| | 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 |
| Bankers' acceptance (secured) | 7,235,382 | 9,470,097 |
| Revolving credit (unsecured) | – | 3,000,000 |
| Term loans (secured) | 1,514,468 | 1,174,228 |
| | 18,459,673 | 23,586,617 |
| | 24,848,639 | 31,765,591 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 24. BORROWINGS (CONT'D)

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| **Represented By:** | | |
| Term loans | 7,903,434 | 9,353,202 |
| Bank overdrafts | 1,759,429 | 2,072,180 |
| Bankers' acceptance | 15,185,776 | 17,340,209 |
| Revolving credit | – | 3,000,000 |
| | 24,848,639 | 31,765,591 |
| **Maturity Profile of Borrowings:** | | |
| On demand or within 1 year | 18,459,673 | 23,586,617 |
| 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 |
| | 24,848,639 | 31,765,591 |
| 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

Interest rate per annum at the reporting date for the bank borrowings of the Group are as follows:

| | 2024 % | 2023 % |
|---|---|---|
| Bank overdrafts | BLR* + 1.5 | BLR* + 1.5 |
| Bankers' acceptance | 3.49 to 6.50 | 3.41 to 6.50 |
| 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

## 24. BORROWINGS (CONT'D)

Bank borrowings of the Group are secured by:-

(i) land and buildings of the Group as disclosed in Notes 12 and 14;
(ii) corporate guarantee of the Company; and
(iii) proceeds from certain trade receivables of the Group as disclosed in Note 18.

## 25. DEFERRED TAX LIABILITIES

| | Group | |
|---|---|---|
| | **2024 RM** | **2023 RM** |
| At beginning of the financial year | 1,477,185 | 1,491,888 |
| Recognised in profit or loss (Note 10) | (13,600) | (14,703) |
| At end of the financial year | 1,463,585 | 1,477,185 |
| Presented before appropriate offsetting: | | |
| - Deferred tax assets | (1,625,701) | (864,200) |
| - Deferred tax liabilities | 3,089,286 | 2,341,385 |
| | 1,463,585 | 1,477,185 |

This is in respect of estimated deferred tax liabilities/(assets) arising from temporary differences as follows:

| | Group | |
|---|---|---|
| | **2024 RM** | **2023 RM** |
| **Deferred Tax Liabilities:** | | |
| Deemed cost of property, plant and equipment | 3,089,286 | 2,341,385 |
| | 3,089,286 | 2,341,385 |
| **Deferred Tax Assets:** | | |
| Excess of tax base between the net carrying amount of property, plant and equipment | (895,134) | (118,800) |
| Unabsorbed capital allowance | (730,567) | – |
| Other deductible temporary differences* | – | (745,400) |
| | (1,625,701) | (864,200) |
| | 1,463,585 | 1,477,185 |

* Comprised of allowance for obsolete and slow-moving inventories and impairment loss on trade receivables.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 25. DEFERRED TAX LIABILITIES (CONT'D)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows stated at gross:-

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| Unutilised tax losses | 34,751,997 | 34,885,063 |
| Unabsorbed capital allowances | 26,663,184 | 23,635,427 |
| Other deductible temporary differences | 4,326,792 | 8,497,300 |
| | 65,741,973 | 67,017,790 |

## 26. LEASE LIABILITIES

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| At 1 July | 704,281 | 663,147 |
| Addition | – | 308,529 |
| Disposal | (254,041) | (7,500) |
| Interest | 46,350 | 26,149 |
| Repayment | (147,522) | (306,210) |
| Exchange difference | (29,359) | 20,166 |
| At 30 June | 319,709 | 704,281 |

| | Motor Vehicles RM |
|---|---|
| **Group (Cont'd)** | |
| **2024** | |
| **Minimum Leases Payables** | |
| Within 1 year | 129,973 |
| More than 1 year but less than 2 years | 129,973 |
| More than 2 years but less than 5 years | 145,419 |
| | 405,365 |
| Less: Future finance lease charges | (85,656) |
| **Present Value of Lease Payables** | 319,709 |

## 26. LEASE LIABILITIES

| | Motor Vehicles RM |
|---|---|
| **Group (Cont'd)** | |
| **2024** | |
| **Present Value of Lease Payables** | |
| Within 1 year | 91,690 |
| More than 1 year but less than 2 years | 98,970 |
| More than 2 years but less than 5 years | 129,049 |
| **Present Value of Lease Payables** | 319,709 |
| **Analysed As:** | |
| Current portion | 91,690 |
| Non-current portion | 228,019 |
| | 319,709 |

| | Hostel Rental RM | Factory Rental RM | Motor Vehicles RM | Total RM |
|---|---|---|---|---|
| **Group (Cont'd)** | | | | |
| **2023** | | | | |
| **Minimum Leases Payables** | | | | |
| Within 1 year | 48,600 | 90,000 | 140,353 | 278,953 |
| More than 1 year but less than 2 years | – | 90,000 | 140,353 | 230,353 |
| More than 2 years but less than 5 years | – | 45,000 | 297,386 | 342,386 |
| | 48,600 | 225,000 | 578,092 | 851,692 |
| Less: Future finance lease charges | (448) | (6,215) | (140,748) | (147,411) |
| **Present Value of Lease Payables** | 48,152 | 218,785 | 437,344 | 704,281 |
| **Present Value of Lease Payables** | | | | |
| Within 1 year | 48,152 | 86,088 | 92,102 | 226,342 |
| More than 1 year but less than 2 years | – | 87,982 | 99,012 | 186,994 |
| More than 2 years but less than 5 years | – | 44,715 | 246,230 | 290,945 |
| **Present Value of Lease Payables** | 48,152 | 218,785 | 437,344 | 704,281 |
| **Analysed As:** | | | | |
| Current portion | 48,152 | 86,088 | 92,102 | 226,342 |
| Non-current portion | – | 132,697 | 345,242 | 477,939 |
| | 48,152 | 218,785 | 437,344 | 704,281 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 27. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors to the Group range from 30 to 90 days (2023: 30 to 90 days).

## 28. OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Other payables | (i) | 2,906,305 | 3,551,446 | 46,294 | 54,081 |
| Accruals | | 4,906,686 | 5,836,451 | 88,660 | 73,502 |
| Deposit | (ii) | 3,052,000 | – | – | – |
| Provision for dismantling and relocation cost | (iii) | – | 360,000 | – | – |
| Provision for employee termination benefits | (iv) | – | 900,000 | – | – |
| Retirement benefits | (v) | 884,999 | 1,771,797 | – | – |
| Amounts due to Directors | (vi) | 2,500,393 | 4,295,838 | 30,000 | – |
| Amounts due to related parties | (vi) | 267,158 | 893,665 | – | – |
| | | 14,517,541 | 17,609,197 | 164,954 | 127,583 |

(i) Other payables

Included in sundry payables of the Group is security deposits received from customers of RM100,000 (2023: RM150,000).

(ii) Deposit

Included in deposit of the Group is deposit received for disposal of property as per Note 36.

(iii) Provision for dismantling and relocation cost

In prior year, the Group recognised a provision of RM360,000 for dismantling and relocation and are based on management's estimation.

Movement in provision for dismantling and relocation cost is as below:

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| At beginning of the financial year | 360,000 | – |
| Additions | – | 360,000 |
| Payment during the financial year | (360,000) | – |
| At end of the financial year | – | 360,000 |

## 28. OTHER PAYABLES (CONT'D)

(iv) Provision for employee termination benefits

In prior year, the Group recognised a provision of RM900,000 for employee termination benefits and are based on a detailed plan agreed between the management and employees. The amount has been paid in the current financial year end in July 2023 and August 2023.

Movement of provision for employee termination benefits is as below:

| | Group | |
|---|---|---|
| | **2024 RM** | **2023 RM** |
| At beginning of the financial year | 900,000 | 306,210 |
| Additions | – | 900,000 |
| Reversal | (110,614) | – |
| Payment during the financial year | (789,386) | (306,210) |
| At end of the financial year | – | 900,000 |

(v) Retirement benefits

A subsidiary of the Group in Indonesia makes contributions to four non-contributory defined benefit plans that provide retirement benefit, death benefit, disability benefit and resignation benefit for employees.

| | Group | |
|---|---|---|
| | **2024 RM** | **2023 RM** |
| **Movement in the present value of defined benefit obligations** | | |
| At beginning of the financial year | 1,771,797 | 2,720,305 |
| Current service cost and interest | 174,708 | 283,153 |
| Past service cost | – | (566,335) |
| Other cost | – | (84,366) |
| Benefit payment | (780,119) | (335,128) |
| Actuarial gain recognised in other comprehensive income | (176,804) | (335,128) |
| Exchange differences | (104,583) | 89,296 |
| At end of the financial year | 884,999 | 1,771,797 |

**Income recognised in profit or loss**

| | Group | |
|---|---|---|
| | **2024 RM** | **2023 RM** |
| Current service cost and interest | 174,708 | 283,153 |
| Past service cost | – | (566,335) |
| Other cost | – | (84,366) |
| Actuarial gain | (176,804) | (335,128) |
| | (2,096) | (702,676) |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 28. OTHER PAYABLES (CONT'D)

(v) Retirement benefits (Cont'd)

**Income recognised in profit or loss (Cont'd)**

The income is recognised in the following line item in the statements of comprehensive income:-

| | Group | |
|---|---|---|
| | **2024** | **2023** |
| | **RM** | **RM** |
| Staff cost | (2,096) | (702,676) |

**Actuarial gain recognised directly in other comprehensive income**

| | Group | |
|---|---|---|
| | **2024** | **2023** |
| | **RM** | **RM** |
| At beginning of the year | 1,041,928 | 706,800 |
| Recognised during the year | 176,804 | 335,128 |
| At end of the year | 1,218,732 | 1,041,928 |

**Actuarial assumptions**

| | Group | |
|---|---|---|
| | **2024** | **2023** |
| | **%** | **%** |
| Discount rate | 7.02 | 6.79 |
| Salary increment rate | 2.00 | 7.00 |
| Disability rate | 0.10 | 5.00 |
| Resignation rate | 25% up to the age of 30 and decrease linearly to 0% at retirement age | 15% up to the age of 30 and decrease linearly to 0% at retirement age |

(vi) These amounts represent unsecured, interest-free advance which is repayable on demand.

## 29. REBATE LIABILITY

Rebate liability relates to the most likely amount of rebate to be given to customers and to be offset against amounts payable by the customers upon satisfaction of certain sales conditions.

## 30. RELATED PARTIES DISCLOSURE

### (a) Control Relationship

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

The Group and the Company have a related party relationship with its subsidiaries, related parties and key management personnel. Related parties are companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

### (b) Details of Significant Related Parties Balances:

Significant related company balances are disclosed in Note 15 and 28 to the financial statements.

### (c) Details of Significant Related Parties Transactions:

| | 2024<br>RM | 2023<br>RM |
|---|---|---|
| **Company** | | |
| **Transactions with subsidiaries:** | | |
| Advances from | 132,400 | 132,400 |
| Repayment to | (303,849) | (15,712,319) |
| **Group** | | |
| **Transactions with related parties:** | | |
| Short-term lease of office | 102,000 | 93,600 |
| Purchase of goods | – | 41,867 |
| Rental income | (36,000) | (36,000) |
| Security charges | 20,939 | – |
| Transportation charges | 4,187,767 | 5,150,087 |
| Travelling expenses | 44,274 | 59,840 |
| Upkeep of motor vehicles | 97,487 | 76,773 |
| Water charges | 598 | 312 |
| Warehouse management | 240,000 | 272,000 |

The Directors are of the view that the above transactions have been entered into the normal course of business under terms and conditions no less favourable to the Company than those arranged with independent third parties.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 30. RELATED PARTY DISCLOSURES (CONT'D)

### (d) Compensation of Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise all the Directors of the Company and its subsidiaries, as well as certain senior management personnel of the Group and of the Company.

The remunerations paid by the Group and the Company to the Directors during the financial year are disclosed in Note 9(c).

The remuneration of other members of key management personnel of the Group during the financial year are as follows:

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| **Key management personnel:** | | |
| Salaries and other emoluments | 2,052,653 | 1,075,102 |
| Contributions to defined contribution plan | 88,366 | 43,056 |
| Social security contributions | 39,003 | 23,604 |
| | 2,180,022 | 1,141,762 |

## 31. CAPITAL COMMITMENT

| | Group | |
|---|---|---|
| | 2024 RM | 2023 RM |
| **Authorised and contracted for:** | | |
| Acquisition of machineries | 136,880 | 368,000 |

## 32. OPERATING SEGMENTS

The Group has only one reportable segment, which is principally engaged in the manufacture and distribution of canned food, beverages and premix products. The Group's Managing Director (the Chief Operating Decision Maker) reviews internal management reports on the reportable segment on a monthly basis. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

**Geographical area**

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

| | Group External revenue | | Group Non-current assets* | |
|---|---|---|---|---|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| Malaysia | 56,790,968 | 65,943,221 | 35,710,955 | 54,253,834 |
| USA | 51,733,350 | 70,370,989 | – | – |
| Europe | 15,101,220 | 19,730,196 | – | – |
| Asia (excluding Malaysia) | 6,896,748 | 6,363,684 | 15,103,706 | 16,105,013 |
| | 130,522,286 | 162,408,090 | 50,814,661 | 70,358,847 |

* Non-current assets consist of all non-current assets other than financial instruments and deferred tax assets.

**Major customer information**

The Group has three (2023: three) customers who contributed RM8,880,059 (2023: RM6,196,688), representing 7% (2023: 4%) of the Group's revenue during the financial year.

## 33. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the objectives and policies in respect of each of these are as follows:

### (a) Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to prior years.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 33. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The main areas of financial risks faced by the Group and the objectives and policies in respect of each of these are as follows: (Cont'd)

### (a) Credit Risk (Cont'd)

#### (i) Trade receivables

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

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

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

Nevertheless, receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to the previous year.

**Exposure to credit risk, credit quality and collateral**

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

**Credit risk concentration profile**

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

The Group has significant concentration of credit risk arising from the amounts due from 3 customers (2023: 3 customers) constituting 39% (2023: 18%) of gross trade receivables of the Group.

**Recognition and measurement of impairment loss**

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values.

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime expected credit losses as disclosed in Note 6(n). The Group assesses impairment of trade receivables on individual and collective basis.

## 33. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (a) Credit Risk (Cont'd)

#### (i) Trade receivables and other receivables (Cont'd)

**Recognition and measurement of impairment loss (Cont'd)**

For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually.

For collective assessment, the Group determines the expected credit losses by using a provision matrix for collective assessed receivables which are grouped together based on shared credit risk characteristics, the number of days past due and similar types of contracts which have similar risk characteristics.

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency. Loss rates are based on actual credit loss experienced over the prior years and are adjusted to reflect the forward-looking information on macroeconomic factors. The Group also considers differences between (a) economic conditions during the period over which the historical data has been collected, (b) current economic conditions and (c) the Group's view of economic conditions over the expected lives of the receivables.

**Impairment losses**

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2024 and 30 June 2023:

| | Gross carrying amount RM | Loss allowances RM | Net balance RM |
|---|---|---|---|
| **Group** | | | |
| **2024** | | | |
| Not past due | 18,787,992 | – | 18,787,992 |
| Past due: | | | |
| - Less than 30 days | 3,243,012 | (108,975) | 3,134,037 |
| - 31 to 90 days | 498,014 | (16,765) | 481,249 |
| Credit impaired: | | | |
| - More than 90 days | 399,058 | (13,971) | 385,087 |
| | 4,140,084 | (139,711) | 4,000,373 |
| Credit impaired: | | | |
| - Individually impaired | 1,340,295 | (1,340,295) | – |
| | 24,268,371 | (1,480,006) | 22,788,365 |

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 33. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (a) Credit Risk (Cont'd)

#### (i) Trade receivables and other receivables (Cont'd)

**Impairment losses (Cont'd)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2024 and 30 June 2023: (Cont'd)

| | Gross carrying amount RM | Loss allowances RM | Net balance RM |
|---|---|---|---|
| **Group** | | | |
| **2023** | | | |
| Not past due | 25,159,340 | (79,675) | 25,079,665 |
| Past due: | | | |
| - Less than 30 days | 2,195,232 | (73,835) | 2,121,397 |
| - 31 to 90 days | 906,630 | (228,533) | 678,097 |
| Credit impaired: | | | |
| - More than 90 days | 968,942 | (178,375) | 790,567 |
| | 4,070,804 | (480,743) | 3,590,061 |
| Credit impaired: | | | |
| - Individually impaired | 919,588 | (919,588) | – |
| | 30,149,732 | (1,480,006) | 28,669,726 |

**(1) Receivables that are neither past due nor impaired**

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

**(2) Receivables that are past due but not impaired**

The Group has not provided allowance for expected losses on these trade receivables as there have been no significant changes in their credit qualities and the amounts are still considered recoverable. These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default. The Group does not hold any collateral or other credit enhancement over these balances.

**(3) Receivables that are impaired**

Any receivables having significant balances past due more 90 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are collectively determined to be impaired at the reporting date relate to debtors that have defaulted on payments and due more than 90 days. These receivables are not secured by any collateral or credit enhancements.

## 33. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (a) Credit Risk (Cont'd)

#### (ii) Intercompany loans and advances

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

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the abilities of the subsidiaries to repay the loans and advances on an individual basis.

**Exposure to credit risk, credit quality and collateral**

As at the reporting date, the maximum exposure to credit risk arising from amounts due from subsidiaries are represented by their carrying amounts in the notes to the financial statements. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

**Recognition and measurement of impairment loss**

Amounts due from subsidiaries are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on assumption that repayment of the loan is demanded at the reporting date.

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial positions deteriorate significantly. As the Company is able to determine the timing of payments of subsidiaries' loans and advances when they are payable, the Company considers the subsidiaries' loans or advances to be credit impaired when subsidiaries are unlikely to repay the loan or advances to the Company in full given insufficient highly liquid resources when the loans are demanded.

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

As at the reporting date, the Company determines that there is a significant increase in credit risk given the subsidiaries' financial position have deteriorated significantly which may lead to high probability of default for the loans and advances to subsidiaries.

#### (iii) Other receivables

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position. The Group has provided allowances for expected credit losses on certain of these amounts as disclosed in Note 19.

Credit risk on sundry deposits mainly arose from deposits paid to landlord as security and utilities deposit for rental of factory and office which will be received upon termination of such services and thus have low credit risks. As at end of the reporting period, no allowance for impairment is necessary in respect of these deposits.

The Group determines that there is a significant increase in credit risk on certain prepayment paid to supplier as a partial advance payment to purchase machineries and packaging materials. Given the Group's restructuring plan done in prior year, may lead to high probability of default for remaining payment to supplier. As a result, the Group has provided allowances for impairment in respect of these prepayment as disclosed in Note 19.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 33. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (a) Credit Risk (Cont'd)

#### (iv) Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

#### (v) Financial guarantees

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

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

**Exposure to credit risk, credit quality and collateral**

The maximum exposure to credit risks of the Company amounts to RM19,943,693 (2023: RM25,727,633) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. The financial guarantee is provided as credit enhancements to the subsidiaries' banking facilities.

**Recognition and measurement of impairment loss**

The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial positions deteriorate significantly. The Company considers a financial guarantee to be credit impaired when:-

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

The Company determines the probability of default of the guaranteed loans individually using internal information available. The fair value of the financial guarantee is negligible as the probability of the financial guarantee being called upon is remote at the initial recognition as the borrowings of the subsidiaries are adequately secured by assets as disclosed in Note 24. Should the subsidiaries defaulted any loan repayments, the proceeds from the realisation of assets will be able to satisfy the outstanding debts.

### (b) Foreign currency risk

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

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Group entities, which is RM. The currencies giving rise to this risk are primarily United States Dollar ("USD"). The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The Group also holds cash and bank balances denominated in foreign currencies to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

Foreign exchange exposures in transactional currencies other than functional currency of the Group entities are kept to an acceptable level.

## 33. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (b) Foreign currency risk (Cont'd)

**Exposure to foreign currency risk**

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

| | 2024<br>RM | 2023<br>RM |
|---|---|---|
| **Group** | | |
| **Denominated in USD** | | |
| Trade receivables | 7,729,252 | 12,004,492 |
| Other receivables | – | 28,256 |
| Cash and bank balances | 1,192,267 | 1,444,581 |
| Trade payables | (3,499,371) | (6,326,498) |
| Other payables | (7,183) | (16,390) |
| Borrowings | (7,235,387) | (9,470,097) |
| | (1,820,422) | (2,335,656) |

**Foreign currency risk sensitivity analysis**

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

| | Group<br>Increase/(Decrease)<br>2024<br>RM | <br><br>2023<br>RM |
|---|---|---|
| **Effect on results after tax/equity:** | | |
| RM/USD - Strengthened by 5% (2023: 5%) | 91,021 | 116,783 |
| RM/USD - Weakened by 5% (2023: 5%) | (91,021) | (116,783) |

### (c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the effective interest rates at the reporting date, in which they reprice or mature, whichever is earlier are disclosed in Notes 20, 24 and 26 respectively.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 33. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (c) Interest rate risk (Cont'd)

**Exposure to interest rate risk**

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

| | Group | |
|---|---|---|
| | **2024** | **2023** |
| | **RM** | **RM** |
| **Fixed rate instruments** | | |
| **Financial asset:** | | |
| - Fixed deposits with licensed banks | 893,677 | 936,589 |
| **Financial liabilities:** | | |
| - Lease liabilities | – | (704,281) |
| - Bankers' acceptance | (15,185,776) | (17,340,209) |
| - Revolving credit | – | (3,000,000) |
| | (14,292,099) | (20,107,901) |
| **Floating rate instruments** | | |
| **Financial liabilities:** | | |
| - Bank overdrafts | (1,759,429) | (2,072,180) |
| - Term loans | (7,903,434) | (9,353,202) |
| | (9,662,863) | (11,425,382) |

**Interest rate risk sensitivity analysis**

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

| | Group | |
|---|---|---|
| | Increase/(Decrease) | |
| | **2024** | **2023** |
| | **RM** | **RM** |
| **Effect on results after tax/equity:** | | |
| Increase of 50 basis points (2023: 50 basis points) | (37,601) | (43,416) |
| Decrease of 50 basis points (2023: 50 basis points) | 37,601 | 43,416 |

## 33. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective are to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirements.

**Maturity analysis**

The following table sets out the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

## 33. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (d) Liquidity risk (Cont'd)

**Maturity analysis (Cont'd)**

| | | Contractual Cash Flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount RM | On demand or within 1 year RM | 1 – 2 years RM | 2 – 5 years RM | More than 5 years RM | Total RM |
| **2024** | | | | | | |
| **Group** | | | | | | |
| Trade payables | 14,779,836 | 14,779,836 | – | – | – | 14,779,836 |
| Other payables^ | 13,632,542 | 13,632,542 | – | – | – | 13,632,542 |
| Bank overdrafts | 1,759,429 | 1,759,429 | – | – | – | 1,759,429 |
| Bankers' acceptance | 15,185,776 | 15,185,776 | – | – | – | 15,185,776 |
| Term loans | 7,903,434 | 1,514,468 | 895,044 | 2,685,132 | 6,265,308 | 11,359,952 |
| Lease liabilities | 319,709 | 129,973 | 129,973 | 145,419 | – | 405,365 |
| | 53,580,726 | 47,002,024 | 1,025,017 | 2,830,551 | 6,265,308 | 57,122,900 |
| **Company** | | | | | | |
| Other payables | 164,954 | 134,954 | – | – | – | 134,954 |
| Amounts due to subsidiaries | 3,508,368 | 3,508,368 | – | – | – | 3,508,368 |
| Financial guarantee* | – | 19,943,693 | – | – | – | 19,943,693 |
| | 3,673,322 | 23,587,015 | – | – | – | 23,587,015 |

^ Exclude retirement benefits.

* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.

## 33. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (d) Liquidity risk (Cont'd)

**Maturity analysis (Cont'd)**

| | | Contractual Cash Flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount RM | On demand or within 1 year RM | 1 – 2 years RM | 2 – 5 years RM | More than 5 years RM | Total RM |
| **2023** | | | | | | |
| **Group** | | | | | | |
| Trade payables | 20,010,259 | 20,010,259 | – | – | – | 20,010,259 |
| Other payables^ | 15,837,400 | 15,837,400 | – | – | – | 15,837,400 |
| Bank overdrafts | 2,072,180 | 2,072,180 | – | – | – | 2,072,180 |
| Bankers' acceptance | 17,340,209 | 17,340,209 | – | – | – | 17,340,209 |
| Revolving credit | 3,000,000 | 3,000,000 | – | – | – | 3,000,000 |
| Term loans | 9,353,202 | 1,660,716 | 1,660,716 | 2,703,667 | 6,409,827 | 12,434,926 |
| Lease liabilities | 704,281 | 278,953 | 230,353 | 342,386 | – | 851,692 |
| | 68,317,531 | 60,199,717 | 1,891,069 | 3,046,053 | 6,409,827 | 71,546,666 |
| **Company** | | | | | | |
| Other payables | 127,583 | 127,583 | – | – | – | 127,583 |
| Amounts due to subsidiaries | 3,132,323 | 3,132,323 | – | – | – | 3,132,323 |
| Financial guarantee* | – | 25,727,633 | – | – | – | 25,727,633 |
| | 3,259,906 | 28,987,539 | – | – | – | 28,987,539 |

^ Exclude retirement benefits.

* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.

# NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

## 34. FAIR VALUES INFORMATION

Financial instruments at fair value

As the financial assets and liabilities of the Group and of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

Financial instruments other than those carried at fair value

*Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values*

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

The carrying amounts of long-term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

## 35. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using net debt-to-equity ratio which is the net debt divided by total capital. Net debt includes borrowings and lease liabilities, less cash and bank balances and fixed deposits with licensed banks whilst total capital is equity attributable to Owners of the Company.

The gearing ratio as at 30 June 2024 and 30 June 2023, which are within the Group's objective of capital management are as follows:

| | Group | |
|---|---|---|
| | **2024 RM** | **2023 RM** |
| Borrowings (Note 24) | 24,848,639 | 31,765,591 |
| Lease liabilities (Note 26) | 319,709 | 704,281 |
| | 25,168,348 | 32,469,872 |
| Less: | | |
| - Cash and bank balances | (8,338,811) | (17,427,480) |
| - Fixed deposits with licensed banks | (893,677) | (936,589) |
| | (9,232,488) | (18,364,069) |
| Total net debts | 15,935,860 | 14,105,803 |
| Total equity attributable to the Owners of the Company | 96,360,847 | 103,562,249 |
| Debt to equity ratio | 0.17 | 0.14 |

## 35. CAPITAL MANAGEMENT (CONT'D)

The net debt-to-equity ratio for the Company is not presented as the Company has no external borrowings.

There were no changes in the Group's approach to capital management during the financial year.

Under the loan covenant and terms of borrowing facilities, the Group is required to comply with the following:

(i) A subsidiary of the Company, namely Rex Canning Co. Sdn. Bhd., is required to comply with the maintaining gearing ratio of no more than 1.50 times. For the purpose of computation, gearing ratio is defined as total bank borrowings divided by financing against tangible net worth ("TNW"), of which TNW is defined as the paid-up capital, retained profit and advances from related parties; and

(ii) Rex Canning Co. Sdn. Bhd. is also required to maintain gearing ratio of no more than 1.00 times. For the purpose of computation, gearing ratio is defined as total bank borrowings divided by total net worth (less intangibles and pre-operating expenses) plus loans and advances from holding company. Total bank borrowings encompass the sum of bank borrowings that are not interest free.

As at the reporting date, the Group is in compliance with the externally imposed capital requirement as mentioned above.

## 36. SIGNIFICANT EVENTS

On 10 November 2023, a subsidiary of the Company entered into a sales and purchase agreement to dispose two lots of property for a consideration of RM41,800,000. The transaction was completed on 30 September 2024.

On 21 December 2023, a subsidiary of the Company has disposed an investment property for a consideration of RM1,050,000.

## 37. EVENTS AFTER REPORTING PERIOD

On 18 September 2024, a subsidiary of the Company has entered into a sales and purchase agreement to dispose an investment property for a consideration of RM4,650,000.

## 38. COMPARATIVE FIGURES

The comparative figures were audited by another firm of Chartered Accountants.

# LIST OF PROPERTIES

AS AT 30 JUNE 2024

| Location/ (Registered owner) | Description (Lot/Title No) | Tenure (Approx. age of building) | Land area | Date of Acquisition/ *Revaluation | Net book Value 30/6/2024 RM'000 |
|---|---|---|---|---|---|
| Plot 125, Bukit Minyak Industrial Park, Seberang Perai Tengah, Pulau Pinang. | Industrial Land with factory | 60 years with 35 years remaining (19 years) | 6.005 acre | *30 August 2012 | 12,009 |
| Plot 126, Bukit Minyak Industrial Park, Seberang Perai Tengah, Pulau Pinang. | Industrial land with warehouse | 60 years with 46 years remaining (9 years) | 1.740 acre | *30 August 2012 | 7,051 |
| Jl. Raya Beji Km 4 No. 42, Beji, Pasuruan, Jawa Timur, Indonesia. | Industrial Land with factory | 50 years with 21 years remaining (25 years) | 38,218 sq. meters | *30 November 2012 | 12,310 |
| No. 7A, Jalan TIAJ 2/1, Taman Industri Alam Jaya, Bandar Puncak Alam, 42300 Selangor Darul Ehsan. | 3 Storey Semi-Detached Factory | Leasehold | 2,024 sq. meters | 10 August 2016 | 4,144 |
| 22, Jalan Perniagaan Seri Tambun, Pusat Perniagaan Seri Tambun, 14100 Simpang Ampat, Pulau Pinang. | 3 Storey terrace Shop Office | Freehold | 149 sq. meters | 5 August 2016 | 1,050 |
| No. 1A, Jalan Kampung Sungai Suloh, Mukim Minyak Beku, 83000 Batu Pahat, Johor | Industrial land with Factory cum office | Freehold | 2.305 hectares | 26 September 2019 | 15,908 |

**REX INDUSTRY BERHAD**
[Registration No. 199301027926 (282664K)]
(Incorporated in Malaysia)

| | |
|---|---|
| No. of Ordinary Shares held | |
| CDS Account No. | |
| Telephone No. | |
| Email Address | |

# FORM OF PROXY

*I/We (Full Name), _____

bearing *NRIC No./Passport No./Registration No. _____

of (Full Address) _____

_____

being *a member / members of **REX INDUSTRY BERHAD** [199301027926 (282664-K)] ("**Rex**" or the "**Company**") hereby appoint:-

**First Proxy "A"**

| Full Name (in Block Capital) | NRIC No./ Passport No. | Proportion of Shareholdings Represented | |
|---|---|---|---|
| | | No. of Shares | % |
| Full Address | | | |

*and/or

**Second Proxy "B"**

| Full Name (in Block Capital) | NRIC No./ Passport No. | Proportion of Shareholdings Represented | |
|---|---|---|---|
| | | No. of Shares | % |
| Full Address | | | |
| | | | 100% |

or failing him/her, *THE CHAIRMAN OF THE MEETING as *my/ our proxy(ies) to participate, speak and vote for *me/ us on *my/ our behalf at the Thirtieth Annual General Meeting ("**AGM**") of the Company to be held at Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D, Bukit Kiara, 60000 Kuala Lumpur on Thursday, 28 November 2024 at 10:00 a.m. or at any adjournment thereof.

(Please indicate with "x" in the space below on how you wish for your vote to be casted. If no specific discretion as to how a vote is given, the proxy will vote or abstain at his/her discretion)

** Strike out whichever is inapplicable*

| No. | Agenda | | |
|---|---|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and the Auditors thereon.[6] | | |
| | | **For** | **Against** |
| 2. | To approve the payment of Directors' fees payable to the Non-Executive Directors amounting to RM204,000 to be paid on a quarterly basis for the financial year ending 30 June 2025 and thereafter. (Resolution 1) | | |
| 3. | To approve the payment of Directors' benefits up to an amount of RM50,000 from 29 November 2024 until the next AGM of the Company. (Resolution 2) | | |
| 4(a). | To re-elect, Encik Adnan Bin Ahmad, who is due to retire in accordance with Clause 115 of the Company's Constitution and being eligible, had offered himself for re-election. (Resolution 3) | | |
| 4(b). | To re-elect Mr. Chee Cheng Chun, who is due to retire in accordance with Clause 115 of the Company's Constitution and being eligible, had offered himself for re-election. (Resolution 4) | | |
| 5(a). | To re-elect Mr. Hong Kok Cheong, who is due to retire in accordance with Clause 114 of the Company's Constitution and being eligible, had offered himself for re-election. (Resolution 5) | | |
| 5(b). | To re-elect Mr. Tam Kok Meng, who is due to retire in accordance with Clause 114 of the Company's Constitution and being eligible, had offered himself for re-election. (Resolution 6) | | |
| 6. | To re-appoint Messrs. Raki CS Tan & Ramanan as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Resolution 7) | | |
| | ***Special Business*** | | |
| 7. | Ordinary Resolution No. 1<br>Authority to Issue Shares pursuant to the Companies Act 2016 and waiver of pre-emptive rights. (Resolution 8) | | |
| 8. | Ordinary Resolution No. 2<br>Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 9) | | |
| 9. | Ordinary Resolution No. 3<br>Proposed Renewal of Authority for the Company to Purchase its Own Shares. (Resolution 10) | | |

Signed this _____ day of _____, 2024

_____
Signature of Member

_____
Common Seal to be affixed here if
Member is a corporation, if applicable

**Notes to the Notice of the Thirtieth AGM ("Meeting"):**

1. In respect of deposited securities, only members whose name appear in the Record of Depositors on 21 November 2024 shall be eligible to attend, participate, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.

2. A member entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same Meeting, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting

3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. 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 set for holding the Meeting or any adjournment thereof. The lodging of the said instrument shall not preclude you from attending, participating, speaking and voting in person at the Thirtieth AGM should you subsequently wish to do so, provided a notice of termination of proxy authority in writing is given to the Company not less than twenty-four (24) hours before the commencement of the Meeting or adjournment thereof

6. This Agenda item is meant for discussion only as Section 340(1)(a) if the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements and only requires the Audited Financial Statements to be laid at the Meeting. Therefore, this Agenda item is not put forward for voting.

Fold this flap for sealing

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AFFIX
STAMP

**The Share Registrar of Rex Industry Berhad**
**Securities Services (Holdings) Sdn. Bhd.**
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.

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# ANNUAL REPORT 2024

**REX INDUSTRY BERHAD**
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