



# REX INDUSTRY BERHAD

ANNUAL REPORT

# 2022



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Eighth Annual General Meeting (“AGM”) of Rex Industry Berhad will be held at Green III Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 November 2022 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 2022 together with the Reports of the Directors and the Auditors thereon. (Please refer to the Note No. 7)
2. To approve the payment of Directors’ fees payable to the Non-Executive Directors amounting to RM216,600 to be paid on a quarterly basis for the financial year ending 30 June 2023 and thereafter. (Resolution 1)
3. To approve the payment of Directors’ benefits up to an amount of RM50,000 from 30 November 2022 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) Tan Sri Dato’ Mohd Ibrahim Bin Mohd Zain; 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) Dato’ Cheah Teng Lim; and (Resolution 5)
  - (b) Kajendra Pathmanathan (Resolution 6)
6. To re-appoint Messrs. Moore Stephens Associates PLT 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 1** (Resolution 8)  
**- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**

“**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.”

**NOTICE OF  
ANNUAL GENERAL MEETING  
(CONT'D)**

8. **ORDINARY RESOLUTION 2** **(Resolution 9)**  
**- PROPOSED RENEWAL OF EXISTING SHAREHOLDER MANDATE FOR RECURRENT  
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**“THAT** subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to 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 31 October 2022, 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, 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 Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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 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 to 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, 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;
- (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.”

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

10. **ORDINARY RESOLUTION 4** (Resolution 11)  
**- RETENTION OF TAN SRI DATO' MOHD IBRAHIM BIN MOHD ZAIN AS AN INDEPENDENT DIRECTOR**

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“**THAT** Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain who has served the Board as an Independent Director of the Company for a cumulative term of nine (9) years since 30 June 2014 be and is hereby retained as an Independent Director of the Company.”

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

By Order of the Board of Directors

**CHUA SIEW CHUAN (MAICSA 0777689/ SSM PC NO.: 201908002648)**  
**YEOW SZE MIN (MAICSA 7065735/ SSM PC NO.: 201908003120)**  
 Company Secretaries

Dated: 31 October 2022

### Explanatory Notes to Special Business:

#### 1. Authority to Issue Shares pursuant to the Companies Act 2016

The Company had been granted a general mandate by its shareholders at the Twenty-Seventh AGM of the Company held on 29 November 2021 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 the new shares to be issued equally to all existing shareholders of the Company prior to issuance.

#### 2. Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 9 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 31 October 2022 for more information.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Explanatory Notes to Special Business: (Cont'd)

#### 3. Proposed Renewal of Authority for the Company to Purchase its Own Shares

The proposed Resolution 10 is intended to 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 31 October 2022 for more information.

#### 4. Retention of Tan Sri Dato' Mohd Ibrahim bin Mohd Zain as an Independent Director

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain ("**Tan Sri Dato' Ibrahim**") was appointed as an Independent Director of the Company on 30 June 2014 and has served the Board for a cumulative of nine (9) years in this capacity. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of **Tan Sri Dato' Ibrahim**, regards him to be independent based amongst others, the following justifications, and recommends that Tan Sri Ibrahim be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company as described in the Guidance to Practice 5.3 of the Malaysian Code on Corporate Governance:-

- (a) Tan Sri Dato' Ibrahim has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements
  - is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as "said Corporation");
  - has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation ["officer" includes a director, secretary, employee, receiver who is also a manager not appointed by the Court, and liquidator not appointed by the Court or creditors];
  - is not a major shareholder of the said Corporation;
  - is not a family member of any executive director, officer or major shareholder of the said Corporation;
  - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
  - has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as and Independent Director) or major shareholder, as the case may be, of firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
  - has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;
- (b) Tan Sri Dato' Ibrahim has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- (c) Tan Sri Dato' Ibrahim has no potential conflict of interest, whether business or non-business related with the Company;
- (d) Tan Sri Dato' Ibrahim has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Group Managing Director, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- (e) Tan Sri Dato' Ibrahim does not derive any remuneration and other benefits apart from Director's fees and benefits that are approved by shareholders.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Notes to the Notice of the Twenty-Eighth AGM ("Meeting"):

1. In respect of deposited securities, only members whose name appear in the Record of Depositors on 18 November 2022 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 authorized 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 authorized.
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 28th 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. Please refer to the Administrative Guide on the Conduct of a Physical General Meeting available for download at [www.rexmalaysia.com/](http://www.rexmalaysia.com/) for further details.
7. 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.



# ADMINISTRATIVE GUIDE

FOR SHAREHOLDERS AND/OR PROXIES ATTENDING  
THE TWENTY-EIGHTH ANNUAL GENERAL MEETING ("28TH AGM")

## INFORMATION ON 28TH AGM

### 1. Date, Time, and Venue of 28th AGM

Day & Date : Tuesday, 29 November 2022

Time : 10:00 a.m.

Venue : Green III Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan

### 2. Entitlement to Attend

Only members whose names appear in the Record of Depositors as of 18 November 2022 shall be entitled to attend, participate, speak and vote at the 28th AGM or appoint proxy(ies) to attend, participate, speak and vote on his/her behalf in respect of the number of shares registered in his/her name at that mentioned date.

### 3. Lodgement of Form of Proxy of 28th AGM

- (a) If you are unable to attend the 28th AGM and wish to appoint proxy(ies) to vote on your behalf, you may deposit your Form of Proxy at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan in accordance with the notes and instructions printed therein, not later than forty-eight (48) hours before the 28th AGM, i.e., **latest by Sunday, 27 November 2022 at 10:00 a.m.**
- (b) If you wish to attend the 28th AGM yourself, please do not submit any Form of Proxy for the 28th AGM. You will not be allowed to attend the 28th AGM together with a proxy appointed by you. Only one of you is allowed to attend and enter the 28th AGM venue.
- (c) If you have submitted your Form of Proxy prior to the 28th AGM and subsequently decided to attend the 28th AGM yourself, please revoke the appointment of your proxy at the time of registration.

### 4. Corporate Member

Any corporate member who wishes to appoint a representative instead of a proxy to attend the 28th AGM should submit the original certificate of appointment under the corporation's seal to the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan at any time before the time appointed for holding the 28th AGM or to the registration staff on the meeting day for the Company's records.

### 5. Parking

You may park your vehicle at the allocated visitors' parking bays.

## ADMINISTRATIVE GUIDE (CONT'D)

### GUIDANCE FOR ATTENDANCE OF 28TH AGM

The Company would be most obliged if all attendees were to take all necessary precautions and preventive measures to curb the spread of COVID-19, including the wearing of a medical face mask, while attending the 28th AGM.

The Company reserves the right to take any precautionary measures as may be required or recommended by the relevant authorities from time to time and may also be required to change its 28th AGM arrangements at short notice, if required.

As such, prior to attending the 28th AGM, you are to keep abreast with the latest news and updates on the 28th AGM from the posting on the Company's website at [www.rexmalaysia.com/bursa\\_column.aspx](http://www.rexmalaysia.com/bursa_column.aspx) or all announcements as well as all health and safety measures as released by the relevant authorities to the media from time to time.

Attendees are required to read and adhere to the Administrative Guide issued and published on the Company's website at [www.rexmalaysia.com/bursa\\_column.aspx](http://www.rexmalaysia.com/bursa_column.aspx).

#### 1. Pre-Registration of Attendance

In order to assist the Company in managing the turnout for the 28th AGM and in compliance with the directives or guidelines on the conduct of physical general meetings, Shareholders/ Corporate Representatives who wish to attend the 28th AGM in person are required to register ahead of the 28th AGM to allow the Company to facilitate arrangements in relation to the 28th AGM.

Shareholders/ Corporate Representatives who wish to attend the 28th AGM in person, please provide the following details by email to [info@sshsb.com.my](mailto:info@sshsb.com.my), **latest by Friday, 25 November 2022** before the 28th AGM:-

- (a) Shareholder / Body corporate name;
- (b) Full name of authorised corporate representative;
- (c) Body corporate no. / Identity card no./ Passport no.;
- (d) CDS account number; and
- (e) Mobile phone number of individual attending.

#### 2. On-the-Day Registration for the 28th AGM

- (a) Notwithstanding the pre-registration as highlighted above, all Shareholders/Proxies/Corporate Representatives are still required to physically register their attendance for the 28th AGM on the day of the 28th AGM. Registration will start at 9:00 a.m. and end at such time as the Chairman of the meeting may be determined.
- (b) Registration will take place at the registration booths located at the entrance to the 28th AGM. Therefore, you are required to queue accordingly.
- (c) Please present your original National Registration Identification Card ("**NRIC**") or Passport for verification by the Share Registrar against the pre-registration attendance list. Please ensure that you collect your NRIC or Passport thereafter.
- (d) After verification, you are required to write your name and sign on the Attendance List provided by the Share Registrar. Thereafter, you will be given an identification wristband.
- (e) No individual will be allowed to enter the meeting hall without the identification wristband. There will be no replacement if you lose or misplace the identification wristband.
- (f) No person will be allowed to register on behalf of another person, even with the original NRIC or Passport of that person.
- (g) The registration counter is solely for verification of identity and registration purposes.
- (h) All attendees are also required to observe the social distancing rule.
- (i) Please vacate the registration area immediately after registration.

If you have any enquiries on other matters, please refer to our staff who will be at hand to assist.

## ADMINISTRATIVE GUIDE (CONT'D)

### Circular to Shareholders

1. The Company's Circular to Shareholders, Notice of the 28th AGM, Form of Proxy, and Administrative Guide are available on the Company's website at [www.rexmalaysia.com/bursa\\_column.aspx](http://www.rexmalaysia.com/bursa_column.aspx) and also on Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under "Company Announcements".
2. If you wish to request a printed copy of the Circular to Shareholders, please forward your request by completing the Requisition Form. A copy of the Circular to Shareholders will be sent to you by ordinary post within four (4) market days from the date of receipt of the written request. You may also collect the same at the 28th AGM.

### ENQUIRY

Should you have any enquiries, please do not hesitate to get in touch with the Share Registrar at their general line +603-2084 9000 and/or Fax: +603-2094 9940 / 2095 0292 during office hours:

#### **For Pre-Registration:**

- (1) Mr. Wong Piang Yoong (email: [piang.yoong.wong@sshsb.com.my](mailto:piang.yoong.wong@sshsb.com.my))
- (2) Pn. Nurhayati Ang (email: [nurhayati.ang@sshsb.com.my](mailto:nurhayati.ang@sshsb.com.my))

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Tan Sri Dato' Mohd Ibrahim bin Mohd Zain**

*Chairman, Independent Non-Executive Director*

**Darmendran Kunaretnam**

*Non-Independent Executive Director, Group Managing Director*

**Chee Cheng Chun**

*Non-Independent Non-Executive Director*

**Tai Keat Chai**

*Independent Non-Executive Director*

**Adnan bin Ahmad**

*Independent Non-Executive Director*

**Dato' Cheah Teng Lim**

*Non-Independent Executive Director*

**Kajendra Pathmanathan**

*Non-Independent Executive Director*

## SOLICITORS

Johan Arafat Hamzah & Mona

## REGISTERED OFFICE

Plot 126,  
Jalan Perindustrian Bukit Minyak 5,  
14100 Simpang Ampat,  
Seberang Perai Tengah,  
Penang, Malaysia  
Telephone No. : +604-508 8288  
Facsimile No. : +604-508 8566  
Email Address : support@  
rexmalaysia.com

## AUDIT AND RISK MANAGEMENT COMMITTEE

**Tai Keat Chai**

*Chairman*

**Tan Sri Dato' Mohd Ibrahim bin Mohd Zain**

*Member*

**Adnan bin Ahmad**

*Member*

## AUDITORS

**Messrs. Moore Stephens Associates**

**PLT (LLP0000963-LCA & AF002096)**

Chartered Accountants

Unit 3-3A, 3<sup>rd</sup> Floor, Surian Tower,

No. 1, Jalan PJU 7/3,

Mutiara Damansara,

47810 Petaling Jaya,

Selangor Darul Ehsan

Telephone No. : +603-7728 1800

Facsimile No. : +603-7728 9800

## STOCK EXCHANGE LISTING

Listed on the Main Market of  
Bursa Malaysia Securities Berhad

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

## NOMINATION COMMITTEE

**Tan Sri Dato' Mohd Ibrahim bin Mohd Zain**

*Chairman*

**Tai Keat Chai**

*Member*

## 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

Contact Person : Mr. Wong Piang

Yoong

## REMUNERATION COMMITTEE

**Tan Sri Dato' Mohd Ibrahim bin Mohd Zain**

*Chairman*

**Tai Keat Chai**

*Member*

## PRINCIPAL BANKERS

**United Overseas Bank (Malaysia)**

**Berhad [199301017069 (271809-K)]**

## COMPANY SECRETARIES

**Chua Siew Chuan (MAICSA 0777689)**

SSM PC No.: 201908002648

**Hong Leong Bank Berhad**

[193401000023 (97141-X)]

**Yeow Sze Min (MAICSA 7065735)**

SSM PC No.: 201908003120

**Ambank Islamic Berhad**

[199401009897 (295576-U)]

## PROFILE OF DIRECTORS

### TAN SRI DATO' MOHD IBRAHIM BIN MOHD ZAIN

*Independent Non-Executive Director, Chairman*

Aged 79

Malaysian

Male

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, aged 79, a Malaysian, male, was appointed to the Board of the Company on 30 June 2014. He is the Chairman of the Board, Nomination Committee and Remuneration Committee and a member of the Audit and Risk Management Committee of the Company.

Tan Sri Dato' Mohd Ibrahim is a graduate from the British Institute of Management and Institute of Marketing, United Kingdom, and holds a Masters in Business Administration from the University of Ohio in the United States of America.

Upon Tan Sri Dato' Mohd Ibrahim's graduation in 1965, he joined University Technology MARA (formerly known as Institute of Technology MARA) as a lecturer and headed its school of business and then became its dean of academic. He was subsequently appointed as a Council Member/Director, a position which he held until October 2006.

Previously, Tan Sri Dato' Mohd Ibrahim had served as Chief Executive Officer of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, Chairman and Chief Executive Officer of Setron (Malaysia) Berhad, Chairman of Bank Kerjasama Rakyat (M) Berhad, Bescorp Industries Berhad, Pan Malaysia Industries Berhad, Pan Malaysian Holdings Berhad, Pan Malaysia Capital Berhad, Chemical Company of Malaysia Berhad and Kawan Food Berhad, Deputy Chairman of Metrojaya Berhad and Director of K & N Kenanga Holdings Berhad and AMMB Holdings Berhad.

Currently, Tan Sri Dato' Mohd Ibrahim sits on the board of Censof Holdings Berhad, a public company and listed issuer.

Tan Sri Dato' Mohd Ibrahim has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He had not been convicted of any offences within the past 5 years other than 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 2022.

Tan Sri Dato' Mohd Ibrahim had attended four (4) out of five (5) Board Meetings held in the financial year ended 30 June 2022.

### DARMENDRAN KUNARETNAM

*Non-Independent Executive Director, Group Managing Director*

Aged 61

Malaysian

Male

Mr. Darmendran Kunaretnam, aged 61, a Malaysian, male, 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 with the Group. He had not been convicted of any offences within the past 5 years other than 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 2022.

Mr. Darmendran had attended all five (5) Board Meetings held in the financial year ended 30 June 2022.

**PROFILE OF DIRECTORS**  
(CONT'D)

**CHEE CHENG CHUN**

**Non-Independent Non-Executive Director**

Aged 37      Malaysian      Male

Mr. Chee Cheng Chun, aged 37, a Malaysian, male, 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 with the Group. He had not been convicted of any offences within the past 5 years and other than traffic offences, if any there has not been any public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

Mr. Chee had attended all five (5) Board Meetings held in the financial year ended 30 June 2022.

**TAI KEAT CHAI**

**Independent Non-Executive Director**

Aged 68      Malaysian      Male

Mr. Tai Keat Chai, aged 68, a Malaysian, male, was appointed to the Board of the Company on 6 March 2015. He is the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Mr. Tai is a Chartered Accountant and a member of the Malaysian Institute of Accountants. He began his career with KPMG in London and moved on subsequently to PWC in Kuala Lumpur. In 1981, he joined Alliance Investment Bank Berhad for seven (7) years before venturing into stock-broking, working with SJ Securities Sdn. Bhd., AA Anthony Securities Sdn. Bhd. and Kenanga Investment Bank Berhad as General Manager, Director and dealer’s representative respectively.

Currently, Mr. Tai’s directorships in other public companies and listed issuers include Marine & General Berhad, Microlink Solutions Berhad and HSS Engineers Berhad.

Mr. Tai has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He had not been convicted of any offences within the past 5 years other than 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 2022.

Mr. Tai had attended all five (5) Board Meetings held in the financial year ended 30 June 2022.

**ADNAN BIN AHMAD**

**Independent Non-Executive Director**

Aged 72      Malaysian      Male

Encik Adnan bin Ahmad, aged 72, a Malaysian, male, 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.

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 with the Group. He had not been convicted of any offences within the past 5 years other than 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 2022.

Encik Adnan had attended all five (5) Board Meetings held in the financial year ended 30 June 2022.

## PROFILE OF DIRECTORS

(CONT'D)

### DATO' CHEAH TENG LIM

**Non-Independent Executive Director**

Aged 62

Malaysian

Male

Dato' Cheah Teng Lim, aged 62, a Malaysian, male, was appointed to the Board of the Company on 11 October 2022, and hence, he did not attend any of the Board Meetings held in the financial year. He is also the Chief Executive Officer of Rex Canning Co. Sdn. Bhd. and Rex Trading Sdn. Bhd., the subsidiaries 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 held 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 Coproration 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 with the Group. He had not been convicted of any offences within the past 5 years other than 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 2022.

### KAJENDRA PATHMANATHAN

**Non-Independent Executive Director**

Aged 48

Malaysian

Male

Mr. Kajendra Pathmanathan, aged 48, a Malaysian, male, is the Non-Independent Executive Director of the Company. He was first appointed to the Board of the Company on 11 October 2022, and hence, he did not attend any of the Board Meetings held in the financial year.

Mr. Kajendra holds a Bachelor of Commerce degree and a Bachelor of Law degree, both from The University of Melbourne. He is also a member of the Institute of Chartered Accountants, Australia and New Zealand. He started his career with Ernst & Young, Kuala Lumpur in 1999 in the Corporate Recovery & Insolvency department and moved to Ernst & Young, London in 2008. While with Ernst & Young, he gained a very broad range of experience on a wide variety of clients across various industries in Asia and Europe. He has extensive experience in leading strategic independent business reviews and in advising stakeholders on significant restructuring of public and private companies. From 2013 to 2022, he worked with BRDB Developments Sdn. Bhd. and within BRDB Group of Companies.

Currently, the only directorship of Mr. Kajendra in other public companies is Mieco Chipboard Berhad.

Mr. Kajendra has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He had not been convicted of any offences within the past 5 years other than 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 2022.

## PROFILE OF KEY SENIOR MANAGEMENT

### CHIA HUP TONG

**Chief Financial Officer of Rex Industry Berhad**

Aged 45

Malaysian

Male

Mr. Chia Hup Tong, aged 45, a Malaysian, male, 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 charged 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 with the Group. He has not been convicted of any offences within the past 5 years other than 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 2022.

### CHU SEANG MING

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

Aged 56

Malaysian

Male

Mr. Chu Seang Ming, aged 56, a Malaysian, male, 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 with the Group. He has not been convicted of any offences within the past 5 years other than 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 2022.

### NG SIOH CHING

**Senior Plant Manager of Rex Canning Co. Sdn. Bhd.**

Aged 47

Malaysian

Female

Ms. Ng Sioh Ching, aged 47, a Malaysian, female, was appointed as the Senior Plant Manager of Rex Canning Co. Sdn. Bhd., as subsidiary of the company on 1 July 2021.

Ms. Ng graduated with a Degree in Food Science. She started her career as quality controller in Rex Canning in 2000. She has 10 years' experience in quality control for canned food processing. She then undertook operations task and canned food, beverage and confectionery processing before she was promoted as Senior Plant Manager.

Ms. Ng does not hold any directorship in other public companies or listed issuers.

Ms. Ng has no family relationship with any director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences within the past 5 years other than 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 2022.



# 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 2022 (“**FYE 2022**”) published on the Company’s website at [www.rexmalaysia.com](http://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 be kept abreast on the conduct, business activities and 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 three (3) other Board Committees, namely the Audit and Risk Management Committee (“**ARMC**”), Nomination Committee (“**NC**”) and Remuneration Committee (“**RC**”). 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

##### 1.1 (Cont'd)

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company during the FYE 2022, 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;
- (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 The Board is chaired by Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, an Independent Non-Executive Director ("INED"), who provides effective leadership and sound advice on the strategic direction of the Group and to monitor and promote good governance practices within the Group.

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain 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) chaired the extraordinary general meeting of the Company held on 27 May 2022 and committed to answer queries from the shareholders;
- (g) 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;
- (h) acted as the facilitator between the Board and the Management by coordinating smooth communication flow between both parties; and
- (i) 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 RC and a member of ARMC and NC.

The Board takes cognisance that the MCGG 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, Tan Sri Dato' Mohd Ibrahim 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 2022, 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 the FYE 2022, 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.

**CORPORATE GOVERNANCE  
OVERVIEW STATEMENT  
(CONT'D)**

**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 18 October 2018 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](http://www.rexmalaysia.com).

The TOR of the ARMC was approved by the Board on 19 November 2019 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.

The Board has not appointed a Senior Independent Director.

**Activities of the NC**

During the FYE 2022, the NC has undertaken the following activities in the discharge of its duties:-

- (i) Reviewed and confirmed the minutes of the NC 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) Recommended the re-election of the Directors who are to retire by rotation at the Annual General Meeting ("AGM"); and
- (viii) Reviewed the meeting attendance of the Board and Board Committees.

During the FYE 2022, the Board had convened a total of five (5) 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 NC has been tasked to review the attendance of the Directors at Board and/or Board Committee meetings. Upon review, the NC 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 2022.

**CORPORATE GOVERNANCE  
OVERVIEW STATEMENT  
(CONT'D)**

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

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

2.1 (Cont'd)

The attendance of Directors during the FYE 2022 is set out below:-

Directors	Directorship	Board	ARMC	NC	RC
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	INED	4/5	4/5	2/2	1/1
Tai Keat Chai	INED	5/5	5/5	2/2	1/1
Adnan bin Ahmad	INED	5/5	5/5	Not a member	Not a member
Darmendran Kunaretnam	Non-Independent Executive Director	5/5	Not a member	Not a member	Not a member
Chee Cheng Chun	Non-INED	5/5	Not a member	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.

During the FYE 2022, the Board members had participated in the following trainings and/or courses:-

Name of Directors	Dates	Description of Training Programmes
Tai Keat Chai	16 - 17 March 2022	Emotional Quotient Seminar
	29 March 2022	Governance Structure Webinar

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, Encik Adnan bin Ahmad, Mr. Darmendran Kunaretnam and Mr. Chee Cheng Chun did not attend any structured training programme during the financial year ended 30 June 2022 but had continuously kept themselves abreast of the relevant developments in the marketplace through the updates and briefings by the Company Secretaries such as the 2021 CG Monitor Report released by the Securities 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.

**CORPORATE GOVERNANCE  
OVERVIEW STATEMENT  
(CONT'D)**

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

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

**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](http://www.rexmalaysia.com).

3.2 The Board had on 18 October 2018 adopted a Whistleblowing Policy 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.

During the FYE 2022, 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](http://www.rexmalaysia.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

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

##### 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 a Sustainable 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:-

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

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

4.2 The Board 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 <http://www.rexmalaysia.com/>.

4.3 The Board will take part in initiatives to stay abreast of sustainability issues relevant to the Group and the industry. The Board will also 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.

**CORPORATE GOVERNANCE  
OVERVIEW STATEMENT  
(CONT'D)**

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

**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 Committee (“**NC**”) 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. When recommending to the Board, NC 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 2022, the NC 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 NC annually reviews the performance of directors who are seeking re-election based on competency, preparedness, and contributions. In enhancing the NC process by the Board, with the recommendation of NC, a Directors’ Fit and Proper Policy had been adopted on 27 May 2022.

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

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.

- 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.

The Company will seek 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.

- 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 both males and female who are equipped with diverse skills, expertise and industry experience to lead the business direction 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 NC 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.



**CORPORATE GOVERNANCE  
OVERVIEW STATEMENT  
(CONT'D)**

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

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

- 5.8 The NC is chaired by an INED, namely Tan Sri Dato’ Mohd Ibrahim bin Mohd Zain, who 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.

The Board opined that the above Practices are able to meet the above Intended Outcome. Nonetheless, the Board would ensure at least one (1) female Director is appointed by 1 June 2023.

- 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 majority of the INEDs 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 2022, the Board, through the NC, 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 2022 (“FYE 2022”):-
  - (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 the FYE 2022, the NC was satisfied with the performance of the Board as a whole, the Board Committees and individual Board members.

**CORPORATE GOVERNANCE  
OVERVIEW STATEMENT  
(CONT'D)**

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

**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 RC in recommending remuneration packages for the Executive Directors or Group MD, Non-Executive Director and other senior management personnel.
- 7.2 Currently, the RC comprises exclusively of INEDs, which is in line with the MCGG's guidance, and is presently chaired by Tan Sri Dato' Mohd Ibrahim bin Mohd Zain. The RC is governed by its TOR which outlines its remit, duties and responsibilities, and the same was last updated on 18 October 2018.

**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 2022 in the Company and Group levels respectively, is as follows:-

- (i) Company Level

Name of Director	Salaries other and emoluments (RM)	Directors' Fees (RM)	Statutory Contribution (RM)	Benefits-in-kind (RM)	Bonus and allowances (RM)
<b>Executive Director</b>					
Darmendran Kunaretnam	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Non-Executive Director</b>					
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	-	17,010	-	-	1,000
Tai Keat Chai	-	24,000	-	-	1,500
Adnan bin Ahmad	-	12,600	-	-	1,500
Chee Cheng Chun	-	12,600	-	-	1,500
<b>Total</b>	-	<b>66,210</b>	-	-	<b>5,500</b>

**CORPORATE GOVERNANCE  
OVERVIEW STATEMENT  
(CONT'D)**

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

**III. REMUNERATION (CONT'D)**

8.1 (Cont'd)

(ii) Group Level

Name of Director	Salaries other and emoluments (RM)	Directors' Fees (RM)	Statutory Contribution (RM)	Benefits- in-kind (RM)	Bonus and allowances (RM)
<b>Executive Director</b>					
Darmendran Kunaretnam	808,608	–	54,940	–	95,052
<b>Total</b>	<b>808,608</b>	<b>–</b>	<b>54,940</b>	<b>–</b>	<b>95,052</b>
<b>Non-Executive Director</b>					
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	–	41,310	–	–	1,500
Tai Keat Chai	–	72,000	–	–	2,000
Adnan bin Ahmad	–	30,600	–	–	2,000
Chee Cheng Chun	–	30,600	–	–	2,000
<b>Total</b>	<b>–</b>	<b>174,510</b>	<b>–</b>	<b>–</b>	<b>7,500</b>

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.

**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 During the FYE 2022, the ARMC is chaired by Mr. Tai Keat Chai, who is an INED, while the Chairman of the Board is Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, 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 2022, 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

- 9.3 The ARMC has adopted a 'Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors' 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 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.

The ARMC was of the view that Messrs. Moore Stephens Associates PLT 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 Twenty-Eighth ("28<sup>th</sup>") AGM of the Company.

- 9.4 The ARMC comprises solely of Independent Directors.
- 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.

**CORPORATE GOVERNANCE  
OVERVIEW STATEMENT  
(CONT'D)**

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

**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.

- 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.

- 10.3 The Board had on 30 September 2019 approved the renaming of the AC to ARMC, which comprises solely Independent Directors, to assist the Board in discharging the responsibilities and duties relating to accounting and reporting practices as well as to monitor the overall risk management framework, the financial reporting processes, the compliance processes, the performances of external and internal auditors and overseeing the audit program of the Group.

**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 the FYE 2022, the ARMC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors for the FYE 2022 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### 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.**

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](http://www.bursamalaysia.com) or via the Company's website at [www.rexmalaysia.com](http://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 are committed to ensuring that the notice of every AGM of the Company is being circulated at least twenty-eight (28) days prior to the date of the meeting. For the 27<sup>th</sup> AGM, the company managed to circulate the notice of the AGM at least twenty-eight (28) days prior to the date of the meeting.

The Board is aware that sufficient notice and time given would allow the shareholders 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 During the 27<sup>th</sup> AGM of the Company held on 29 November 2021, one (1) out of five (5) directors was not able to attend the AGM due to personal reasons. The other directors together with the Chief Financial Controller, Company Secretary and External Auditors participated in the 27<sup>th</sup> AGM to provide meaningful responses to questions raised by the shareholders.

During the Extraordinary General Meeting (“EGM”) held on 27 May 2022, all the board members managed to participate to engage with the shareholders effectively.

13.3 Given the intense situation with the Covid-19 pandemic and safe distancing requirements imposed by the Government, which discourages mass gatherings, the Board had conducted the 27<sup>th</sup> AGM of the Company held on 29 November 2021 on a fully virtual basis to enable the shareholders of the Company to participate fully in the proceedings at more than one (1) venue using technology facilities and to exercise their right to speak and vote at the meeting without the need to be physically present at the venue. Where the shareholders were not able to participate, they could and had appointed proxies to participate and vote on their behalf.

However, with the relaxation of Covid-19 pandemic restrictions, the EGM held on 27 May 2022 was conducted physically to encourage face-to-face discussions with shareholders and stakeholders after not being able to do this for more than 2 years. All necessary precautions were taken to minimise any potential transmission of Covid-19.

13.4 The Company believes that a general meeting is a platform of 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 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### II. CONDUCT OF GENERAL MEETINGS (CONT'D)

13.5 During the 27<sup>th</sup> AGM, the Company had appointed SS E Solutions Sdn Bhd. as the service provider of Remote Participation and Voting (“**RPV**”) facilities via the Securities Services e-Portal (“**SSeP**”). SSeP is an all-in solution for facilitating RPV at meetings.

At the 27<sup>th</sup> AGM, the Chairman informed that shareholders may exercise their rights to vote remotely at the meeting.

The Group Managing Director answered questions posed by shareholders verbally during the meeting and via email after the meeting ended to ensure effective communication with shareholders at the virtual meeting.

13.6 The Minutes of the 27<sup>th</sup> AGM held on 29 November 2021 are available on the corporate website at [www.rexmalaysia.com](http://www.rexmalaysia.com) and were published no later than thirty (30) business days after the AGM.

The Corporate Governance Overview Statement and the Corporate Governance Report were duly approved at the Board of Directors’ Meeting held on 11 October 2022.



# SUSTAINABILITY STATEMENT

## INTRODUCTION

Acknowledging that businesses play a vital role in driving effective sustainable change, the Board of Directors (“**Board**”) is pleased to present the Group’s Sustainability Statement for the financial year ended 30 June 2022 (“**the Statement**”), which has been prepared in accordance with Practice Note 9 of the Main Market Listing Requirements and the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia Securities Berhad.

This statement aims to provide meaningful information to the stakeholders on the journey we are undertaking to embrace sustainability as part of the business and integrating the same into the daily business activities.

This Statement was prepared on a best effort basis and we are committed to further it, specifically on the material sustainability issues, in order to narrow any gaps we might have in our reporting. As a result, we are also laying out the action plan to do so in this Statement.

## SCOPE

This Statement covers Rex Industry Berhad and four (4) of its subsidiaries located in Malaysia, i.e.:-

- Rex Canning Co. Sdn Bhd
- Rex Trading Sdn Bhd
- Summit Teamtrade (2011) Sdn Bhd
- Cinta Edar (M) Sdn Bhd

And, collectively referred to as the “**Group**”.

Information disclosed in this Statement comprises activities relating to:-

- Manufacturing of canned food, drinks and confectionaries.
- Trading / sales of canned food, drinks and confectionaries.
- Trading of manufactured biscuit

Collectively, the above contributed to approximately 45% of the Group’s total revenue. And our reporting period is from 1 July 2021 to 30 June 2022, unless otherwise stated.

## GOVERNANCE, STRUCTURE AND PROCESS

Our Sustainability Working Group (“**SWG**”) was formed in 2018 to enhance our existing governance structure in relation to sustainability. 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 i.e.:-

- 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)

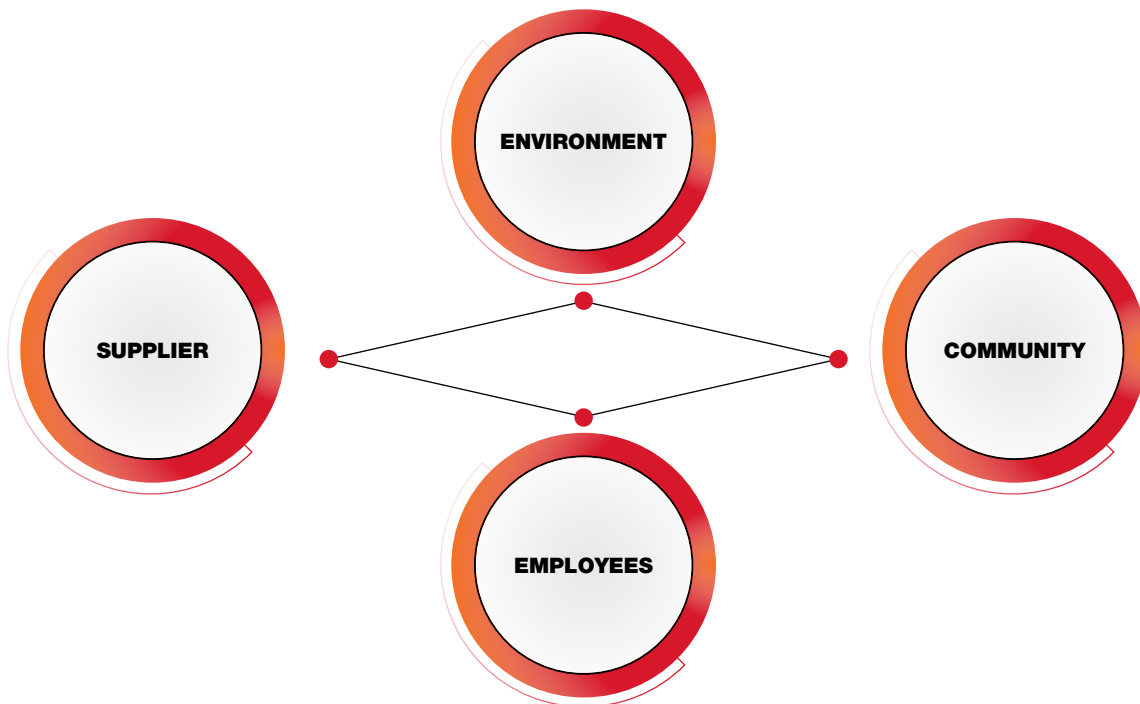
### GOVERNANCE, STRUCTURE AND PROCESS (CONT'D)

The sustainability governance structure is illustrated as below:-



### SUSTAINABILITY STRATEGY

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 to ensure that, while running the business effectively, we are also committed to contribution to the larger community. The 4 Sustainability Pillars are illustrated below:-



## SUSTAINABILITY STATEMENT

(CONT'D)

### STAKEHOLDERS ENGAGEMENT

We have identified and prioritised the stakeholders, based on the level of influence and dependence of these stakeholders over the Group, and at the same time, the channels of engagement and the engagement matters with the respective stakeholders prioritised, as illustrated below:-

Stakeholders	Engagement Platforms	Engagement Matters
Shareholders	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Financial statements</li> <li>Press releases/announcements</li> </ul>	<ul style="list-style-type: none"> <li>Dividend</li> <li>Return on investment</li> <li>Financial performance</li> <li>Share performance</li> </ul>
Board of Directors	<ul style="list-style-type: none"> <li>Board meetings</li> <li>Annual General Meeting</li> <li>Company organised events</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Company business strategy</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Orientation training</li> <li>Learning and development programmes</li> <li>Employee performance appraisal</li> <li>Corporate organised events</li> </ul>	<ul style="list-style-type: none"> <li>Occupational safety &amp; health</li> <li>Human resource management</li> <li>Fair employment practices</li> <li>Career development opportunities</li> </ul>
Government / Regulators	<ul style="list-style-type: none"> <li>Ongoing interactions</li> <li>Formal and informal meetings</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing issues and policies</li> <li>Foods safety issues and policies</li> <li>Effluent &amp; waste management</li> <li>Water &amp; energy management</li> <li>Compliance to applicable laws</li> <li>Economic, environmental and social impacts</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Face-to-face interaction</li> <li>Feedback survey</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing quality</li> <li>Manufacturing capacity</li> <li>Research &amp; Development</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Interviews</li> <li>Evaluations/Re-evaluations</li> <li>Face-to-face interaction</li> </ul>	<ul style="list-style-type: none"> <li>Agreeable contracts</li> <li>Terms of payments</li> <li>Maintaining partnerships</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Corporate volunteering programmes (e.g. community events, knowledge-sharing initiatives &amp; partnerships with non-governmental organisations)</li> </ul>	<ul style="list-style-type: none"> <li>Support towards community development</li> <li>Job creation for local communities</li> <li>Undertaking business in a responsible manner</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

### MATERIALITY SUSTAINABILITY MATTERS

We are still in the process of learning and understanding what the Group would prioritise in terms of material sustainability matters, as sustainability involves a very wide and general area in which the Group can play a role.

A list of material sustainability matters has been identified by the Board, however their priority level has not been finalised for the current financial year as further assessment and studies are required to be carried out.

The Group has established the following action plan to be executed and completed by the SWG during the coming financial years:-

- (a) To perform studies of what are being practised by peers in similar industry.
- (b) To perform domestic studies of internal policies & standard operating procedures, and gather inputs from all relevant departments/functions.
- (c) To prioritize the material sustainability issues identified, considering their:-
  - o Significance to the Group economic, environment and social impacts; and
  - o Influence on the assessments and decisions of stakeholders.
- (d) To map and present the results on the Group's Materiality Matrix.
- (e) With reference to data collected from (a) and (b) above, 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.

### SUSTAINABILITY EFFORTS

Sustainability management is embedded within the Group's operations. The Group's current efforts in relation to the Material Sustainability Matters are set out below:-

#### *Economic*

##### **A. Product Quality and Safety**

We place great importance on our product quality and safety to maintain a quality standard on 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 attained 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.

## SUSTAINABILITY STATEMENT (CONT'D)

### SUSTAINABILITY EFFORTS (CONT'D)

#### *Environment*

##### **A. Effluent and waste management**

Food product manufacturing generally produces significant volume of materials/resources which would potentially end up as wastewater. The effluent discharge from food production is treated through the waste water treatment plant (WWT) before being released. The ongoing upgrades have been carried out on the WWT to cater for the increase in production. Routine monitoring and reporting have been done by an accredited laboratory to ensure wastewater discharged is within the Department of Environment's wastewater effluent discharge standards.

##### **B. Energy consumption**

Since March 2019, our Group's Bukit Minyak production facility had switched to natural gas to fuel our boilers.

Benefits included eliminating the release of ash, soot and sulphur into the air and extending the life spans of the boiler and chimney. Gas is also cleaner because it is sludge free and being directly piped-in, gas is better insulated against supply disruptions.

#### *Social*

##### **A. Workplace Safety & 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 ("FAM") 1997 are adhered to.

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

##### **B. Human resource management**

Human resources are seen as one of the cores for the Group, as it is important to recruit and retain high calibre employees to add value to the Group. The Group is committed 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.

For the non-executive production employees, the Group would ensure the health and safety policies are adhered to as the compliance would benefit the employees, purchasers, investors as well as general public in the form of quality products and environment friendly practices which do not harm the public environment.

##### **C. Contribution to local community**

Similar to previous years, as part of good corporate citizenship program, a portion of the proceeds from the sale of REX's products which carry the "Love Rex" logo goes to support the various disabled and underprivileged groups in our society.

Throughout FYE 2022, we continue to support 3 homes for the underprivileged in the Klang Valley while under the REX CARE program, over 1,000 deserving families throughout the country were provided food baskets.

## 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 2022 (“**FYE 2022**”), the ARMC comprises three (3) members as follows, all of whom are Independent Non-Executive Directors, which met the requirements of 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	Chairman	Independent Non-Executive Director
Tan Sri Dato’ Mohd Ibrahim bin Mohd Zain	Member	Independent Non-Executive Director
Adnan bin Ahmad	Member	Independent Non-Executive Director

The Chairman of the ARMC, Mr. Tai Keat Chai, 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. Moore Stephens Associates PLT in the previous three (3) years, nor did any of the ARMC members hold any financial interest in Messrs. Moore Stephens Associates PLT.

### 2. MEETING ATTENDANCE

The ARMC held a total of five (5) Meetings during the FYE 2022. The details of the attendance of the respective ARMC members are as follows:-

Name	No. of Meetings Attended *
Tai Keat Chai	5 of 5
Tan Sri Dato’ Mohd Ibrahim bin Mohd Zain	4 of 5
Adnan bin Ahmad	5 of 5

\* The Meetings were held on 17 August 2021, 8 October 2021, 29 November 2021, 28 January 2022 and 27 May 2022.

The External Auditors for the Group had attended three (3) of the ARMC Meetings held in the FYE 2022, 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 2022, 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](http://www.rexmalaysia.com).

## AUDIT COMMITTEE REPORT (CONT'D)

### 4. SUMMARY OF WORK OF THE ARMC

During the FYE 2022, 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 2021, 30 September 2021, 31 December 2021 and 31 March 2022, 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 2021 ("FYE 2021") 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 ARMC closing presentation prepared by the External Auditors for the FYE 2021, covering matters to highlight, status of audit and salient accounting and auditing matters, etc.
- (c) Reviewed the audit planning memorandum for the financial year ending 30 June 2022 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.
- (d) Reviewed the statutory audit fee for the financial year ending 30 June 2022, and recommended the same to the Board for approval.
- (e) 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.
- (f) Reviewed the suitability, independence and performance of the External Auditors for the FYE 2022 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.
- (g) 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 2022 as prepared by the Internal Auditors.

## AUDIT COMMITTEE REPORT (CONT'D)

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

#### **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-Seventh Annual General Meeting of the Company held on 29 November 2021.
- (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.

#### **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 2021 Annual Report.

#### **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:-
  - Control over payroll for PT Rex Canning, Indonesia
- (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 the FYE 2022 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 2022 was RM8,120.00.



## 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 2022:-

- 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 2022.

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 2022 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, Remuneration Committee and Nomination 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 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 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 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. During the financial year, the Internal Auditors reviewed the controls over payroll in the Indonesian subsidiary. Their report has been presented to the Audit and Risk Management Committee.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

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 requires disclosure in the 2022 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, comprises 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 judgment, an assurance was received from the Group Managing Director and Group 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 2022. 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 11 October 2022.

## 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 246,626,468 Rights Shares

The Company had on 15 December 2020 completed the above Renounceable Rights Issue of 246,626,468 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad. The Renounceable Rights Issue had raised gross proceeds of RM24,662,647, which had been fully utilised during the financial year ended 30 June 2022.

#### (b) Renounceable rights issue of 164,417,645 new ordinary shares in Rex ("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 ("Proposed 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)	Estimated Timeframe for Utilisation
Business expansion	10,000	–	10,000	Within 18 months
Working capital	5,882	(2,221)	3,661	Within 12 months
Expenses for this corporate exercise	560	(560)	–	
<b>Total</b>	<b>16,442</b>	<b>(2,781)</b>	<b>13,661</b>	

### 2. Audit and Non-Audit Fees

During the FYE 2022, Messrs. Moore Stephens Associates PLT, the External Auditors, has 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)
<b>Audit services rendered</b>		
Statutory audit in respect of the FYE 2022	60,000	221,363
<b>Non-audit services rendered</b>		
(a) Review of Statement of Risk Management and Internal Control	8,000	8,000
(b) Review of Component Auditors' working papers	–	29,677
<b>Total</b>	<b>68,000</b>	<b>259,040</b>

### 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 2022.

# 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. The majority of 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 2022, the Group recorded revenue of RM161.11 million which represents an increase of approximately RM0.57 million as compared to the preceding financial year of RM160.54 million. The increase in revenue was mainly due to higher revenue contribution from the local subsidiaries.

The Group recorded lower profit before tax of RM2.93 million for the FYE 30 June 2022 as compared to the profit before tax of RM3.91 million incurred in the preceding financial year. This was attributable to the escalating costs of material and labour combined with the effect of a weakening Ringgit that impacted local subsidiaries' cost of purchases. This was partly offset by the reversal of impairment loss on other receivables and inventories obsolescence as well as gain on disposal of property, plant and equipment in the current financial year.

**MANAGEMENT DISCUSSION  
& ANALYSIS**  
(CONT'D)

**FINANCIAL PERFORMANCE (CONT'D)**

<b>REX GROUP (All in RM'000)</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Revenue	149,245	160,539	161,111
(Loss)/Profit before tax	(8,396)	3,912	2,934

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.

**Financial Highlights**

	<b>30 Jun 18 RM'000</b>	<b>30 Jun 19 RM'000</b>	<b>30 Jun 20 RM'000</b>	<b>30 Jun 21 RM'000</b>	<b>30 Jun 22 RM'000</b>
<b><u>Statement of Profit and Loss</u></b>					
Revenue	130,324	136,609	149,245	160,539	161,111
(Loss)/Profit before Tax after Minority Interest	(15,095)	(14,317)	(8,396)	3,912	2,934
Interest expense	1,539	1,905	2,050	1,531	1,171
(Loss)/Profit after Tax and Minority Interest	(15,153)	(13,297)	(9,465)	2,603	2,027
Dividend declared	-	-	-	(987)	-
<b><u>Statement of Financial Position</u></b>					
Paid-up Share Capital	73,742	73,742	73,742	97,903	97,903
Shareholders Funds	126,422	113,672	101,891	127,404	129,714
Borrowings	29,946	36,472	42,209	28,884	27,804
Net Tangible Assets ("NTA")	118,533	106,635	94,854	120,367	122,677

## MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

### FINANCIAL PERFORMANCE (CONT'D)

#### Financial Ratio

	30 Jun 18 RM'000	30 Jun 19 RM'000	30 Jun 20 RM'000	30 Jun 21 RM'000	30 Jun 22 RM'000
<b>Investment Ratio</b>					
NTA per share	0.48	0.43	0.38	0.24	0.25
Basic (Loss)/Earnings Per Share (Sen)	(8.05)	(5.39)	(3.84)	0.64	0.38
Dividend per share (sen)	–	–	–	0.2	–
<b>Operating Ratio</b>					
After tax return on shareholders' fund (%)	(11.99)	(11.70)	(9.29)	2.04	1.56
Pre-tax profit margin (%)	(11.58)	(10.48)	(5.63)	2.44	1.82
<b>Financial Ratio</b>					
Gearing (times)	0.24	0.32	0.42	0.23	0.22
Interest Coverage ratio	(8.81)	(6.52)	(3.10)	3.55	3.51
<b>Liquidity ratio</b>					
Current ratio	2.35	1.80	1.32	1.87	1.79
Quick ratio	1.27	0.99	0.61	0.93	0.83

#### Notes:

- (1) The issued ordinary shares of the Company was increased from 246,626,468 to 493,252,936 units of ordinary shares by way of issuance of 246,626,468 new ordinary shares arising from right issue exercise. The right issue had been completed when the Rights Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 15 December 2020.
- (2) 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 2022.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### OUTLOOK AND PROSPECTS

The Group expects the environment for the Food & Beverage industry to remain challenging especially in the near future. The high raw material cost, rising freight charges, and geo-political tensions are expected to impact on our business, while rising inflationary pressures will continue to impact consumer spending.

We are nevertheless encouraged by our increasing sales revenue over the last 5 years and are confident in facing the expected headwinds in FY2023 in both the domestic and export markets.

The rising inflationary pressures may likely result in consumers down trading and our Group will be poised to benefit from this because of our value positioning.

We will endeavour to cushion the impact of increased cost of pressures to our business by practising tight management of operations for efficiencies and prudent cost minimisation.

Going forward, the Group will remain focused on driving sustainable growth. We will continue to improve our production efficiency by investing in automation where appropriate, lessen the impact on our bottom line through diligent cost management measures and enhance margins with the right product mix and through price adjustments where possible. We continue to focus on strengthening our market position with these strategies.

We will remain proactive in addressing the challenges ahead and are cautiously optimistic of a positive performance in the new Financial Year (July 2022 – June 2023).

### EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Company has completed a fund-raising exercise subsequent to the financial year for a renounceable rights issue for ordinary shares at RM0.10 per Rights Share, on the basis of 1 Rights Share for every 3 existing Rex Shares held, together with 54,805,881 Warrants on the basis of 1 Warrant for every 3 Rights Shares subscribed. With 164,417,645 Rights Shares subscribed, the Company raised proceeds of approximately RM16.44 million. The Rights Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 30 August 2022.

The proceeds raised from the Rights Issue will be utilised firstly in priority to defray the expenses related to the Rights Issue, secondly towards business expansion, and lastly towards the working capital required for the day-to day operations of the Group.

### ACKNOWLEDGEMENTS

I take this opportunity to extend a warm welcome to our two new Executive Directors, Dato' Cheah Teng Lim and Mr Kajendra Pathmanathan, who have been appointed to our Board on 11 October 2022. Their combined experience and expertise will contribute positively to the strategies and direction of the Group.

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 dedicated staff and management team, thank you for your commitment and leading the Company forward.

**DAMENDRAN KUNARETNAM**

Group Managing Director



# ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2022

Class of Securities	: Ordinary Shares
Total Number of Holders	: 1559
Voting Rights	: One (1) vote per Ordinary Share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	23	1.48	675	0.00
100 – 1,000	152	9.75	62,516	0.01
1,001 – 10,000	517	33.16	3,189,531	0.48
10,001 – 100,000	668	42.84	23,675,563	3.60
100,001 – 32,883,528 (*)	197	12.64	456,431,896	69.41
32,883,529 and above (**)	2	0.13	174,310,400	26.50
<b>TOTAL</b>	<b>1,559</b>	<b>100.00</b>	<b>657,670,581</b>	<b>100.00</b>

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 30 September 2022 are as follows:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
Daiman Taipan Sdn. Bhd.	174,310,400	26.50	–	–
Darmendran Kunaretnam	83,399,603	12.68	174,310,400 <sup>(1)</sup>	26.50
Chee Cheng Chun	–	–	174,310,400 <sup>(1)</sup>	26.50

### Notes:

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

## DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of Rex Industry Berhad based on the Register of Directors' Shareholdings of the Company as at 30 September 2022 are as follows:

Directors	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	9,415,600	1.43	–	–
Darmendran Kunaretnam	83,399,603	12.68	174,310,400 <sup>(1)</sup>	26.50
Chee Cheng Chun	–	–	174,310,400 <sup>(1)</sup>	26.50
Tai Keat Chai	–	–	–	–
Adnan bin Ahmad	–	–	–	–

### Notes:

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

## THIRTY (30) LARGEST SHAREHOLDERS

AS AT 30 SEPTEMBER 2022

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

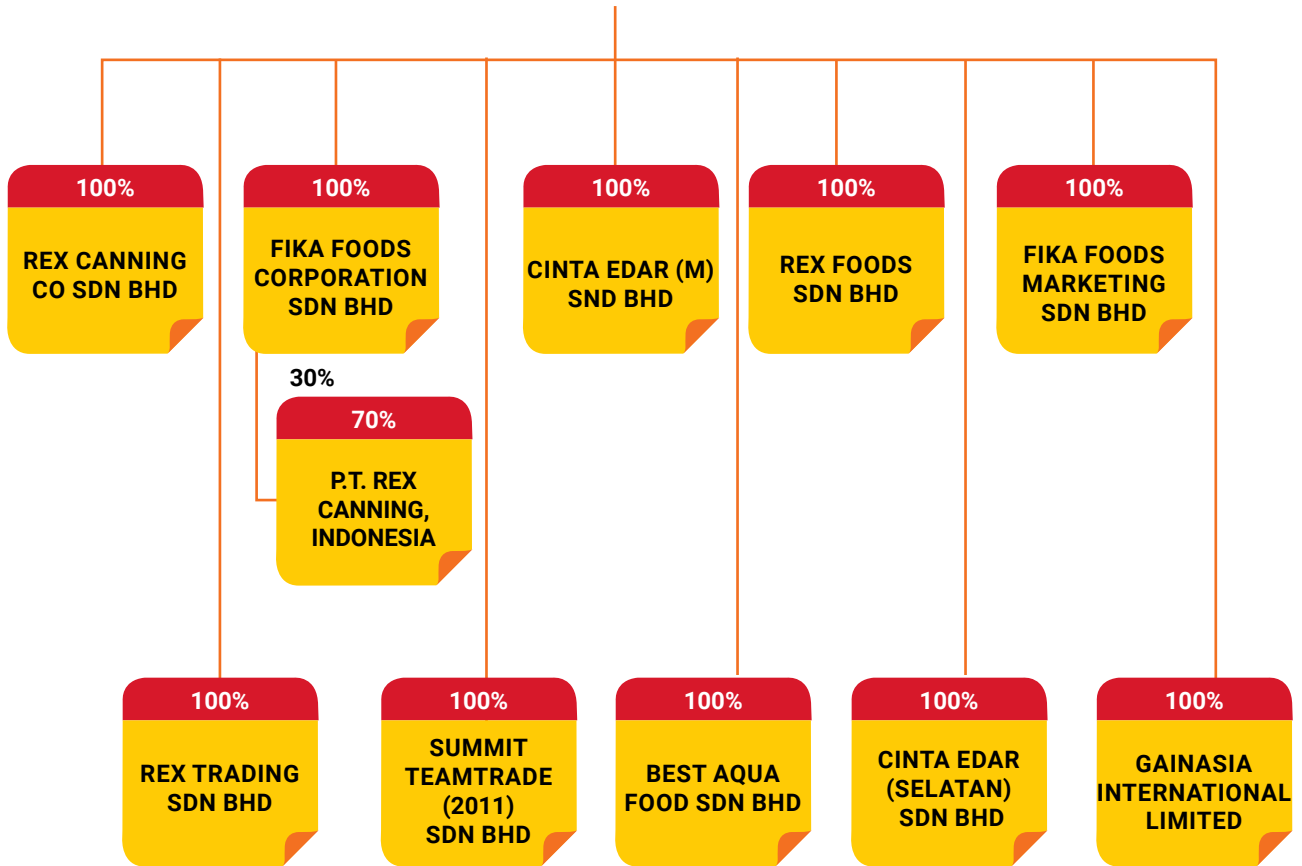
No.	Name of Shareholders	No. of Shares	(%)
1.	Daiman Taipan Sdn. Bhd.	125,084,800	19.02
2.	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Daiman Taipan Sdn. Bhd.)	49,225,600	7.48
3.	Innoteguh Sdn. Bhd.	32,033,866	4.87
4.	Vivadoor Sdn. Bhd.	31,097,200	4.73
5.	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Darmendran Kunaretnam)	30,410,666	4.62
6.	Darmendran Kunaretnam	29,560,672	4.49
7.	Melody Station Sdn. Bhd.	25,984,800	3.95
8.	Taiko Voyage Sdn. Bhd.	25,035,233	3.81
9.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Teo Kwee Hock)	24,636,766	3.75
10.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Teo Siew Lai)	23,707,600	3.60
11.	Thevandran A/L K Ragavan	21,306,666	3.24
12.	Sterling Honour Sdn. Bhd.	21,011,400	3.19
13.	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Kamlesh Kumar)	12,402,600	1.89
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Thevandran K Ragavan (021))	10,527,066	1.60
15.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Mohd Ibrahim bin Mohd Zain)	9,415,600	1.43
16.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Ng L'Yp-Hau)	8,650,666	1.32
17.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Darmendran Kunaretnam (MY2013))	8,533,333	1.30
18.	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Darmendran Kunaretnam)	8,068,266	1.23
19.	AMSEC Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Kuek Boon Siang)	7,216,000	1.10
20.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Darmendran Kunaretnam (7000587))	6,826,666	1.04
21.	Southern Realty Resource Sdn. Bhd.	6,666,666	1.01
22.	Haridas A/L Suppiah	6,011,066	0.91
23.	Lee Sew Keng	5,052,528	0.77
24.	HLIB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Chen Siew Cheen)	5,040,000	0.77
25.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Samuel Lo Qi Feng (MY2538))	4,846,600	0.74
26.	TA Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Tay Ben Chuan)	4,602,000	0.70
27.	HSBC Nominees (Asing) Sdn. Bhd. (Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore Bch))	4,266,666	0.65
28.	Kamlesh Kumar	3,205,333	0.49
29.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Ong Yoong Nyock (8039533))	3,066,666	0.47
30.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Choo Keng Weng (7003043))	2,666,666	0.41
	<b>TOTAL</b>	<b>556,159,657</b>	<b>84.58</b>

# CORPORATE STRUCTURE



## REX INDUSTRY BERHAD

199301027926 (282664-K)



# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other information of its subsidiaries are set out in Note 11 to the financial statements.

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

## RESULTS

	Group RM	Company RM
Profit/(loss) for the financial year, net of tax attributable to Owners of the Company	2,027,064	(6,263,332)

## DIVIDENDS

On 8 October 2021, the Directors declared an interim single tier dividend of RM0.002 per ordinary share for the financial year ended 30 June 2021 amounting to RM986,505, which was subsequently paid by the Company on 9 November 2021.

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

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year to the date of this report are:

Adnan Bin Ahmad  
 Chee Cheng Chun \*  
 Darmendran Kunaretnam \*  
 Tai Keat Chai \*  
 Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain  
 Dato' Cheah Teng Lim  
 Kajendra Pathmanathan

*(Appointed on 11 October 2022)*  
*(Appointed on 11 October 2022)*

\* Being a Director of one or more subsidiaries

## DIRECTORS' REPORT (CONT'D)

### DIRECTOR OF THE SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Director who served in the subsidiaries (excluding Directors who are also Directors of the Company) in office since the beginning of the financial year to the date of this report is as follows:

Vong Nee Toh

### DIRECTORS' INTERESTS

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016, the interest of Directors in office at the end of the financial year in shares or debentures of the Company and its related corporations during the financial year were as follows:

Name of Directors	At	Number of Ordinary Shares		At
	01.07.2021 Unit	Bought Unit	Sold Unit	30.06.2022 Unit
<i>Ordinary shares in the Company</i>				
<i>Direct interests:</i>				
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	7,061,600	–	–	7,061,600
Darmendran Kunaretnam	62,549,704	–	–	62,549,704
<i>Indirect interests:</i>				
Darmendran Kunaretnam *				
- Daiman Taipan Sdn. Bhd.	121,232,800	9,500,000	–	130,732,800
Chee Cheng Chun *				
- Daiman Taipan Sdn. Bhd.	121,232,800	9,500,000	–	130,732,800

\* Deemed interest via shareholding in a related corporation pursuant to Section 8(4) 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 of the Company and its related corporations during the financial year.

## DIRECTORS' REPORT (CONT'D)

### 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 as follows:

	Company RM	Subsidiaries RM
Fees and allowances	71,710	110,300
Salaries and other emoluments	–	903,660
Contributions to defined contribution plan	–	54,264
Social security contributions	–	676
	71,710	1,068,900

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 28 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.

### OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position 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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

## DIRECTORS' REPORT (CONT'D)

### OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) 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 will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) 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 and of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors of the Company and its subsidiaries as remuneration for their services for the financial year are as set out in Note 6 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company and its subsidiaries.

### EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

Details of event subsequent to the end of financial year are disclosed in Note 34 to the financial statements.

### AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, 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 11 October 2022.

**TAN SRI DATO' MOHD IBRAHIM  
BIN MOHD ZAIN**

**TAI KEAT CHAI**

## STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 60 to 125 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 2022 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 11 October 2022.

**TAN SRI DATO' MOHD IBRAHIM  
BIN MOHD ZAIN**

**TAI KEAT CHAI**

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **CHIA HUP TONG**, being the Officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 60 to 125 are to the best of my knowledge and belief, 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.

Subscribed and solemnly  
declared by the abovenamed  
at Kuala Lumpur in the  
Federal Territory  
on 11 October 2022

**CHIA HUP TONG**

Before me,

**TAN KIM CHOOI  
W661**



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF REX INDUSTRY BERHAD  
REGISTRATION NO.: 199301027926 (282664-K)  
(INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Rex Industry Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements 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 significant accounting policies, as set out on pages 60 to 125.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 *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.

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### Impairment assessment on goodwill, investments in subsidiaries and property, plant and equipment

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#### *Goodwill*

As at 30 June 2022, as shown in Note 13 to the financial statements, the carrying amount of the Group's goodwill amounted to approximately RM7.0 million.

The Group is required to, at least annually or more frequently when indication of impairment exists, perform impairment assessments of goodwill that has an indefinite useful life. For the purpose of performing impairment assessments, goodwill has been allocated to respective cash-generating units ("**CGUs**"). The recoverable amount of the underlying CGUs is supported by value-in-use ("**VIU**") or fair value less costs of disposal calculations which are based on future discounted cash flows. The management concluded that no impairment on goodwill is required for the financial year ended 30 June 2022.

#### *Investments in subsidiaries*

As at 30 June 2022, as shown in Note 11 to the financial statements, the carrying amount of the Company's investments in subsidiaries amounted to RM84.9 million. During the financial year, the Company has recognised an impairment loss of RM4.4 million for its investments in subsidiaries.

A lower of net assets recorded by certain subsidiaries have resulted in an indication that the carrying amount of investments in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amount of the investments in subsidiaries based on fair value less costs of disposal calculations as well as VIU calculations using cash flows projections derived from the most recent financial projections approved by the Directors covering a five-year period.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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

##### Impairment assessment on goodwill, investments in subsidiaries and property, plant and equipment (Cont'd)

###### *Impairment review of property, plant and equipment ("PPE")*

As at 30 June 2022, as shown in Note 9 to the financial statements, the carrying amounts of the Group's PPE amounted to RM80.4 million, representing approximately 40% of the Group's total assets.

Certain subsidiaries were loss making and in accumulated losses position during the financial year. These resulted in indications that the carrying amounts of PPE may be impaired. Accordingly, the Group estimated the recoverable amount of the PPE based on fair value less costs of disposal calculations as well as VIU calculations using cash flows projections derived from the most recent financial projections approved by the Directors covering a five-year period.

We have identified the impairment review of goodwill, investments in subsidiaries and PPE as key audit matters as impairment test involves significant judgement in estimating the underlying assumptions to be applied in the discounted cash flows projections of the VIU calculations. The recoverable amounts of goodwill, investments in subsidiaries and PPE are highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin and the pre-tax discount rate used in the cash flows projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.

#### Our audit performed and responses thereon

In addressing the matters above, we have performed the following audit procedures to evaluate management's basis and assumptions used in the VIU and the fair value less costs of disposal for respective subsidiaries and CGUs:-

- Assessed whether the recoverable amounts based on VIU were prepared by management based on the approved budgets by the Directors;
- Evaluated management's budgeting process by comparing actual results to historical cash flows projections;
- Reviewed management's impairment assessment including their considerations of the impact of COVID-19 pandemic has on the operations and compared, gross margin and discount rate against our knowledge of the subsidiaries' and CGUs' historical performance, business and cost management strategies based on facts and circumstances currently available;
- Performed sensitivity analysis by changing certain key assumptions used in the VIU and assessed the impact on the recoverable amounts of the cost of investments in subsidiaries, goodwill and PPE;
- Assessed the basis in deriving the fair value less costs of disposal of certain PPE; and
- Assessed the net assets of the subsidiaries in deriving the recoverable amounts of the cost of investments to estimate the fair value of the subsidiaries.

#### 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 the fact. We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

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

#### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the 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:

- (a) 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.
- (b) 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 of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 or the Company to cease to continue as a going concern.
- (e) 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.
- (f) 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.

**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)**

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, related safeguards.

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 financial 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 11 to the financial statements.

**OTHER MATTER**

This report is made solely to the members of the Company as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**MOORE STEPHENS ASSOCIATES PLT**  
201304000972 (LLP0000963-LCA)  
Chartered Accountants (AF002096)

**STEPHEN WAN YENG LEONG**  
02963/07/2023J  
Chartered Accountant

Petaling Jaya, Selangor  
Date: 11 October 2022

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	Group 2021 RM	Company 2022 RM	2021 RM
Revenue	4	161,111,027	160,539,264	-	11,000,000
Changes in manufactured inventories		(5,885,489)	(5,662,607)	-	-
Raw materials and consumables used		(101,087,836)	(100,791,279)	-	-
Staff costs		(21,093,810)	(20,837,381)	(71,710)	(184,510)
Depreciation		(4,630,378)	(3,799,133)	-	-
Other operating expenses		(26,685,815)	(25,481,686)	(252,177)	(235,702)
Other expenses		(830,341)	(320,364)	(5,939,445)	-
Other income		3,207,948	1,795,780	-	42,590
<b>Profit/(loss) from operations</b>		<b>4,105,306</b>	<b>5,442,594</b>	<b>(6,263,332)</b>	<b>10,622,378</b>
Finance costs	5	(1,171,083)	(1,530,554)	-	-
<b>Profit/(loss) before tax</b>	6	<b>2,934,223</b>	<b>3,912,040</b>	<b>(6,263,332)</b>	<b>10,622,378</b>
Income tax expense	7	(907,159)	(1,309,463)	-	-
<b>Profit/(loss) for the year, representing total comprehensive income for the financial year</b>		<b>2,027,064</b>	<b>2,602,577</b>	<b>(6,263,332)</b>	<b>10,622,378</b>
<b>Other comprehensive income, net of tax</b>					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation		1,269,392	(1,556,615)	-	-
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Defined benefit plan actuarial gain		-	306,288	-	-
<b>Total other comprehensive income for the financial year</b>		<b>1,269,392</b>	<b>(1,250,327)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the financial year</b>		<b>3,296,456</b>	<b>1,352,250</b>	<b>(6,263,332)</b>	<b>10,622,378</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		2,027,064	2,602,577	(6,263,332)	10,622,378
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		3,296,456	1,352,250	(6,263,332)	10,622,378
<b>Basic earnings per ordinary share attributable to Owners of the Company (sen):</b>	8	<b>0.38</b>	<b>0.64</b>		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	9	80,377,179	78,894,959	-	-
Right-of-use assets	10	5,604,842	6,143,278	-	-
Investments in subsidiaries	11	-	-	84,880,641	89,255,250
Other investment	12	-	-	-	-
Goodwill on consolidation	13	7,037,480	7,037,480	-	-
		93,019,501	92,075,717	84,880,641	89,255,250
<b>Current Assets</b>					
Inventories	14	58,316,937	52,116,219	-	-
Trade receivables	15	34,408,795	33,363,772	-	-
Other receivables	16	6,750,592	3,144,775	235,497	20,648
Amounts due from subsidiaries	17	-	-	12,166,214	15,116,918
Tax recoverable		161,328	190,397	31,320	31,320
Cash and cash equivalents	18	8,790,165	14,628,260	93,310	142,200
		108,427,817	103,443,423	12,526,341	15,311,086
<b>TOTAL ASSETS</b>		<b>201,447,318</b>	<b>195,519,140</b>	<b>97,406,982</b>	<b>104,566,336</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	19	97,903,444	97,903,444	97,903,444	97,903,444
Translation reserve	20	(3,667,102)	(4,936,494)	-	-
Retained earnings/ (accumulated losses)		35,478,033	34,437,474	(3,751,757)	3,498,080
<b>Total equity attributable to Owners of the Company</b>		<b>129,714,375</b>	<b>127,404,424</b>	<b>94,151,687</b>	<b>101,401,524</b>
<b>Non-Current Liabilities</b>					
Borrowings	21	9,272,106	10,515,773	-	-
Deferred tax liabilities	22	1,491,888	1,507,883	-	-
Lease liabilities	23	390,087	773,965	-	-
		11,154,081	12,797,621	-	-
<b>Current Liabilities</b>					
Borrowings	21	18,532,065	18,368,534	-	-
Trade payables	24	19,823,659	20,003,757	-	-
Other payables	25	21,274,054	15,858,606	255,372	201,494
Rebate liability	26	596,276	582,488	-	-
Amounts due to subsidiaries	17	-	-	2,999,923	2,963,318
Lease liabilities	23	273,060	332,817	-	-
Tax payable		79,748	170,893	-	-
		60,578,862	55,317,095	3,255,295	3,164,812
<b>Total Liabilities</b>		<b>71,732,943</b>	<b>68,114,716</b>	<b>3,255,295</b>	<b>3,164,812</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>201,447,318</b>	<b>195,519,140</b>	<b>97,406,982</b>	<b>104,566,336</b>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Attributable to Owners of the Company			Total Equity RM
		Non-Distributable Share Capital RM	Translation Reserve RM	Distributable Retained Earnings RM	
<b>Group</b>					
<b>At 1 July 2020</b>		73,742,421	(3,379,879)	31,528,609	101,891,151
Foreign currency translation difference for foreign operations	25(i)	-	(1,556,615)	-	(1,556,615)
Defined benefit plan actuarial gain		-	-	306,288	306,288
<b>Total other comprehensive income for the financial year</b>		-	(1,556,615)	306,288	(1,250,327)
Profit for the financial year		-	-	2,602,577	2,602,577
<b>Total comprehensive income for the financial year</b>		-	(1,556,615)	2,908,865	1,352,250
<b>Transaction with Owners of the Company</b>					
Issuance of ordinary shares	19	24,161,023	-	-	24,161,023
<b>At 30 June 2021</b>		97,903,444	(4,936,494)	34,437,474	127,404,424
<b>At 1 July 2021</b>		97,903,444	(4,936,494)	34,437,474	127,404,424
Foreign currency translation difference for foreign operations, representing total other comprehensive income for the financial year		-	1,269,392	-	1,269,392
Profit for the financial year		-	-	2,027,064	2,027,064
<b>Total comprehensive income for the financial year</b>		-	1,269,392	2,027,064	3,296,456
<b>Transaction with Owners of the Company</b>					
Dividend	27	-	-	(986,505)	(986,505)
<b>At 30 June 2022</b>		97,903,444	(3,667,102)	35,478,033	129,714,375

**STATEMENTS OF  
CHANGES IN EQUITY**  
(CONT'D)

	Note	Share Capital RM	(Accumulated Losses)/ Distributable Retained Earnings RM	Total Equity RM
<b>Company</b>				
<b>At 1 July 2020</b>		73,742,421	(7,124,298)	66,618,123
Profit for the financial year, representing total comprehensive income for the financial year		-	10,622,378	10,622,378
<b>Transaction with Owners of the Company</b>				
Issuance of ordinary shares	19	24,161,023	-	24,161,023
<b>At 30 June 2021</b>		97,903,444	3,498,080	101,401,524
<b>At 1 July 2021</b>		97,903,444	3,498,080	101,401,524
Loss for the financial year, representing total comprehensive income for the financial year		-	(6,263,332)	(6,263,332)
<b>Transaction with Owners of the Company</b>				
Dividend	27	-	(986,505)	(986,505)
<b>At 30 June 2022</b>		97,903,444	(3,751,757)	94,151,687

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
<b>Cash Flows from Operating Activities</b>					
Profit/(loss) before tax		2,934,223	3,912,040	(6,263,332)	10,622,378
Adjustments for:					
Allowance for inventories obsolescence		37,102	-	-	-
Depreciation of property, plant and equipment		4,154,724	3,371,632	-	-
Depreciation of right-of-use assets		475,654	427,496	-	-
Gain on disposal of other investment		-	(42,590)	-	(42,590)
Gain on disposal of property, plant and equipment		(389,920)	(147,981)	-	-
Gain on lease modification		(2,230)	-	-	-
Gain on lease termination		(5,526)	-	-	-
Impairment loss on:					
- amounts due from subsidiaries		-	-	1,564,836	-
- investments in subsidiaries		-	-	4,374,609	-
- property, plant and equipment		156,083	-	-	-
- trade receivables		31,466	-	-	-
- other receivables		75,361	-	-	-
Interest expense		1,171,083	1,530,554	-	-
Interest income		(59,385)	(111,209)	-	-
Inventories written off		-	658,300	-	-
Provision for staff termination benefits	25	306,210	-	-	-
Reversal of impairment loss on:					
- trade receivables		(3,626)	(15,517)	-	-
- other receivables		(1,143,733)	-	-	-
Reversal of allowance for inventories obsolescence		(563,116)	(658,300)	-	-
Unrealised loss on foreign exchange, net		433,548	294,589	-	-
Operating profit/(loss) before changes in working capital, balance carried down		7,607,918	9,219,014	(323,887)	10,579,788

**STATEMENTS OF  
CASH FLOWS**  
(CONT'D)

	Note	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
Operating profit/(loss) before changes in working capital, balance brought down		7,607,918	9,219,014	(323,887)	10,579,788
<b>Changes in working capital:</b>					
Inventories		(4,374,545)	(5,671,749)	-	-
Trade and other receivables		(3,446,031)	(4,600,840)	(214,849)	(11,645,214)
Trade and other payables		4,226,312	2,059,573	53,878	655,184
Rebate liability		13,788	317,479	-	-
Cash generated from/(used in) operations		4,027,442	1,323,477	(484,858)	(410,242)
Interest paid		(1,171,083)	(1,530,554)	-	-
Interest received		59,385	111,209	-	-
Tax paid		(1,030,538)	(1,296,064)	-	-
Tax refund		40,135	5,338	-	-
<b>Net cash from/(used in) operating activities</b>		<b>1,925,341</b>	<b>(1,386,594)</b>	<b>(484,858)</b>	<b>(410,242)</b>
<b>Cash Flows from Investing Activities</b>					
Acquisition of property, plant and equipment		(5,946,296)	(2,965,140)	-	-
Acquisition of right-of-use assets:					
- Cash payments		(85,043)	-	-	-
Proceeds from disposal of property, plant and equipment		930,001	527,650	-	-
Proceeds from disposal of other investment		-	796,590	-	796,590
Repayment from/(advances to) subsidiaries		-	-	1,385,868	(24,413,982)
<b>Net cash (used in)/from investing activities</b>		<b>(5,101,338)</b>	<b>(1,640,900)</b>	<b>1,385,868</b>	<b>(23,617,392)</b>
<b>Cash Flows from Financing Activities</b>					
Advances from subsidiaries		-	-	36,605	-
Dividend paid		(986,505)	-	(986,505)	-
Repayment of borrowings, net	(ii)	(1,779,672)	(10,321,131)	-	-
Payment for the principal portion of lease liabilities	(ii),(iii)	(336,736)	(319,380)	-	-
Proceeds from issuance of ordinary shares		-	24,161,023	-	24,161,023
<b>Net cash (used in)/from financing activities</b>		<b>(3,102,913)</b>	<b>13,520,512</b>	<b>(949,900)</b>	<b>24,161,023</b>

**STATEMENTS OF CASH FLOWS**

(CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>Net (decrease)/increase in cash and cash equivalents</b>		(6,278,910)	10,493,018	(48,890)	133,389
Cash and cash equivalents at beginning of the financial year		13,756,277	3,373,430	142,200	8,811
Effect of exchange rate changes on cash and cash equivalents		29,902	(110,171)	-	-
<b>Cash and cash equivalents at end of the financial year</b>	(i)	7,507,269	13,756,277	93,310	142,200

(i) Cash and cash equivalents comprise:-

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances		7,890,165	12,500,887	93,310	142,200
Fixed deposits with licensed banks	18(i)	900,000	350,000	-	-
Short-term fund	18(ii)	-	1,777,373	-	-
Less: Bank overdrafts	21	8,790,165 (1,282,896)	14,628,260 (871,983)	93,310 -	142,200 -
		7,507,269	13,756,277	93,310	142,200

**STATEMENTS OF  
CASH FLOWS**  
(CONT'D)

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

	<b>Bankers' Acceptance RM</b>	<b>Term Loans RM</b>	<b>Revolving Credit RM</b>	<b>Lease Liabilities RM</b>
<b>Group</b>				
<b>2022</b>				
At 1 July 2021	13,309,730	11,702,594	3,000,000	1,106,782
Additions	-	-	-	280,779
Reversal due to lease modifications	-	-	-	(97,905)
Lease termination	-	-	-	(291,688)
Exchange differences	288,623	-	-	1,915
Drawdown	216,695	-	-	-
Repayment	(1,375,441)	(1,617,704)	(120,132)	(365,915)
Interest expense	569,441	427,337	120,132	29,179
Net changes in financing cash flows	(589,305)	(1,190,367)	-	(336,736)
<b>At 30 June 2022</b>	<b>13,009,048</b>	<b>10,512,227</b>	<b>3,000,000</b>	<b>663,147</b>
<b>2021</b>				
At 1 July 2020	22,053,774	12,674,353	4,000,000	1,242,219
Additions	-	-	-	187,871
Exchange differences	(394,672)	-	-	(3,928)
Repayment	(9,058,739)	(1,513,912)	(1,124,020)	(350,267)
Interest expense	709,367	542,153	124,020	30,887
Net changes in financing cash flows	(8,349,372)	(971,759)	(1,000,000)	(319,380)
<b>At 30 June 2021</b>	<b>13,309,730</b>	<b>11,702,594</b>	<b>3,000,000</b>	<b>1,106,782</b>

(iii) Cash outflows for right-of-use assets are as follows:

	<b>2022 RM</b>	<b>Group 2021 RM</b>
<b>Included in net cash from/(used in) operating activities:</b>		
Interest paid in relation to lease liabilities	(29,179)	(30,887)
Payment relating to short term lease and lease of low value assets	(777,707)	(717,796)
<b>Included in net cash (used in)/from financing activities:</b>		
Payment for the principal portion of lease liabilities	(336,736)	(319,380)
<b>Total cash outflows for lease liabilities</b>	<b>(1,143,622)</b>	<b>(1,068,063)</b>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

## 1. CORPORATE INFORMATION

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 registered office and principal place of business of the Company is located at Plot 126, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah, Pulau Pinang, Malaysia.

The Company is an investment holding company. The principal activities and other information of its subsidiaries are set out in Note 11. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 11 October 2022.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

#### (i) Accounting pronouncements that are effective and adopted during the financial year

The Group and the Company had adopted the following new accounting pronouncements that are mandatory as follows:-

Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.

#### (ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

#### *Effective for financial periods beginning on or after 1 January 2022*

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 – 2020	

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### (a) Statement of compliance (Cont'd)

#### (ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted (Cont'd)

##### *Effective for financial periods beginning on or after 1 January 2023*

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
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 a Single Transaction

##### *Effective date to be announced*

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

#### (b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except otherwise disclosed in the accounting policy notes.

#### (c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“**the functional currency**”). The consolidated financial statements are presented in Ringgit Malaysia (“**RM**”), which is also the Company’s functional currency, unless otherwise stated.

#### (d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group’s and the Company’s results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group’s and the Company’s accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group’s and of the Company’s accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### (d) Significant accounting estimates and judgements (Cont'd)

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

##### (i) Impairment of non-financial assets

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.

##### (ii) 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.

##### (iii) Impairment of financial assets and receivables

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 3(o)(i) 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 amounts 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.

##### (iv) Provision for slow-moving inventories

Reviews are made periodically by management on slow-moving inventories. These reviews required judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

##### (v) Carrying value of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy or whenever 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### (d) Significant accounting estimates and judgements (Cont'd)

##### (vi) 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 25(i).

### 3. SIGNIFICANT 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.

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.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of consolidation (Cont'd)

##### 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.

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (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.

#### (c) Revenue and other income recognition

##### ***Revenue from contracts with customers***

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

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Revenue and other income recognition (Cont'd)

##### *Revenue from contracts with customers (Cont'd)*

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.

##### 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 revenue earned by the Group and the Company are recognised on the following bases:

##### Dividend income

Dividend income is recognised when the right to receive payment is established.

##### Interest income

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

##### Rental income

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

##### Wages subsidy

Government grant/assistance received from Government on wages subsidy is recognised on monthly basis over the qualified period under the criteria set by the Government.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (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 state 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.

##### 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 in other comprehensive income 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.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (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.

#### (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.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(g) Leases**

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined as follows:

Short term leasehold land *	Over the lease term of 60 years
Long term leasehold land ^	Over the lease term of 60 years
Hostel rental	3 years
Office rental	6 years
Factory rental	6.5 years
Motor vehicle	4 - 5 years

\* Short term leasehold land with unexpired lease period of less than 50 years

^ Long term leasehold land with unexpired lease period of more than 50 years

The right-of-use assets and lease liabilities are presented as a separate line in the statements of financial position.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(o)(ii).

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the profit or loss. Short term leases are leases with a lease term of 12 months or less.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) 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.

#### (i) 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 the 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 the 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 the 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%

Freehold 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)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) 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.

#### (k) 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.

#### (l) 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.

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.

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, labour and an appropriate proportion of production overheads.

#### (m) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, fixed deposits with licensed banks with licensed bank and short-term fund that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.



## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (n) 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.

##### (ii) Financial instrument categories and subsequent 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 [see Note 3(o)(i)] where the effective interest rate is applied to the amortised cost.

##### Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment [see Note 3(o)(i)].

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (n) Financial instruments (Cont'd)

##### (ii) Financial instrument categories and subsequent measurement (Cont'd)

The Group and the Company categorise financial instruments as follows: (Cont'd)

##### **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.

##### (iv) Financial guarantee contracts

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 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (n) Financial instruments (Cont'd)

##### (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.

#### (o) Impairment

##### (i) 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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Impairment (Cont'd)

##### (i) Financial assets (Cont'd)

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

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 Group and the Company consider a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and 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 Group and 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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Impairment (Cont'd)

##### (i) Financial assets (Cont'd)

###### 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.

##### (ii) 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (p) 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. Ordinary shares are equity instruments.

##### Ordinary shares

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

#### (q) 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.

#### (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.

#### (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.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**4. REVENUE**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Revenue from contract with customers</b>				
Sales of manufactured products	161,111,027	160,539,264	-	-
<b>Revenue from other source</b>				
Dividend income	-	-	-	11,000,000
	161,111,027	160,539,264	-	11,000,000

Sales of manufactured products

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

Disaggregation of revenue by geographical area is disclosed in Note 30.

Dividend income

Dividend income is recognised when the shareholder's right to receive the dividend is established.

**5. FINANCE COSTS**

	Group	
	2022 RM	2021 RM
<b>Interest expense on:</b>		
Bank overdrafts	24,994	124,127
Bankers' acceptance	569,441	709,367
Lease liabilities	29,179	30,887
Revolving credit	120,132	124,020
Term loans	427,337	542,153
	1,171,083	1,530,554

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**6. PROFIT/(LOSS) BEFORE TAX**

Other than those disclosed in Note 5, profit/(loss) before tax is arrived at after charging/(crediting):-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration:				
- statutory audit	221,363	221,581	60,000	55,000
- other services	37,677	20,000	8,000	20,000
Allowance for inventories obsolescence	37,102	-	-	-
Depreciation of property, plant and equipment	4,154,724	3,371,632	-	-
Depreciation of right-of-use assets	475,654	427,496	-	-
Employee benefit expenses (Note a)	21,093,810	20,837,381	71,710	184,510
Gain on disposal of other investment	-	(42,590)	-	(42,590)
Gain on disposal of property, plant and equipment	(389,920)	(147,981)	-	-
Gain on lease modification	(2,230)	-	-	-
Gain on lease termination	(5,526)	-	-	-
Impairment loss on:				
- amounts due from subsidiaries	-	-	1,564,836	-
- investments in subsidiaries	-	-	4,374,609	-
- property, plant and equipment	156,083	-	-	-
- trade receivables	31,466	-	-	-
- other receivables	75,361	-	-	-
Interest income	(59,385)	(111,209)	-	-
Inventories written off	-	658,300	-	-
Reversal of impairment loss on:				
- trade receivables	(3,626)	(15,517)	-	-
- other receivables	(1,143,733)	-	-	-
Reversal of allowance for inventories obsolescence	(563,116)	(658,300)	-	-
Realised (gain)/loss on foreign exchange, net	(53,671)	25,775	-	-
Rental income	(262,518)	(54,600)	-	-
Short-term lease and lease of low value assets:				
- premises	603,678	396,696	-	-
- equipments	174,029	321,100	-	-
Unrealised loss on foreign exchange, net	433,548	294,589	-	-
Wages subsidy (Note c)	(292,200)	(739,200)	-	-



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Other than those disclosed in Note 5, profit/(loss) before tax is arrived at after charging/(crediting):- (Cont'd)

(a) Employees benefit expenses comprise:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Staff costs:</b>				
Directors' remuneration (Note b)	1,140,610	764,948	71,710	184,510
Salaries, wages, allowances and overtime	18,170,006	18,436,864	-	-
Defined benefit plan	28,294	334,918	-	-
Contributions to defined contribution plan	558,307	571,151	-	-
Social security contributions	890,383	729,500	-	-
Provision for staff termination benefits	306,210	-	-	-
	21,093,810	20,837,381	71,710	184,510

(b) Directors' remuneration comprise:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Directors of the Company:</b>				
<i>Executive Directors</i>				
Salaries and other emoluments	903,660	510,971	-	-
Contributions to defined contribution plan	54,264	68,544	-	-
Social security contributions	676	923	-	-
	958,600	580,438	-	-
<i>Non-executive Directors</i>				
Fees and allowances	182,010	184,510	71,710	184,510
	1,140,610	764,948	71,710	184,510

(c) Wages subsidy

Represents grant received from the Malaysian Government in relation to wages subsidy for eligible employees.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. INCOME TAX EXPENSE

	2022 RM	Group 2021 RM
<b>Current income tax:</b>		
- Foreign tax	923,154	1,326,989
<b>Deferred tax (Note 22):</b>		
Reversal of temporary differences	(15,995)	(17,526)
<b>Income tax expense for the financial year</b>	<b>907,159</b>	<b>1,309,463</b>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation of the tax amount at statutory income tax rate to the Group's and to the Company's tax expense are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit/(loss) before tax	2,934,223	3,912,040	(6,263,332)	10,622,378
Tax at the Malaysian statutory income tax rate of 24% (2021: 24%)	704,200	938,900	(1,503,200)	2,549,400
Effect of different tax rate in other country	(65,700)	(90,300)	-	-
Income not subject to tax	(282,004)	(47,329)	-	(2,650,300)
Expenses not deductible for tax purposes	715,363	606,392	1,503,200	100,900
Deferred tax assets not recognised	538,600	711,300	-	-
Utilisation of previously unrecognised deferred tax assets	(703,300)	(809,500)	-	-
<b>Income tax expense for the financial year</b>	<b>907,159</b>	<b>1,309,463</b>	<b>-</b>	<b>-</b>

The Group has the following estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits as follows:-

	Group	
	2022 RM	2021 RM
Unutilised tax losses	27,743,600	25,700,200
Unabsorbed capital allowances	16,799,100	15,796,900
	<b>44,542,700</b>	<b>41,497,100</b>

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

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit. The unutilised tax losses of the Company and its subsidiaries in Malaysia will be allowed to be carried forward for 10 consecutive years of assessment ("YA") (previously 7 YAs) deemed to be effective from YA 2019.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 8. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2022	Group 2021
<b>Basic earnings per share:</b>		
Profit after tax attributable to the Owners of the Company (RM)	2,027,064	2,602,577
<b>Weighted average number of ordinary shares in issue:</b>		
Number of ordinary shares at beginning of the financial year (unit)	493,252,936	246,626,468
Effect of ordinary shares issued	–	133,786,413
Effect of rights issue with free warrant *	36,962,106	28,506,392
<b>Weighted average number of ordinary shares at end of the financial year</b>	<b>530,215,042</b>	<b>408,919,273</b>
Basic earnings per share (sen)	0.38	0.64

\* With the completion of the issuance of rights share on 30 August 2022, the current year and the prior year comparatives for earnings per shares were adjusted/restated through retrospective application of a bonus factor to the weighted average number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

No diluted earnings per share are presented as there were no potential dilutive ordinary shares as at 30 June 2022 and 30 June 2021.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**9. PROPERTY, PLANT AND EQUIPMENT**

	Freehold 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
<b>Group 2022</b>							
<b>Cost</b>							
At 1 July 2021	15,483,682	47,163,144	51,315,544	5,618,959	1,516,807	-	121,098,136
Additions	-	11,000	3,484,236	384,228	12,934	2,053,898	5,946,296
Disposals	-	(588,180)	(40,500)	-	(161,645)	-	(790,325)
Reclassification	-	-	618,357	5,144	-	(623,501)	-
Transfer from right-of-use assets (Note 10)	-	-	-	-	96,135	-	96,135
Exchange differences	217,664	67,961	215,429	19,478	32,235	-	552,767
At 30 June 2022	15,701,346	46,653,925	55,593,066	6,027,809	1,496,466	1,430,397	126,903,009
<b>Accumulated Depreciation</b>							
At 1 July 2021	-	9,245,685	29,015,852	3,327,346	614,294	-	42,203,177
Charge for the financial year	-	803,862	2,663,825	456,612	230,425	-	4,154,724
Disposals	-	(95,688)	(32,161)	-	(122,395)	-	(250,244)
Transfer from right-of-use assets (Note 10)	-	-	-	-	44,312	-	44,312
Exchange differences	-	32,556	140,771	17,947	26,504	-	217,778
At 30 June 2022	-	9,986,415	31,788,287	3,801,905	793,140	-	46,369,747
<b>Accumulated Impairment Loss</b>							
At 1 July 2021	-	-	-	-	-	-	-
Impairment loss for the financial year	-	-	-	156,083	-	-	156,083
At 30 June 2022	-	-	-	156,083	-	-	156,083
<b>Net Carrying Amount</b>							
At 30 June 2022	15,701,346	36,667,510	23,804,779	2,069,821	703,326	1,430,397	80,377,179

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>Group (Cont'd) 2021</b>	<b>Freehold land RM</b>	<b>Buildings RM</b>	<b>Plant, machinery and factory equipment RM</b>	<b>Furniture, fittings and office equipment RM</b>	<b>Motor vehicles RM</b>	<b>Capital work- in-progress RM</b>	<b>Total RM</b>
<b>Cost</b>							
At 1 July 2020	15,789,427	46,274,858	49,358,887	5,200,353	2,731,305	895,155	120,249,985
Additions	-	84,395	2,185,365	443,525	251,855	-	2,965,140
Disposals	-	-	-	-	(1,414,989)	-	(1,414,989)
Reclassification	-	852,719	-	-	-	(852,719)	-
Exchange differences	(305,745)	(48,828)	(228,708)	(24,919)	(51,364)	(42,436)	(702,000)
At 30 June 2021	15,483,682	47,163,144	51,315,544	5,618,959	1,516,807	-	121,098,136
<b>Accumulated Depreciation</b>							
At 1 July 2020	-	8,576,415	27,183,224	2,906,650	1,484,218	-	40,150,507
Charge for the financial year	-	711,410	2,008,405	444,196	207,621	-	3,371,632
Disposals	-	-	-	-	(1,035,320)	-	(1,035,320)
Exchange differences	-	(42,140)	(175,777)	(23,500)	(42,225)	-	(283,642)
At 30 June 2021	-	9,245,685	29,015,852	3,327,346	614,294	-	42,203,177
<b>Net Carrying Amount</b>							
At 30 June 2021	15,483,682	37,917,459	22,299,692	2,291,613	902,513	-	78,894,959

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### (i) Assets pledged as security

Certain freehold land and building with net carrying amount of RM24,718,398 (2021: RM25,080,309) are held as security for term loan facilities as disclosed in Note 21.

#### (ii) 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 indicator 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 approved by the Directors covering a period of 5 years. The recoverable amount for certain assets was estimated to be lower than the net carrying amount of property, plant and equipment, and hence, an impairment loss of RM156,083 (2021: Nil) being recognised as "other expenses" line item in the Group's statement of comprehensive income for the financial year ended 30 June 2022.

The key assumptions used in the determination of recoverable amount are as follows:

#### (a) Budgeted gross margin

The budgeted gross margin is 22% (2021: 28%). Gross margins are based on values achieved previously preceding the start 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 6% (2021: 11%). Revenue growth is projected based on growth achieved in the four years preceding the start of the budget period, as well as taking into consideration of future demand outlook.

#### (c) Pre-tax discount rate

A pre-tax discount rate of 9.5% (2021: 6.7%) 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 Company as well as taking into consideration of country risk premium.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**10. RIGHT-OF-USE ASSETS**

<b>Group 2022</b>	<b>Long term leasehold land *</b>	<b>Short term leasehold land</b>	<b>Hostel rental</b>	<b>Office rental</b>	<b>Factory rental</b>	<b>Motor vehicle</b>	<b>Total</b>
<b>Cost</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 July 2021	1,471,964	5,576,382	500,990	403,995	544,982	189,251	8,687,564
Additions [Note (f)]	-	-	82,675	-	-	283,147	365,822
Transfer to property, plant and equipment (Note 9)	-	-	-	-	-	(96,135)	(96,135)
Reversal due to lease modification	-	-	(313,119)	-	-	-	(313,119)
Lease termination	-	-	-	(403,995)	-	-	(403,995)
Exchange differences	-	-	-	-	-	8,098	8,098
<b>At 30 June 2022</b>	<b>1,471,964</b>	<b>5,576,382</b>	<b>270,546</b>	<b>-</b>	<b>544,982</b>	<b>384,361</b>	<b>8,248,235</b>
<b>Accumulated Depreciation</b>							
At 1 July 2021	272,355	1,810,841	128,727	84,166	167,686	80,511	2,544,286
Charge for the financial year	23,069	94,138	166,997	33,667	83,843	73,940	475,654
Transfer to property, plant and equipment (Note 9)	-	-	-	-	-	(44,312)	(44,312)
Reversal due to lease modification	-	-	(217,444)	-	-	-	(217,444)
Lease termination	-	-	-	(117,833)	-	-	(117,833)
Exchange differences	-	-	-	-	-	3,042	3,042
<b>At 30 June 2022</b>	<b>295,424</b>	<b>1,904,979</b>	<b>78,280</b>	<b>-</b>	<b>251,529</b>	<b>113,181</b>	<b>2,643,393</b>
<b>Net Carrying Amount</b>							
At 30 June 2022	1,176,540	3,671,403	192,266	-	293,453	271,180	5,604,842

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**10. RIGHT-OF-USE ASSETS (CONT'D)**

Group (Cont'd) 2021	Long term leasehold land * RM	Short term leasehold land RM	Hostel rental RM	Office rental RM	Factory rental RM	Motor vehicle RM	Total RM
<b>Cost</b>							
At 1 July 2020	1,471,964	5,576,382	313,119	403,995	544,982	198,506	8,508,948
Additions [Note (f)]	-	-	187,871	-	-	-	187,871
Exchange differences	-	-	-	-	-	(9,255)	(9,255)
At 30 June 2021	1,471,964	5,576,382	500,990	403,995	544,982	189,251	8,687,564
<b>Accumulated Depreciation</b>							
At 1 July 2020	248,833	1,714,289	8,698	16,833	83,843	46,429	2,118,925
Charge for the financial year	23,522	96,552	120,029	67,333	83,843	36,217	427,496
Exchange differences	-	-	-	-	-	(2,135)	(2,135)
At 30 June 2021	272,355	1,810,841	128,727	84,166	167,686	80,511	2,544,286
<b>Net Carrying Amount</b>							
At 30 June 2021	1,199,609	3,765,541	372,263	319,829	377,296	108,740	6,143,278

\* Long term leasehold land with unexpired lease period of more than 50 years.



**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**10. RIGHT-OF-USE ASSETS (CONT'D)**

(i) Acquisition of right-of-use assets are satisfied by the following:-

	2022 RM	Group 2021 RM
Cash payments	85,043	-
Lease arrangement	280,779	187,871
	365,822	187,871

(ii) The expenses/(income) charged/(credited) to the profit or loss during the financial year are as follows:-

	2022 RM	Group 2021 RM
Depreciation of right-of-use assets	475,654	427,496
Gain on lease modification	(2,230)	-
Gain on lease termination	(5,526)	-
Interest expense on lease liabilities	29,179	30,887
Short-term leases	604,405	396,696
Lease of low value assets	173,302	321,100

**11. INVESTMENTS IN SUBSIDIARIES**

	2022 RM	Company 2021 RM
<b>Unquoted shares, at cost</b>		
At beginning/end of the year	42,501,620	42,501,620
<b>Accumulated impairment loss</b>		
At beginning/end of the year	(4,468,003)	(4,468,003)
	38,033,617	38,033,617
<b>Capital contribution to subsidiaries</b>		
At beginning of the year	51,221,633	27,944,343
Addition	-	23,277,290
At end of the year	51,221,633	51,221,633
<b>Accumulated impairment loss</b>		
At beginning of the year	-	-
Addition	(4,374,609)	-
At end of the year	(4,374,609)	-
<b>Net capital contribution</b>	46,847,024	51,221,633
<b>Net carrying amount</b>	84,880,641	89,255,250

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**11. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

Capital contribution to subsidiaries represents amounts due from 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. As these amounts are in substance, represent additional investments in the subsidiaries, they are stated at cost less accumulated impairment losses.

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
Rex Canning Co. Sdn. Bhd.	Malaysia	100	100	Manufacture and export of canned food and drinks
Rex Trading Sdn. Bhd.	Malaysia	100	100	Trading of canned food, drinks and confectioneries
Fika Foods Corporation Sdn. Bhd.	Malaysia	100	100	Investment holding
Summit Teamtrade (2011) Sdn. Bhd.	Malaysia	100	100	Manufacture of biscuit
P.T. Rex Canning * #	Indonesia	100	100	Manufacture and export of canned food
Cinta Edar (M) Sdn. Bhd.	Malaysia	100	100	Trading of manufactured biscuit
Rex Foods Sdn. Bhd.	Malaysia	100	100	Dormant
Best Aqua Food Sdn. Bhd.	Malaysia	100	100	Dormant
Cinta Edar (Selatan) Sdn. Bhd. @	Malaysia	100	100	Dormant
Fika Foods Marketing Sdn. Bhd. @	Malaysia	100	100	Dormant
Gainasia International Limited * ^	British Virgin Islands	100	100	Dormant

\* Not audited by Moore Stephens Associates PLT.

# In prior year, Rex Canning Co. Sdn. Bhd. has 30% equity interest in P.T. Rex Canning. The 30% equity interest held by Rex Canning Co. Sdn. Bhd. was transferred to Fika Foods Corporation Sdn. Bhd. during the financial year.

^ The financial statements is reviewed for consolidation purposes by Moore Stephens Associates PLT.

@ The Directors of the respective subsidiaries have approved to strike off these subsidiaries and is pending for submission to the Companies Commission of Malaysia pursuant to Section 550 of the Companies Act 2016.

**Impairment loss on investments in subsidiaries**

As at 30 June 2022, the Company carried out a review of the recoverable amount of its investment in certain subsidiaries due to their persistent loss-making and significant accumulated losses position. This has resulted in an impairment loss of RM4,374,609 (30.06.2021: Nil) being recognised as "other expenses" line item in the Company's statement of comprehensive income for the financial year ended 30 June 2022. The recoverable amounts of the subsidiaries were derived based on fair value less costs of disposal which were measured based on the net assets of respective subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 12. OTHER INVESTMENT

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>At fair value through profit or loss</b>				
<u>Quoted shares</u>				
At beginning of the year	–	754,000	–	754,000
Disposal	–	(754,000)	–	(754,000)
At end of the year	–	–	–	–

### 13. GOODWILL ON CONSOLIDATION

	Group	
	2022 RM	2021 RM
<b>Cost</b>		
At beginning/end of the year	11,378,743	11,378,743
<b>Accumulated impairment loss</b>		
At beginning/end of the year	(4,341,263)	(4,341,263)
<b>Net carrying amount</b>	<b>7,037,480</b>	<b>7,037,480</b>

#### **Impairment testing for CGU containing goodwill**

Goodwill has been allocated to the Group's CGU identified according to the business segment as follows:-

	Group	
	2022 RM	2021 RM
Manufacturing of canned food	7,037,480	7,037,480

For the purpose of 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 VIU calculations determined by discounting future cash flows generated from the continuing use of the CGU projected based on the financial budget for 2023 and projected revenue growth 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 gross margin is 15% (2021: 15%). Gross margins are based on values achieved previously preceding the start of the budget period. Gross margins are assumed to be maintained over the budgeted period.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 13. GOODWILL ON CONSOLIDATION (CONT'D)

The key assumptions used in the determination of recoverable amount are as follows: (Cont'd)

(ii) Weighted average growth rate

The weighted average growth rate for business operation is 7% (2021: 5%). Revenue growth is projected based on growth achieved in the four years preceding the start of the budget period, as well as taking into consideration of future demand outlook.

(iii) Pre-tax discount rate

A pre-tax discount rate of 10.1% (2021: 10.0%) 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 Company as well as taking into consideration of country risk premium.

Management believes that while cash flow projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions utilised in assessing recoverable amounts have been considered in determining the recoverable amounts 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 amounts of the units to be materially below their carrying amounts.

### 14. INVENTORIES

	2022 RM	Group 2021 RM
<b>At cost:</b>		
Raw materials	21,826,500	21,973,426
Manufactured inventories	24,679,076	20,752,337
Packing materials	10,783,461	9,850,807
Consumables	1,895,774	1,326,858
Inventories in transit	38,280	-
	59,223,091	53,903,428
Less: Allowance for inventories obsolescence ( <i>raw materials, packaging and consumables</i> )		
At beginning of the year	(1,787,209)	(2,445,509)
Addition	(37,102)	-
Reversal	563,116	658,300
Written off	355,041	-
At end of the year	(906,154)	(1,787,209)
<b>Net carrying amount</b>	58,316,937	52,116,219
Inventories recognised in cost of sales	106,973,325	106,453,886
Inventories written off	-	658,300

The Group has made reversal of previously made slow-moving inventories of RM563,116 as the consumables are being utilised for relevant goods of production during the year. The amount reversed has been included in "other income" line item in the Group's statement of comprehensive income for the financial year ended 30 June 2022.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**15. TRADE RECEIVABLES**

	Group	
	2022 RM	2021 RM
Trade receivables, gross	37,068,632	36,083,834
Less: Allowance for impairment loss		
At beginning of the year	(2,720,062)	(3,527,638)
Additions	(31,466)	-
Reversal	3,626	15,517
Written off	88,065	792,059
At end of the year	(2,659,837)	(2,720,062)
<b>Trade receivables, net</b>	<b>34,408,795</b>	<b>33,363,772</b>

The normal credit terms of trade receivables of the Group range from 30 to 90 days (2021: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Trade receivables amounted to RM8,745,048 (2021: RM8,239,730) are held as security for bankers' acceptance facilities as disclosed in Note 21.

**16. OTHER RECEIVABLES**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Sundry receivables, gross		2,264,768	4,017,124	-	-
Less: Allowance for impairment loss					
At beginning of the year		(2,535,767)	(2,535,767)	-	-
Additions		(75,361)	-	-	-
Reversal		1,143,733	-	-	-
At end of the year		(1,467,395)	(2,535,767)	-	-
Sundry receivables, net		797,373	1,481,357	-	-
Deposits	(i)	2,479,362	305,615	-	-
Prepayments	(ii)	3,473,857	1,338,803	235,497	20,648
Amount due from related party	(iii)	-	19,000	-	-
<b>Other receivables, net</b>		<b>6,750,592</b>	<b>3,144,775</b>	<b>235,497</b>	<b>20,648</b>

(i) Included in deposits of the Group are deposits paid for the purchase of machineries amounting to RM2,267,000 (2021: Nil).

(ii) Included in prepayments of the Group is advance payment to suppliers amounting to RM1,581,074 (2021: RM671,225).

(iii) In prior year, this amount related to rental receivable from Directors' related company.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**17. AMOUNTS DUE FROM/(TO) SUBSIDIARIES**

	Note	Company 2022 RM	2021 RM
<b>Amounts due from subsidiaries:</b>			
Non-trade, gross	(i)	13,731,050	15,116,918
<hr/>			
Less: Allowance for impairment loss			
At beginning of the year		-	-
Additions		(1,564,836)	-
At end of the year		(1,564,836)	-
<hr/>			
<b>Amounts due from subsidiaries, net</b>		<b>12,166,214</b>	<b>15,116,918</b>
<hr/>			
<b>Amounts due to subsidiaries:</b>			
Non-trade	(ii)	(2,999,923)	(2,963,318)

(i) These amounts represent unsecured, interest-free advances which are collectible on demand.

(ii) These amounts represent unsecured, interest-free advances which are repayable on demand.

**18. CASH AND CASH EQUIVALENTS**

- (i) The effective interest rates of the fixed deposit ranging from 1.70% to 2.15% (2021: 2.13%) per annum with maturity period of 3 to 6 months (2021: 6 months).
- (ii) In prior year, short-term fund represented investment in highly liquid money market instrument and deposits with financial institution in Malaysia. The short-term fund is subject to an insignificant risk of change in value. The distribution income from this fund was tax exempted and was being treated as interest income by the Group. The effective interest rate of the short-term fund was 3.12 % per annum.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**19. SHARE CAPITAL**

	Group and Company			
	Number of shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
<b>Ordinary shares</b>				
<b>Issued and fully paid</b>				
At beginning of the financial year	493,252,936	246,626,468	97,903,444	73,742,421
Issuance of ordinary shares	-	246,626,468	-	24,161,023
At end of the financial year	493,252,936	493,252,936	97,903,444	97,903,444

In prior year, the Company increased its issued and paid up ordinary shares from RM73,742,421 to RM97,903,444 by way of the issuance of 246,626,468 new ordinary shares at an issue price of RM0.10 per share for working capital purposes, repayment of bank borrowings, upgrade of machineries and netted off with issuance expenses of RM501,624. The new ordinary shares issued in prior year rank pari passu in all respects with the existing issued ordinary shares of the Company.

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.

**20. TRANSLATION RESERVE**

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries.

**21. BORROWINGS**

	Group	
	2022 RM	2021 RM
<b>Non-current</b>		
Term loans (secured)	9,272,106	10,515,773
<b>Current</b>		
Bank overdrafts (unsecured)	1,282,896	871,983
Bankers' acceptance - unsecured	4,264,000	5,070,000
- secured	8,745,048	8,239,730
Revolving credit (unsecured)	3,000,000	3,000,000
Term loans (secured)	1,240,121	1,186,821
	18,532,065	18,368,534
	27,804,171	28,884,307

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**21. BORROWINGS (CONT'D)**

**Maturity profile of borrowings:**

	<b>2022</b>	<b>Group</b>
	<b>RM</b>	<b>2021</b>
		<b>RM</b>
On demand or within 1 year	18,532,065	18,368,534
More than 1 year and less than 5 years	3,943,236	4,552,356
More than 5 years	5,328,870	5,963,417
	<hr/>	<hr/>
	27,804,171	28,884,307

**Term loans**

	<b>2022</b>	<b>Group</b>
	<b>RM</b>	<b>2021</b>
		<b>RM</b>
Term loan 1 <sup>(1)</sup>	1,806,561	2,344,764
Term loan 2 <sup>(1)</sup>	593,529	761,015
Term loan 3 <sup>(2)</sup>	8,112,137	8,596,815
	<hr/>	<hr/>
	10,512,227	11,702,594

**Repayment of term loans:**

Within one year	1,240,121	1,186,821
More than 1 year and less than 2 years	1,292,326	1,235,813
More than 2 years and less than 5 years	2,650,910	3,316,542
More than 5 years	5,328,870	5,963,418
	<hr/>	<hr/>
	10,512,227	11,702,594

<sup>(1)</sup> Conventional term loan

<sup>(2)</sup> Islamic term loan



**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**21. BORROWINGS (CONT'D)**

Interest rate per annum at the reporting date for the bank borrowings of the Group are as follows:

	<b>2022</b> %	<b>2021</b> %
Bank overdrafts	BLR* + 1.5	BLR* + 1.5
Bankers' acceptance	4.02 - 4.50	3.86 - 4.90
Revolving credit	4.00	4.13
Term loans:		
- Conventional	BLR* - 1.5	BLR* - 1.5
- Islamic	BFR# - 1.25	BFR# - 1.25

- \* BLR - Base Lending Rate  
# BFR - Base Financing Rate

Certain bank borrowings of the Group are secured by:-

- (i) charge over certain property, plant and equipment of the Group as disclosed in Note 9;
- (ii) a corporate guarantee of the Company; and
- (iii) certain trade receivables of the Group as disclosed in Note 15.

**22. DEFERRED TAX LIABILITIES**

	<b>2022</b> <b>RM</b>	<b>Group</b> <b>2021</b> <b>RM</b>
At beginning of the year	1,507,883	1,525,409
Recognised in profit or loss (Note 7)	(15,995)	(17,526)
At end of the year	1,491,888	1,507,883

This is in respect of estimated deferred tax liabilities/(assets) arising from temporary differences as follows:

	<b>2022</b> <b>RM</b>	<b>Group</b> <b>2021</b> <b>RM</b>
<b>Deferred tax liabilities:</b>		
Difference between net carrying amount of property, plant and equipment and its tax base	3,082,241	4,744,700
Deemed cost of property, plant and equipment	2,380,188	2,420,983
	5,462,429	7,165,683
<b>Deferred tax assets:</b>		
Unutilised tax losses	(54,668)	(308,400)
Unabsorbed capital allowances	(3,888,173)	(4,928,200)
Other deductible temporary differences	(27,700)	(421,200)
	(3,970,541)	(5,657,800)
	1,491,888	1,507,883

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. 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:

	2022 RM	Group 2021 RM
Unutilised tax losses	27,515,800	25,544,700
Unabsorbed capital allowances	598,371	384,300
Other deductible temporary differences	899,300	2,612,700
	29,013,471	28,541,700

### 23. LEASE LIABILITIES

	Hostel Rental RM	Factory Rental RM	Motor Vehicles RM	Total RM
<b>Group 2022</b>				
<b>Minimum lease payables</b>				
Within 1 year	148,400	90,000	54,283	292,683
More than 1 year but less than 2 years	48,600	90,000	50,588	189,188
More than 2 years but less than 5 years	-	135,000	50,588	185,588
More than 5 years	-	-	54,803	54,803
	197,000	315,000	210,262	722,262
Less: Future finance charges	(3,210)	(11,982)	(43,923)	(59,115)
<b>Present value of lease payables</b>	193,790	303,018	166,339	663,147
<b>Present value of lease payables</b>				
Within 1 year	145,638	84,233	43,189	273,060
More than 1 year but less than 2 years	48,152	86,087	39,940	174,179
More than 2 years but less than 5 years	-	132,698	39,940	172,638
More than 5 years	-	-	43,270	43,270
<b>Present value of lease payables</b>	193,790	303,018	166,339	663,147
<b>Analysed as:</b>				
Current portion	145,638	84,233	43,189	273,060
Non-current portion	48,152	218,785	123,150	390,087
	193,790	303,018	166,339	663,147

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**23. LEASE LIABILITIES (CONT'D)**

Group (Cont'd) 2021	Hostel Rental RM	Office Rental RM	Factory Rental RM	Motor Vehicles RM	Total RM
<b>Minimum lease payables</b>					
Within 1 year	172,800	72,000	90,000	21,426	356,226
More than 1 year but less than 2 years	163,800	72,000	90,000	3,570	329,370
More than 2 years but less than 5 years	48,600	198,000	225,000	–	471,600
	385,200	342,000	405,000	24,996	1,157,196
Less: Future finance charges	(10,055)	(17,776)	(19,564)	(3,019)	(50,414)
<b>Present value of lease payables</b>	375,145	324,224	385,436	21,977	1,106,782
<b>Present value of lease payables</b>					
Within 1 year	166,125	65,436	82,418	18,838	332,817
More than 1 year but less than 2 years	160,868	66,910	84,233	3,139	315,150
More than 2 years but less than 5 years	48,152	191,878	218,785	–	458,815
<b>Present value of lease payables</b>	375,145	324,224	385,436	21,977	1,106,782
<b>Analysed as:</b>					
Current portion	166,125	65,436	82,418	18,838	332,817
Non-current portion	209,020	258,788	303,018	3,139	773,965
	375,145	324,224	385,436	21,977	1,106,782

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**23. LEASE LIABILITIES (CONT'D)**

The range of interest rates per annum at the reporting date for the lease liabilities are as follows:

	<b>Hostel Rental %</b>	<b>Office Rental * %</b>	<b>Factory Rental %</b>	<b>Motor Vehicles %</b>
<b>Group 2022</b>				
Effective interest rate	2.25	NA	2.20	4.68 - 4.96
<b>2021</b>				
Effective interest rate	2.25	2.25	2.20	4.68

\* Office rental has been terminated during the financial year.

**24. TRADE PAYABLES**

The normal trade credit terms granted by the trade creditors to the Group range from 30 to 90 days (2021: 30 to 90 days).

**25. OTHER PAYABLES**

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Sundry payables		5,020,346	3,406,911	179,498	6,394
Accruals		4,018,329	4,850,971	75,874	76,590
Provision for staff termination benefits		306,210	-	-	-
Retirement benefits	(i)	2,720,305	2,601,218	-	-
Amounts due to Directors	(ii)	8,603,808	4,323,798	-	118,510
Amounts due to related parties	(iii)	605,056	675,708	-	-
		21,274,054	15,858,606	255,372	201,494

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**25. OTHER PAYABLES (CONT'D)**

(i) 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	
	2022 RM	2021 RM
<b>Movement in the present value of defined benefit obligations</b>		
At beginning of the year	2,601,218	2,698,376
Current service cost and interest	313,730	334,918
Past service cost	(285,436)	–
Actuarial gain in other comprehensive income	–	(306,288)
Exchange differences	90,793	(125,788)
<b>At end of the year</b>	<b>2,720,305</b>	<b>2,601,218</b>

**Expense recognised in profit or loss**

	Group	
	2022 RM	2021 RM
Current service cost and interest	313,730	334,918
Past service cost	(285,436)	–
	<b>28,294</b>	<b>334,918</b>

The expense is recognised in the following line item in the statement of comprehensive income:-

	Group	
	2022 RM	2021 RM
Staff costs	28,294	334,918

**Actuarial gain recognised directly in other comprehensive income**

	Group	
	2022 RM	2021 RM
At beginning of the year	706,800	400,512
Recognised during the year	–	306,288
<b>At end of the year</b>	<b>706,800</b>	<b>706,800</b>

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**25. OTHER PAYABLES (CONT'D)**

(i) Retirement benefits (Cont'd)

**Actuarial assumptions**

	<b>2022</b>	<b>Group</b>
	%	2021
		%
Discount rate	7.22	6.82
Salary increment rate	7.0	2.0
Disability rate	5.0	5.0
Resignation rate		
20 - 30	15% up to the	15% up to the
31 - 40	age of 30 and	age of 30 and
41 - 45	decrease	decrease
46 - 50	linearly to 0%	linearly to 0%
51 - 54	at retirement	at retirement
> 55	age	age

(ii) These amounts are unsecured, interest free advances which are repayable on demand.

(iii) These amounts mainly relate to transportation charges and warehouse management fee payable to Directors' related companies.

**26. 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.

**27. DIVIDENDS**

On 8 October 2021, the Directors declared an interim single tier dividend of RM0.002 per ordinary share for the financial year ended 30 June 2021 amounting to RM986,505, which was subsequently paid by the Company on 9 November 2021.

**28. RELATED PARTIES DISCLOSURES**

Identity of related parties

For the purposes of these financial statements, 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.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**28. RELATED PARTIES DISCLOSURES (CONT'D)**

Related party balances and transactions

The related party balances are shown in Notes 16, 17 and 25 respectively. The related party transactions of the Group and of the Company are shown below:

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Transactions with subsidiaries:</b>		
Advances from	36,605	–
Repayment from/(advances to)	1,385,868	(24,413,982)
<hr/>		
	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Transactions with related parties:</b>		
Deposit paid for lease of office	3,600	–
Short-term lease of office	112,538	72,312
Purchase of goods	33,272	–
Rental income	(36,000)	(19,000)
Transportation charges	4,456,676	2,425,470
Travelling expenses	23,524	26,470
Upkeep of motor vehicles	95,961	52,317
Warehouse management	254,400	341,320

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 key management personnel during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Directors' remuneration:</b>				
Fee and allowances	182,010	184,510	71,710	184,510
Salaries and other emoluments	903,660	510,971	–	–
Contributions to defined contribution plan	54,264	68,544	–	–
Social security contributions	676	923	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	1,140,610	764,948	71,710	184,510

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. RELATED PARTIES DISCLOSURES (CONT'D)

#### Compensation of key management personnel (Cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Key management personnel:</b>				
Salaries and other emoluments	944,726	957,619	-	-
Contributions to defined contribution plan	30,708	76,767	-	-
Social security contributions	22,226	10,178	-	-
	997,660	1,044,564	-	-
<b>Total remuneration</b>	<b>2,138,270</b>	<b>1,809,512</b>	<b>71,710</b>	<b>184,510</b>

### 29. CAPITAL COMMITMENT

	Group	
	2022 RM	2021 RM
<b>Authorised and contracted for:</b>		
Acquisition of machineries	2,267,000	-

### 30. OPERATING SEGMENTS

The Group has only one reportable segment, which is principally engaged in the manufacture and distribution of canned food, drinks and biscuits. 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

The Group operates in four principal geographical areas – Malaysia (country of domicile), United States of America ("USA"), Europe and Asia.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group		Group	
	External revenue		Non-current assets*	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	68,458,552	55,511,176	78,048,550	77,771,767
USA	51,710,268	56,488,105	-	-
Europe	35,311,763	41,879,830	-	-
Asia (excludes Malaysia)	5,630,444	6,660,153	14,970,951	14,303,950
	161,111,027	160,539,264	93,019,501	92,075,717

\* Non-current assets consist of all non-current assets other than financial instruments and deferred tax assets.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS

#### Categories of Financial Instruments

The Group's and the Company's financial assets (excluding prepayments) and financial liabilities are all categorised as amortised costs.

#### Financial Risk Management Objectives and Policies

The Group's activities are exposed to a variety of financial risks which including credit risk, interest rate risk, liquidity risk and foreign currency risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is integral to the whole business of the Group. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

#### (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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (Cont'd)

##### (a) Credit risk (Cont'd)

###### Trade receivables (Cont'd)

###### ***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 4 customers (2021: 3 customers) constituting 30% (2021: 22%) 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 3(o)(i). The Group assesses impairment of trade receivables on individual and collective basis.

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.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**31. FINANCIAL INSTRUMENTS (CONT'D)**

**Financial Risk Management Objectives and Policies (Cont'd)**

(a) **Credit risk (Cont'd)**

**Trade receivables (Cont'd)**

**Impairment losses**

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2022 and 30 June 2021:

	<b>Gross carrying amount RM</b>	<b>Loss allowances RM</b>	<b>Net balance RM</b>
<b>Group 2022</b>			
Not past due	19,958,039	(234,924)	19,723,115
Past due:			
- Less than 30 days	5,733,277	(182,750)	5,550,527
- 31 to 90 days	5,894,249	(311,826)	5,582,423
Credit impaired:			
- More than 90 days	4,415,431	(862,701)	3,552,730
	16,042,957	(1,357,277)	14,685,680
Credit impaired:			
- Individually impaired	1,067,636	(1,067,636)	-
	37,068,632	(2,659,837)	34,408,795
<b>2021</b>			
Not past due	25,060,487	(194,450)	24,866,037
Past due:			
- Less than 30 days	4,266,567	(268,446)	3,998,121
- 31 to 90 days	2,537,412	(395,573)	2,141,839
Credit impaired:			
- More than 90 days	3,183,198	(825,423)	2,357,775
	9,987,177	(1,489,442)	8,497,735
Credit impaired:			
- Individually impaired	1,036,170	(1,036,170)	-
	36,083,834	(2,720,062)	33,363,772

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (Cont'd)

##### (a) Credit risk (Cont'd)

###### Trade receivables (Cont'd)

###### *Impairment losses (Cont'd)*

###### 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.

###### 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

###### Credit impaired

The Group assesses impairment of trade receivables on individual and collective basis. For individual assessment, the Group has reasonable and supportable information available to assess the impairment individually. 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 individually or 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.

###### **Inter-company 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 statement of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (Cont'd)

##### (a) Credit risk (Cont'd)

##### Inter-company loans and advances (Cont'd)

##### *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. As a result, the Company has provided allowances for ECLs on amounts due from subsidiaries as disclosed in Note 17.

##### Other receivables

Expected credit loss of other receivable 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 these amounts as disclosed in Note 16.

Credit risk on deposits are mainly arising 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 the end of the reporting period, no allowance for doubtful debts is necessary in respect of the deposits.

##### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, 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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (Cont'd)

##### (a) Credit risk (Cont'd)

###### Financial guarantees (Cont'd)

###### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risks of the Company amounts to RM19,243,127 (2021: RM20,704,431) 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 21. 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 as disclosed in Note 2(c). The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD") and Indonesian Rupiah ("IDR").

The Group also holds cash and cash equivalents 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and 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 was:

	Denominated in			Total RM
	USD RM	EUR RM	IDR RM	
<b>Group 2022</b>				
Trade receivables	14,250,304	–	–	14,250,304
Other receivables	763,963	108,933	39,479	912,375
Cash and cash equivalents	1,729,389	–	–	1,729,389
Trade payables	(8,942,129)	–	–	(8,942,129)
Borrowings	(8,745,048)	–	–	(8,745,048)
	(943,521)	108,933	39,479	(795,109)

	Denominated in			Total RM
	USD RM	SGD RM	IDR RM	
<b>2021</b>				
Trade receivables	15,420,014	706,148	–	16,126,162
Other receivables	157,785	–	39,479	197,264
Cash and cash equivalents	306,014	–	–	306,014
Trade payables	(10,918,797)	–	–	(10,918,797)
Borrowings	(8,239,730)	–	–	(8,239,730)
	(3,274,714)	706,148	39,479	(2,529,087)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (Cont'd)

##### (b) Foreign currency risk (Cont'd)

##### 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	
	2022 RM	Increase/(Decrease) 2021 RM
<b>Effect on results after tax/equity:</b>		
RM/USD - Strengthened by 5% (2021: 5%)	35,854	124,439
- Weakened by 5% (2021: 5%)	(35,854)	(124,439)
RM/EUR - Strengthened by 5% (2021: 5%)	(4,139)	-
- Weakened by 5% (2021: 5%)	4,139	-
RM/SGD - Strengthened by 5% (2021: 5%)	-	(26,834)
- Weakened by 5% (2021: 5%)	-	26,834
RM/IDR - Strengthened by 5% (2021: 5%)	(1,500)	(1,500)
- Weakened by 5% (2021: 5%)	1,500	1,500

##### (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 18, 21 and 23 respectively.

##### 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 was:

	Group	
	2022 RM	2021 RM
<b>Fixed rate instruments</b>		
<b>Financial asset:</b>		
- Fixed deposits with licensed banks	900,000	350,000
<b>Financial liabilities:</b>		
- Lease liabilities	(663,147)	(1,106,782)
- Bankers' acceptance	(13,009,048)	(13,309,730)
- Revolving credit	(3,000,000)	(3,000,000)
	(15,772,195)	(17,066,512)



## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (Cont'd)

##### (c) Interest rate risk (Cont'd)

##### Exposure to interest rate risk (Cont'd)

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 was: (Cont'd)

	2022 RM	Group 2021 RM
<b>Floating rate instruments</b>		
<b>Financial asset:</b>		
- Short-term fund	-	1,777,373
<b>Financial liabilities:</b>		
- Bank overdrafts	(1,282,896)	(871,983)
- Term loans	(10,512,227)	(11,702,594)
	(11,795,123)	(10,797,204)

##### 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:-

	2022 RM	Group Increase/(Decrease) 2021 RM
<b>Effect on results after tax/equity:</b>		
Increase of 50 basis points (2021: 50 basis points)	(44,821)	(41,029)
Decrease of 50 basis points (2021: 50 basis points)	44,821	41,029

##### (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.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**31. FINANCIAL INSTRUMENTS (CONT'D)**

**Financial Risk Management Objectives and Policies (Cont'd)**

**(d) Liquidity risk (Cont'd)**

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):

	Carrying amount RM	Contractual Cash Flows					Total RM
		On demand or within 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM		
<b>2022</b>							
<b>Group</b>							
Bank overdrafts	1,282,896	1,282,896	-	-	-	-	1,282,896
Bankers' acceptance	13,009,048	13,009,048	-	-	-	-	13,009,048
Revolving credit	3,000,000	3,000,000	-	-	-	-	3,000,000
Term loans	10,512,227	1,660,716	1,660,716	3,475,379	6,220,316	-	13,017,127
Trade payables	19,823,659	19,823,659	-	-	-	-	19,823,659
Other payables	21,274,054	21,274,054	-	-	-	-	21,274,054
Lease liabilities	663,147	292,683	189,188	185,588	54,803	-	722,262
	69,565,031	60,343,056	1,849,904	3,660,967	6,275,119	-	72,129,046
<b>Company</b>							
Financial guarantee *	-	10,207,612	1,660,716	3,475,378	3,899,421	-	19,243,127
Other payables	255,372	255,372	-	-	-	-	255,372
Amounts due to subsidiaries	2,999,923	2,999,923	-	-	-	-	2,999,923
	3,255,295	13,462,907	1,660,716	3,475,378	3,899,421	-	22,498,422

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**31. FINANCIAL INSTRUMENTS (CONT'D)**

**Financial Risk Management Objectives and Policies (Cont'd)**

**(d) Liquidity risk (Cont'd)**

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): (Cont'd)

	Carrying amount RM	Contractual Cash Flows					Total RM
		On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM		
<b>2021 Group</b>							
Bank overdrafts	871,983	871,983	-	-	-	-	871,983
Bankers' acceptance	13,309,730	13,309,730	-	-	-	-	13,309,730
Revolving credit	3,000,000	3,000,000	-	-	-	-	3,000,000
Term loans	11,702,594	1,648,739	1,648,739	4,251,351	7,101,885	-	14,650,714
Trade payables	20,003,757	20,003,757	-	-	-	-	20,003,757
Other payables	15,858,606	15,858,606	-	-	-	-	15,858,606
Lease liabilities	1,106,782	356,226	329,370	471,600	-	-	1,157,196
	65,853,452	55,049,041	1,978,109	4,722,951	7,101,885	-	68,851,986
<b>Company</b>							
Financial guarantee *	-	10,590,722	1,648,739	4,251,351	4,213,619	-	20,704,431
Other payables	201,494	201,494	-	-	-	-	201,494
Amounts due to subsidiaries	2,963,318	2,963,318	-	-	-	-	2,963,318
	3,164,812	13,755,534	1,648,739	4,251,351	4,213,619	-	23,869,243

\* 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)

### 32. 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.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

#### 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.

### 33. 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 cash equivalents whilst total capital is equity attributable to Owners of the Company.

The gearing ratio as at 30 June 2022 and 30 June 2021, which are within the Group's objective of capital management are as follows:

	2022 RM	Group 2021 RM
Borrowings (Note 21)	27,804,171	28,884,307
Lease liabilities (Note 23)	663,147	1,106,782
	28,467,318	29,991,089
Less:		
- Cash and bank balances	(7,890,165)	(12,500,887)
- Fixed deposits placed with licensed banks	(900,000)	(350,000)
- Short-term fund	-	(1,777,373)
	(8,790,165)	(14,628,260)
Total net debts	19,677,153	15,362,829
Total equity attributable to the Owners of the Company	129,714,375	127,404,424
Debt to equity ratio	0.15	0.12

The net debt-to-equity ratio for the Company is not presented as the Company has no external borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 33. CAPITAL MANAGEMENT (CONT'D)

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., and the Company are 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 networth ("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 networth (less intangibles and pre-operating expenses) plus loans and advances from holding company. Total bank borrowings encompasses 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.

### 34. EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

The Company has completed a fund-raising exercise subsequent to the financial year for a renounceable rights issue for ordinary shares at RM0.10 per rights share, on the basis of 1 Rights Share for every 3 existing Shares held, together with 54,805,881 Warrants on the basis of 1 Warrant for every 3 Right Shares subscribed. With 164,417,645 Rights Shares subscribed, the Company raised proceeds of approximately RM16.44 million. The Rights Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 30 August 2022.

### 35. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform with the current year's presentation:

	As previously reported RM	As reclassified RM
<b>2021</b>		
<b>Group</b>		
<b>Statement of Comprehensive Income:</b>		
Staff costs	(20,652,871)	(20,837,381)
Other operating expenses	(25,666,196)	(25,481,686)
<hr/>		
<b>Statements of Financial Position:</b>		
<b>Current Assets</b>		
Property, plant and equipment	78,903,357	78,894,959
Right-of-use assets	6,134,880	6,143,278
<hr/>		

**NOTES TO THE  
FINANCIAL STATEMENTS**  
(CONT'D)

**35. COMPARATIVE FIGURES (CONT'D)**

The comparative figures have been reclassified to conform with the current year's presentation: (Cont'd)

	As previously reported RM	As reclassified RM
<b>2021 (Cont'd)</b>		
<b>Group (Cont'd)</b>		
<b>Statements of Cash Flows:</b>		
<b>Cash Flows from Operating Activities</b>		
<b>Changes in working capital:</b>		
Trade and other payables	2,377,052	2,059,573
Rebate liability	-	317,479
<hr/>		
<b>Company</b>		
<b>Statement of Comprehensive Income:</b>		
Staff costs	-	(184,510)
Other operating expenses	-	(235,702)
Other expenses	(420,212)	-
<hr/>		
<b>Statement of Financial Position</b>		
<b>Current Assets</b>		
Other receivables	15,137,566	20,648
Amounts due from subsidiaries	-	15,116,918
<hr/>		
<b>Current Liabilities</b>		
Other payables	3,164,812	201,494
Amounts due to subsidiaries	-	2,963,318
<hr/>		

# LIST OF PROPERTIES

AS AT 30 JUNE 2022

Location/ (Registered owner)	Description (Lot/Title No)	Tenure (Approx. age of building)	Land area (Built up) sq. ft.	Date of Acquisition/ *Revaluation	Net book Value 30/6/2022 (RM)
Plot 125, Bukit Minyak Industrial Park, Seberang Perai Tengah, Pulau Pinang.	Industrial Land with factory	60 years with 41 years remaining (19 years)	6.0052 Acre (261,586) sq. ft.	*30 August 2012	12,192,757
Plot 126, Bukit Minyak Industrial Park, Seberang Perai Tengah, Pulau Pinang.	Industrial land	60 years with 51 years remaining (9 years)	1.74236 acre	*30 August 2012	7,714,907
Jl. Raya Beji Km 4 No. 42, Beji, Pasuraun, Jawa Timur, Indonesia.	Industrial Land with factory	50 years with 22 years remaining (26 years)	8,120 sq. meters	*30 November 2012	2,046,822
No. 00003, Desa Beji, Kecamatan Beji, Kabupaten Pasuruan, Provinsi Jawa Timur, Indonesia.	Industrial Land	50 years with 20 years remaining	15,310 sq. meters	13 August 2014	5,424,914
No. 7A, Jalan TIAJ 2/1, Taman Industri Alam Jaya, Bandar Puncak Alam, 42300 Selangor Darul Ehsan.	3 Storey Semi-Detached Factory Type B	Leasehold	2,024 sq. meters	10 August 2016	4,315,311
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	1,302,619
No. 1A, Jalan Kampung Sungai Suloh, Mukim Minyak Beku, 83000 Batu Pahat, Johor	Industrial land with Factory cum office	Freehold	2.3051 hectares	*26 September 2019	19,100,467



**REX INDUSTRY BERHAD**  
[Registration No. 199301027926 (282664-K)]  
(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 Twenty-Eighth Annual General Meeting ("**AGM**") of the Company to be held at the Green III Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 November 2022 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

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the payment of Directors' fees payable to the Non-Executive Directors amounting to RM216,600 to be paid on a quarterly basis for the financial year ending 30 June 2023 and thereafter. (Resolution 1)		
3.	To approve the payment of Directors' benefits up to an amount of RM50,000 from 30 November 2022 until the next AGM of the Company. (Resolution 2)		
4(a).	To re-elect Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain, 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 Dato' Cheah Teng Lim, 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. Kajendra Pathmanathan, 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. Moore Stephens Associates PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Resolution 7)		
<b>Special Business</b>			
7.	Authority to Issue Shares pursuant to the Companies Act 2016. (Resolution 8)		
8.	Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 9)		
9.	Proposed Renewal of Authority for the Company to Purchase its Own Shares. (Resolution 10)		
10.	Retention of Tan Sri Dato' Mohd Ibrahim bin Mohd Zain as an Independent Director (Resolution 11)		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2022

Signature of Member

Common Seal to be affixed here if Member is a corporation, if applicable





**Notes to the Notice of the Twenty-Eighth AGM ("Meeting"):**

1. In respect of deposited securities, only members whose name appear in the Record of Depositors on 18 November 2022 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 authorized 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 authorized.
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 28<sup>th</sup> 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.

Please refer to the Administrative Guide on the Conduct of a Physical General Meeting available for download at [www.rexmalaysia.com/](http://www.rexmalaysia.com/) for further details.

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

Then fold here

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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## REX INDUSTRY BERHAD

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