RHONG KHEN INTERNATIONAL BERHAD

(FORMERLY KNOWN AS LATITUDE TREE HOLDINGS BERHAD)

[REGISTRATION NO.: 199401017151 (302829-W)]

ANNUAL REPORT 2022

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr Norraesah Binti Haji Mohamad
Chairman/Independent Non-Executive Director

Madam Lin Chen, Jui-Fen
Deputy Executive Chairman/ Executive Director

Mr Lin, Chin-Hung
Managing Director

Mr Toh Seng Thong
Independent Non-Executive Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

Mr Sandra Segaran A/L Muniandy @ Krishnan
Independent Non-Executive Director

COMPANY SECRETARIES

Mr Yeoh Joe Son
(MIA 9238)
(SSM PC No.: 202008004222)

Ms Tai Yit Chan
(MAICSA 7009143)
(SSM PC No.: 202008001023)

AUDIT COMMITTEE

Mr Toh Seng Thong (Chairman)
Independent Non-Executive Director

Dato' Dr Norraesah Binti Haji Mohamad
Independent Non-Executive Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Dr Norraesah Binti Haji Mohamad (Chairman)
Independent Non-Executive Director

Mr Toh Seng Thong
Independent Non-Executive Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Dato' Dr Norraesah Binti Haji Mohamad (Chairman)
Independent Non-Executive Director

Mr Toh Seng Thong
Independent Non-Executive Director

Mr Yek Siew Liong
Non-Independent Non-Executive Director

EMPLOYEES' SHARE SCHEME COMMITTEE

Mr Toh Seng Thong (Chairman)
Independent Non-Executive Director

Mr Lin, Chin-Hung
Managing Director

Mr Yeoh Joe Son
Group Finance Director

Mr Fong Toh Wai
Group Financial Controller

PLACE OF INCORPORATION AND DOMICILE

Malaysia

STOCK EXCHANGE LISTING/STOCK NAME

Main Market of Bursa Malaysia Securities Berhad
Stock Short Name : RKI
Stock Code : 7006

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone : +603-7890 4800
Facsimile : +603-7890 4650
Website : www.rkibhd.com

SHARE REGISTRAR

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197701005827 (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
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50490 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Telephone : +603-2084 9000
Facsimile : +603-2094 9940

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan, Malaysia

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Alliance Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
CTBC Bank Co. Ltd.
Indovina Bank Ltd.
Bank Sinopac

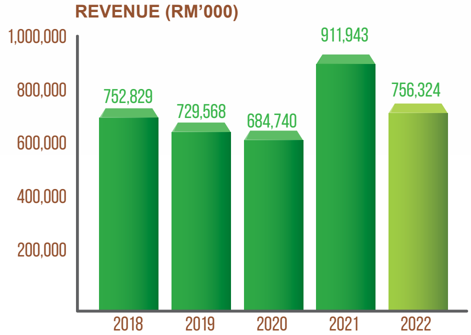
FINANCIAL HIGHLIGHTS

Five Years Financial Highlights	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	756,324	911,943	684,740	729,568	752,829
Profit for the year	35,524	53,791	16,789	19,352	12,077
Profit attributable to owners of the parent	35,524	53,791	16,789	19,352	12,077
Equity attributable to owners of the parent	655,260	610,240	578,001	564,435	545,571
Net assets per share attributable to owners of the parent (RM)	3.37	3.14	3.03#	2.91#	2.81#
Earnings per share attributable to owners of the parent (Sen)	18.28	27.84	8.80#	9.98#	6.22#
Dividend per share (Sen)	6.00*	10.90	3.00#	2.98#	3.00#
Dividend amount	11,659	21,187	5,715	5,768	5,816

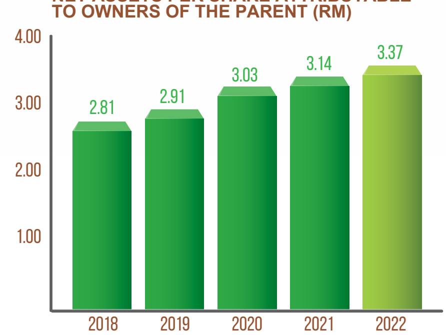
* The Company had on 13 May 2022 paid the first interim single-tier dividend of 1.0 sen per ordinary share. The final single-tier dividend of 5.0 sen per ordinary share was recommended by the Board of Directors and is subject to shareholders' approval at the forthcoming Annual General Meeting.

\# For comparative purpose, net assets and earnings per share attributable to owners of the parent and dividend per share have been adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 16 March 2021.

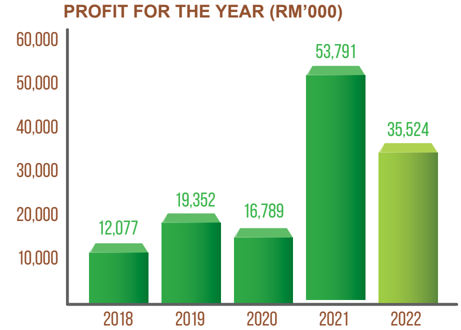
REVENUE (RM'000)



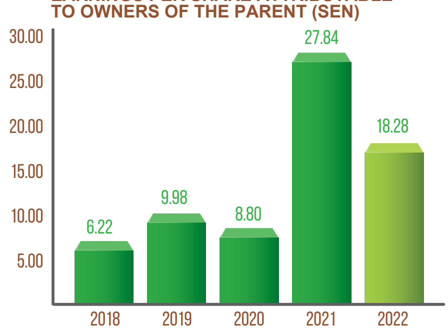
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (RM)



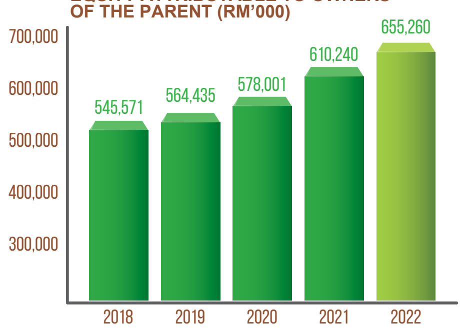
PROFIT FOR THE YEAR (RM'000)



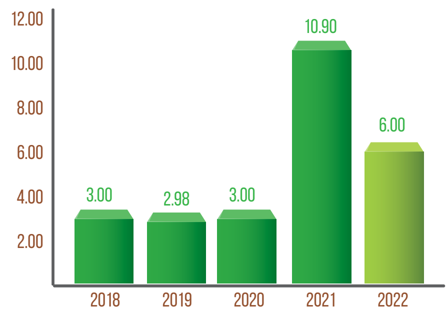
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN)



EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



DIVIDEND PER SHARE (SEN)



MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis compares the Group's financial condition and results of operations for the financial year 2022 ("FY2022") with financial year 2021 ("FY2021").

1) Overview of the Group's Business and Operations

Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) ("the Group" or "the Company" or "RKIB") is an integrated household furniture manufacturer specialises in the manufacturing and sale of wooden household furniture and components particularly rubber-wood furniture for export markets. About 50% of raw materials of the Group are rubber-wood-based with the remaining being poplar, pine wood and other wood-based materials. The Group's manufacturing activities are operated from its three (3) factories in Malaysia, two (2) factories in Vietnam and one (1) factory in Thailand with total workforce of approximately 5,900 workers.

Name of subsidiaries	Country of incorporation	Principal activities	Total site area (square feet)
Latitude Tree Furniture Sdn. Bhd.	Malaysia	Manufacture and sale of wooden furniture and components	507,751
Rhong Khen Timbers Sdn. Bhd.	Malaysia	Manufacture and sale of wooden furniture parts and components	1,545,324
Rhong Khen Industries Sdn. Bhd.	Malaysia	Manufacture and sale of decorative wood panels and papers	332,939
Latitude Tree Vietnam Joint Stock Company	Vietnam	Manufacture and sale of wooden furniture and components	889,120
RK Resources Co., Ltd.	Vietnam	Manufacture and sale of wooden furniture and components	3,943,757
Grob Holz Company Limited	Thailand	Manufacture and sale of wooden furniture parts and components	869,024
Total			8,087,915

FY2022 was a turbulent and tough year for the Group as our operation was affected by lockdowns imposed by Malaysian and Vietnamese governments to contain outbreak of Covid-19 pandemic in both countries. This has resulted in lesser production days in FY2022 compared to prior year. On a positive note, one of our Vietnam plant had implemented "3 on the spot" approach during lockdown in Vietnam and managed to achieve breakeven. Nonetheless, the Group was also impacted by escalating raw material prices due to surge in oil price, high logistic cost, congestion at US ports and revision of minimum wages in Vietnam and Malaysia during the financial year.

2) Financial Performance Review

	FY2022 (RM'000)	FY2021 (RM'000)	Variance (RM'000)	Variance (%)
Items of Statements of Comprehensive Income:				
Revenue	756,324	911,943	(155,619)	(17.1)
Gross profit	105,537	125,875	(20,338)	(16.2)
Other income	5,959	13,198	(7,239)	(54.8)
Operating costs	(60,079)	(64,535)	(4,456)	(6.9)
Finance costs	(2,605)	(2,954)	(349)	(11.8)
Profit before tax	48,812	71,584	(22,772)	(31.8)
Profit for the year	35,524	53,791	(18,267)	(34.0)
Items of Statements of Financial Position:				
Non-current assets	340,582	346,295	(5,713)	(1.6)
Current assets	607,617	547,260	60,357	11.0
Total liabilities	292,939	283,315	9,624	3.4
Items of Statements of Cash Flows:				
Net cash flows generated from operating activities	26,596	78,908	(52,312)	(66.3)
Net cash flows used in investing activities	(27,903)	(16,780)	11,123	66.3
Net cash flows (used in)/ generated from financing activities	(20,533)	22,963	(43,496)	(189.4)
Cash and cash equivalents at end of the year	170,466	184,960	(14,494)	(7.8)

2.1) Review of Items of Statements of Comprehensive Income

Revenue information based on the geographical location of the operations of the Group is as follows:

	FY2022 (RM'000)	FY2021 (RM'000)	Variance (RM'000)	Variance (%)
Malaysia	154,349	159,194	(4,845)	(3.0)
Vietnam	584,185	736,885	(152,700)	(20.7)
Thailand	17,790	15,864	1,926	12.1
Total	756,324	911,943	(155,619)	(17.1)

The Group recorded revenue of RM756.3 million for FY2022, representing a decrease of 17.1% as compared to FY2021.

Revenue from Malaysia operations declined by 3.0% was mainly due to lower sales recorded by furniture plant in FY2022 compared to FY2021 due to lockdown in Malaysia to contain outbreak of Covid-19 pandemic. For Vietnam operations, revenue plummeted substantially by 20.7% mainly due to lockdown in Vietnam resulting in lesser production days, manpower shortage issue after resumption of operation from lockdown and lower shipments due to congestion at US ports and limited shipping vessels. Conversely, revenue from Thailand operation increased by 12.1% in FY2022 compared to FY2021 mainly due to higher orders received from both local and export markets.

2) Financial Performance Review (cont'd)

2.1) Review of Items of Statements of Comprehensive Income (cont'd)

Correspondingly, the Group's gross profit declined by 16.2% from RM125.9 million in FY2021 to RM105.5 million in FY2022. The decrease in gross profit was mainly due to decrease in revenue, higher operating cost resulting from closure of furniture and sawmill plants in Malaysia during lockdown imposed by Malaysia government and higher operating expenses incurred by a Vietnam furniture plant for implementation of "3 on the spot" approach during lockdown enforced by Vietnam authorities.

Other income decreased by 54.8% from RM13.2 million in FY2021 to RM6.0 million in FY2022 mainly due to insurance compensation of RM7.7 million received in FY2021.

The Group's operating costs comprised selling and distribution expenses, administrative expenses and other expenses. The Group's total operating costs amounted to RM60.1 million in FY2022 and were 6.9% lower than FY2021 mainly due to lower selling and distribution expenses in line with lower revenue recorded.

Finance costs decreased by 11.8% from RM3.0 million in FY2021 to RM2.6 million in FY2022. The decrease was due to lower utilisation of short-term bank borrowings during FY2022.

Profit before tax of the Group amounted to RM48.8 million in FY2022, representing a decline of 31.8% from RM71.6 million in FY2021. The decrease was mainly due to the decrease in gross profit and other income in FY2022 compared to FY2021.

Profit for the year of the Group amounted to RM35.5 million in FY2022, representing decrease of 34.0% from RM53.8 million in FY2021 was in line with decrease in profit before tax offset with current year tax provision.

2.2) Review of Items of Statements of Financial Position

Non-current assets decreased by 1.6% to RM340.6 million as at 30 June 2022 from RM346.3 million as at 30 June 2021. The decrease was mainly due to depreciation expenses of property, plant and equipment ("PPE"), investment properties and right-of-use assets for FY2022.

Current assets increased by 11.0% to RM607.6 million as at 30 June 2022 as compared to RM547.3 million as at 30 June 2021. The increase was mainly attributable to the increase in inventories, trade and other receivables and investment securities balances. The increase in inventories by RM24.4 million was mainly due to work-in-progress and finished goods inventories increased by RM11.1 million and RM6.9 million respectively from RM42.5 million and RM85.9 million as at 30 June 2021 to RM53.6 million and RM92.8 million as at 30 June 2022. The increase in work-in-progress inventories was due to higher production output across all division in the month of June this year compared to prior year. Higher finished goods inventories were due to slowing down of shipments requested by our customers due to high inventory level at their warehouse in United States ("US"). Increase in trade and other receivables by RM21.2 million was due to trade and other receivables increased by RM14.1 million and RM7.1 million respectively. Higher trade receivables balance was in line with higher sales registered in Quarter 4 FY2022 as compared to Quarter 4 FY2021. Higher other receivables were mainly contributed by higher import duty and other indirect taxes receivable of RM8.0 million. The increase in investment securities balance was due to higher placement in investment securities in FY2022 as compared to FY2021.

As at 30 June 2022, total liabilities increased by 3.4% to RM292.9 million from RM283.3 million as at 30 June 2021. The increase was mainly attributable to the increase in trade and other payables and tax payable. Trade and other payables increased by RM5.4 million mainly due higher trade payables from RM87.7 million as at 30 June 2021 to RM93.0 million as at 30 June 2022. The increase was in tandem with increase in purchases of raw materials in Q4 FY2022 as compared to Q4 FY2021. Tax payable increased by RM5.2 million mainly due to tax provision made for FY2022.

2) Financial Performance Review (cont'd)

2.3) Review of Items of Statements of Cash Flows

The Group registered net cash flows generated from operating activities of RM26.6 million for FY2022 as compared to RM78.9 million for FY2021. The decline was in tandem with decrease in profit before tax.

Net cash flows used in investing activities was RM27.9 million for FY2022, mainly resulting from the purchase of property, plant and equipment ("PPE") of RM6.4 million and net purchase of investment securities of RM29.3 million offset with proceeds from termination of right-of-use-assets of RM2.4 million and withdrawal of deposits with licensed banks of RM3.6 million.

Net cash flows used in financing activities of RM20.5 million for FY2022 was mainly due to net repayment of loans and borrowings of RM8.0 million, payment of dividends amounting to RM7.8 million and placement of deposits placed as securities for bank borrowings and guarantees of RM3.8 million.

Overall, cash and cash equivalents decreased by RM14.5 million to RM170.5 million as at 30 June 2022, mainly attributable to net cash flows generated from operating activities which was offset with net cash flows used in investing and financing activities.

2.4) Capital Expenditure

In FY2022, total purchases of PPE by the Group was RM6.4 million. The breakdown of the additions during the financial year is as follows:

Category of PPE	RM'000
Plant and machinery	4,089
Buildings	1,701
Others	647
Total	6,437

Addition of RM4.1 million was incurred to upgrade our existing production lines with advanced and automated machinery to further enhance production efficiency and to reduce workers. RM1.7 million was spent to upgrade upholstery factory building built in year 2019 at one of our Vietnam plant.

3) Risks relating to Our Business

3.1) Exposure to Credit Risk

The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimises credit risk by dealing exclusively with established counterparties. Trade receivables are monitored on an ongoing basis via the Group's management reports.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis resulted the Group's exposure to bad debts is not significant.

3) Risks relating to Our Business (cont'd)

3.2) Exposure to 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 has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the functional currency of the Group, i.e. RM. The foreign currencies in which these transactions are denominated are mainly United States Dollar, Vietnam Dong, Thai Baht, Singapore Dollar and China Renminbi.

3.3) Exposure to Shortage of Raw Materials

Wood is one of the main raw materials used in manufacturing of our products. The wood or wood-based raw materials used in our products include rubber wood, poplar wood, pine wood, oak wood, particle boards, MDF, plywood and veneer boards. Total cost of wood or wood-based raw materials accounted for 40% to 55% of our total costs of sales.

As the Group does not have long-term supply arrangements with our vendors, there can be no assurance that we will continue to be able to obtain sufficient supply of raw materials, at competitive prices and in a timely manner from our vendors. The Group has been working closely with our vendors to secure sufficient supply for our production needs by providing cash advances to certain wood-based raw materials vendors.

3.4) Exposure to Over-Dependent on our Sub-Contractors

Generally, the Group sub-contracts the manufacture of certain furniture components, semi-finished products, other parts and accessories required for our products, such as chair legs, chair seats, lathe and bentwood to sub-contractors.

The Group is dependent on the availability of sub-contractors who have the relevant skills to fulfill our production requirements. In the event that we face a shortage of sub-contractors with relevant skills or should our sub-contractors default on their delivery obligations or work specifications or provide products or services which do not meet our quality standards or requirements, we may not be able to deliver our products on a timely basis or may have to incur higher costs. If any of such events occurs, our revenue may be adversely affected and if we are unable to pass on our cost increases to our customers, our Group's profitability may be adversely affected.

4) Dividends

The Group is firmly committed to maximising shareholders' value. Dividends paid during the financial year are as follows:

Financial Year	Description	Payment Date	Dividend per Share (Sen)*	Value (RM'000)
FY2021	Final single-tier dividend	14 January 2022	3.0	5,829
FY2022	First interim single-tier dividend	13 May 2022	1.0	1,943
Total				7,772

*Dividend rate is calculated based on 194,310,000 shares (excluding treasury shares)

4) Dividends (cont'd)

The Board also proposed a final single-tier dividend of 5.0 sen per ordinary share amounting to RM9.71 million for FY2022. The proposed final single-tier dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

5) Future Prospect and Outlook of the Group

The global market remains challenging with the prolonged ongoing war between Russia and Ukraine, extended lockdown in major cities in China on resurgence of Covid-19 cases, escalating US and China tensions causing further uncertainties and rapid and aggressive rise in interest rates in US may slow down US economy.

Regardless of the operating environment in this trying time especially the risk of global recession and geopolitical uncertainties, the Group will remain resilient and vigilant in addressing these uncertainties in all levels of decision making. The Group remains resolute in its long-term strategies of cost controlling, enhancing production efficiency, development of new products and new designs in the “new normal” environment and effective cost management across all functions.

Over the long term, the outlook for RKIB remains positive due to the strength, capability and experience of the Group. The Group is always ready for any acquisition or joint venture opportunities for business or assets that are related and synergise with RKIB’s activities.

Barring any unforeseen circumstances, the Board believes that the Group is able to manage the challenges of the current market environment and will remain profitable for the financial year ending 30 June 2023.

CORPORATE PROFILE

Mission

We aspire to become a world class integrated household furniture manufacturer co-existing in harmony with nature and the society it serves.

Our mission is to continually improve our products and services to meet or exceed the expectations of our customers. We emphasise employee teamwork and involvement in identifying and implementing programs to save time and lower production costs while maintaining the highest quality values. These strategies allow us to prosper as a business with high degree of integrity and to provide a reasonable return to our shareholders, the ultimate owners of our business.

History

Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) was incorporated in Malaysia as an investment holding company. Through its subsidiary companies, the Group specialises in the manufacturing and sale of wooden furniture and components particularly rubber wood furniture for both the domestic and export markets.

The Group has carved out a strong niche in the household furniture segment, specifically dining room and bedroom sets. From its humble beginnings as a manufacturer of chairs for dining room sets in 1988, the Group has grown into a complete high-and-medium-end dining room, living room and bedroom sets manufacturer. About 50% of its raw materials are rubber wood based with the remaining being oak, pine wood and other wood based materials.

The Group has made great advances to position itself as one of the largest rubber wood furniture manufacturers and exporters in Malaysia and Vietnam. Approximately 99% of the Group's products are exported overseas to the United States of America, Canada, Europe, South Africa, Australia, China and the Middle East countries.

The Group had in year 2015 divested into manufacturing and distribution of polyester boards, decorative wood panels and printing of impregnated paper to diversify its revenue stream and to enhance the Group's current product offering.

Manufacturing/Operating Activities

The Group's manufacturing activities are operated from its three (3) factories in Malaysia, two (2) factories in Vietnam and one (1) factory in Thailand. The total site area of the six (6) manufacturing plants is approximately 8.1 million square feet. The total current workforce is approximately 5,900 workers.

Products

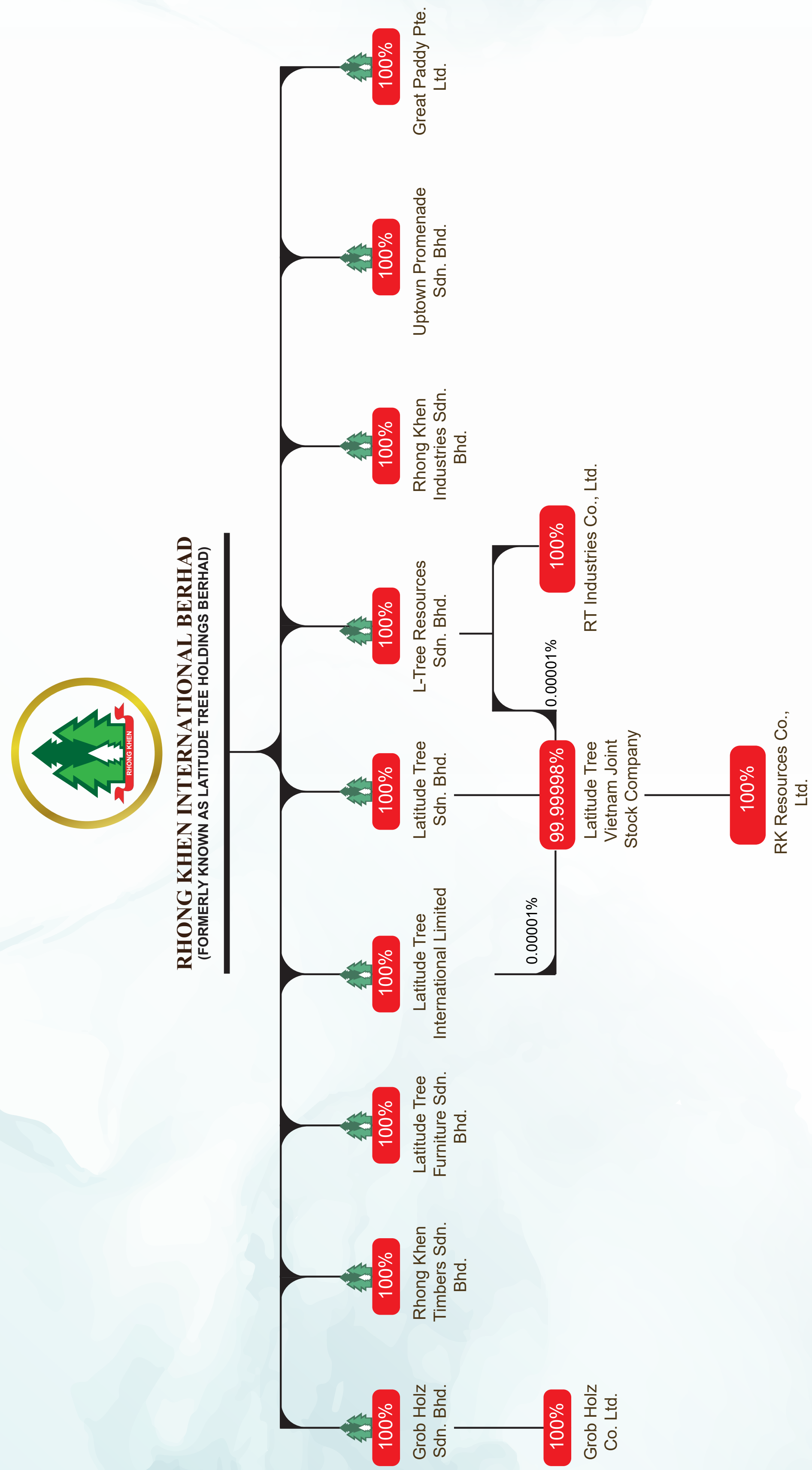
The Group has developed an extensive range of products to cater for different customers' requirements and expectations.

The followings are the main products of the Group:

- Bedroom Collection Sets including Beds, Nightstands, Chests, Armoires and Wardrobes;
- Dining Room Collection Sets including Tables, Chairs, Buffets, Hutches, Curios, Sideboards and Servers;
- Living Room Collection Sets including Sofas, Sofa Tables, Occasional Tables, Coffee Tables and Cabinets (TV and Low Cabinets) and Small Office, Home Office (SoHo) sets; and
- Polyester boards, decorative wood panels and impregnated papers.

From the traditional piece-meal furniture, the Group has shifted strategically into the manufacture of whole set and collection set furniture as a response to the emerging demand trends for whole set and collection set furniture. The Group has a team of in-house designers, technicians and developers who are able to develop products that meet customers' requirements and tastes for different markets.

CORPORATE PROFILE (CONT'D)



PROFILE OF BOARD OF DIRECTORS

DATO' DR NORRAESAH BINTI HAJI MOHAMAD
Aged 74, Malaysian, Female
Chairman/Independent Non-Executive Director

Dato' Dr Norraesah Binti Haji Mohamad ("Dato' Dr Norraesah") was appointed to the Board of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) ("RKIB") on 1 November 2018. She is also the Chairman of Remuneration Committee and Nomination Committee and a member of the Audit Committee. Her last re-appointment as Director was on 15 December 2021.

She graduated with a Bachelor of Arts (Hons) Economic from University of Malaya, a Masters in International Economics Relations from International Institute of Public Administration, France, a Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France and a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France.

Dato' Dr Norraesah has over 49 years of experience in banking, consultancy, telecommunication, international trade and commerce. She served the Government of Malaysia from 1972 to 1988 for a total of 16 years before leaving the public sector to join the private sector. In the private sector, she assumed diverse roles between 1989 to 2003. She was a Managing Director with a consultancy firm which provides financial and consultancy services, appointed as Chief Representative of Credit Lyonnais Bank in Malaysia and later was appointed as the Chairman of Bank Kerjasama Rakyat Malaysia. Dato' Dr Norraesah was appointed as a Senator from October 2005 to February 2008. She is a recipient of several state awards and was conferred the Chevalier de La Region d'Honneur from the French Government in 2004. She is currently the Chairman of the World Islamic Businesswomen Network of the World Islamic Economic Forum and sits on its Board of Trustees and is a member of the International Advisory Panel.

Dato' Dr Norraesah is currently the Executive Chairman of MY E.G. Services Berhad and she also sits on the Board of a few private limited companies.

Dato' Dr Norraesah has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. She has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanctions or penalty by relevant regulatory bodies during the financial year under review.

During the financial year ended 30 June 2022, she has attended all the five (5) Board meetings held.

LIN CHEN, JUI-FEN
Aged 68, Taiwanese, Female
Deputy Executive Chairman/Executive Director

Madam Lin Chen, Jui-Fen ("Madam Lin") was appointed as Executive Director to the Board of RKIB on 28 April 1997. She is currently the Deputy Executive Chairman/Executive Director and a substantial shareholder of the Company. Her last re-election as Director was on 25 November 2019.

Prior to her appointment as Deputy Executive Chairman, Madam Lin was the Managing Director of the Company from 2009 to 2012 and was involved in the overall management of Sales, Marketing, Finance, Operation and Human Resource of RKIB Group. Madam Lin was the Chief Executive Officer of Latitude Tree International Group Limited (now known as China Star Food Group Limited) from 2012 to 2014.

Madam Lin together with the late Mr Lin, Tzu-Keng ("Mr TK Lin") founded the Company and its subsidiaries with the setting up of Latitude Tree Furniture Sdn. Bhd. in 1988. She together with the late Mr TK Lin led RKIB Group to venture into Vietnam in 2000 with the setting up of Latitude Tree Vietnam Joint Stock Company, followed by RK Resources Co., Ltd. in 2002.

Currently, Madam Lin sits on the Board of several private limited companies and does not hold any directorship in any other public companies.

Madam Lin is the mother of Mr Lin, Chin-Hung, who is the Managing Director of RKIB and aunt to Mr Lin, Cheng-Hung. Both Mr Lin, Chin-Hung and Mr Lin, Cheng-Hung are substantial shareholders of the Company.

Madam Lin has no conflict of interest in any business arrangement involving the Company. She has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanctions or penalty by relevant regulatory bodies during the financial year under review.

During the financial year ended 30 June 2022, she has attended all the five (5) Board meetings held.

LIN, CHIN-HUNG
Aged 43, Taiwanese, Male
Managing Director

Mr Lin, Chin-Hung ("Mr Lin") was appointed to the Board of RKIB on 18 January 2012 as the Managing Director. He is also a substantial shareholder of the Company. His last re-election as Director was on 15 December 2021. He is a member of the Employees' Share Scheme Committee.

Mr Lin attended the Hawaii Pacific University and graduated with a Master in Business Management from National University of Kaohsiung, Taiwan.

Mr Lin was an Assistant to the Managing Director of RKIB where he assisted in Marketing, Production and Purchasing activities of RKIB Group from July 2001 to August 2007. Mr Lin joined RKIB Group in January 2008 and assisted the Head of Operations of RK Resources Co., Ltd. in the procurement of all raw materials.

Currently, Mr Lin sits on the Board of several private limited companies and does not hold any directorship in any other public companies.

Mr Lin is the son of Madam Lin and cousin of Mr Lin, Cheng-Hung. Both Madam Lin and Mr Lin, Cheng-Hung are substantial shareholders of the Company.

Mr Lin has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanctions or penalty by relevant regulatory bodies during the financial year under review.

During the financial year ended 30 June 2022, he has attended all the five (5) Board meetings held.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

TOH SENG THONG, JP

Aged 64, Malaysian, Male
Independent Non-Executive Director

Mr Toh Seng Thong ("Mr Toh") was appointed to the Board of RKIB on 18 August 2003. His last re-election as Director was on 15 December 2020. He is the Chairman of the Audit Committee and Employees' Share Scheme Committee and a member of the Remuneration Committee and Nomination Committee.

Mr Toh obtained his Bachelor of Commerce (Accounting) degree from the University of Canterbury, New Zealand in 1981. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Chartered Accountants Australia and New Zealand. He was made a Fellow Member of the Chartered Tax Institute of Malaysia in 1997. Mr Toh has over 30 years experience in auditing, taxation, corporate and financial advisory. He is also a practicing Chartered Accountant of Malaysia.

Particulars of his other directorships in public listed companies:

- Adventa Berhad
- PTT Synergy Group Berhad (formerly known as Grand Hoover Berhad)

Mr Toh has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanctions or penalty by relevant regulatory bodies during the financial year under review.

During the financial year ended 30 June 2022, he has attended all the five (5) Board meetings held.

YEK SIEW LIONG

Aged 63, Malaysian, Male
Non-Independent Non-Executive Director

Mr Yek Siew Liong ("Mr Yek") was appointed to the Board of RKIB on 18 May 2007. His last re-election as Director was on 15 December 2020. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr Yek graduated with a Bachelor of Arts (Hons) in Architecture and Environmental Design Degree from University of Nottingham, United Kingdom in 1983, Bachelor of Architecture (Hons) from University of Nottingham, United Kingdom in 1986 and Master of Business Administration from Aston University in Birmingham, United Kingdom in 1988. He is currently a member of the Malaysian Institute of Chartered Secretaries and Administrators and the Institute of Approved Company Secretaries.

Mr Yek has many years of experience in timber trade and industry, hospitality industry, property development and management, cable manufacturing, retailing in machinery, hardware and electrical goods, trading in petroleum and provision of infrastructure and business facilities for petrol service stations. He is currently the Group Managing Director of Hock Lee Holdings Sdn. Bhd. and its group of companies.

Particulars of his other directorships in public companies:

- Sarawak Cable Berhad
- Hock Lee Asia Berhad
- Cinacom Bintulu Berhad

Mr Yek has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanctions or penalty by relevant regulatory bodies during the financial year under review.

During the financial year ended 30 June 2022, he has attended four (4) out of five (5) Board meetings held.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

SANDRA SEGARAN A/L MUNIANDY @ KRISHNAN
Aged 55, Malaysian, Male
Independent Non-Executive Director

Mr Sandra Segaran A/L Muniandy @ Krishnan ("Mr Sandra Segaran") was appointed to the Board of RKIB on 2 September 2022 as Independent Non-Executive Director.

Mr Sandra Segaran is a member of Association of Chartered Certified Accountants and Malaysian Institute of Accountants. He started his career with Ernst & Young in 1993 and was made Audit Partner in 2009. He left Ernst & Young in 2020 to join the private sector. He is currently the Managing Director of Allied Aeronautics Training Centre Sdn. Bhd..

Currently, Mr Sandra Segaran sits on the Board of several private limited companies and does not hold any directorship in any other public companies.

Mr Sandra Segaran has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanctions or penalty by relevant regulatory bodies during the financial year under review.

Since Mr Sandra Segaran was appointed on 2 September 2022, he did not attend any Board meetings of the Company during the financial year ended 30 June 2022.

PROFILE OF KEY SENIOR MANAGEMENT

YEOH JOE SON
Aged 54, Malaysian, Male
Group Finance Director

Mr Yeoh Joe Son ("Mr Yeoh") is a Chartered Accountant of the Malaysian Institute of Accountants since 1995 and a Fellow Member of the Association of Chartered Certified Accountants since 1999.

Mr Yeoh has many years of working experience in the fields of accounting, audit, corporate finance, treasury, corporate recovery and financial management. He started his career with Ernst & Young, Kuala Lumpur in 1989. He joined RKIB Group as Accountant in 1995 and was promoted to Group Accountant in 1998. Prior to his appointment as Group Finance Director, his last appointment with RKIB was Group Financial Controller. He was the Finance Director of Latitude Tree International Group Limited (now known as China Star Food Group Limited) from 2009 to 2014.

Currently, Mr Yeoh is also a Director of Latitude Tree Vietnam Joint Stock Company, a Company Secretary of RKIB and a member of the Employees' Share Scheme Committee of RKIB. He is not a director for any public company.

Mr Yeoh does not have any family relationship with any other Directors and/or substantial shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

FONG TOH WAI
Aged 40, Malaysian, Male
Group Financial Controller

Mr Fong Toh Wai ("Mr Fong") graduated with a Bachelor of Accountancy with Distinction from the University of Wollongong, Australia in 2003. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Practising Accountant of CPA Australia since 2007.

Mr Fong has many years of working experience in the fields of accounting, audit, corporate finance, taxation and corporate governance. He started his career with PricewaterhouseCoopers, Kuantan in 2003. In 2004, he joined Ernst & Young, Kuantan. During his tenure with Ernst & Young, he had involved on various assignments including statutory audits, due diligence audits, initial public offering audits, FRS convergence audits and FRS 139 implementation audits. Mr Fong was appointed as Group Financial Controller of RKIB on 1 June 2012. He is also a member of the Employees' Share Scheme Committee of RKIB.

Mr Fong is not a director for any public and private limited companies.

Mr Fong does not have any family relationship with any other Directors and/or substantial shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

PROFILE OF KEY SENIOR MANAGEMENT(CONT'D)

LU CHIN-CHIA
Aged 63, Taiwanese, Male
General Manager of Vietnam Division

Mr Lu Chin-Chia ("Mr Lu") is a graduate of the National Chung Hsing University (BS) in Taiwan with a major in Wood Science.

Mr Lu has many years of working experience in wood making machinery, furniture production, factory management and manufacturing operation. He worked as an Anti-Smuggling Officer in the Ministry of Finance, Kaoshiung Custom Office, Taiwan, from March 1995 to March 2000. He was the Factory Manager of Latitude Tree Furniture Sdn. Bhd.'s factory operation in Terengganu, Malaysia from March 2000 to December 2001. From June 2002 to April 2003, Mr Lu was the Vice General Manager of Exact Wood Manufacturing Co., Ltd.. From May 2003 to February 2005, he was the Rough Mill Manager of Lacquer Craft Furniture Co., Ltd., a company involved in the manufacture of wooden furniture.

Mr Lu rejoined RKIB Group in March 2005 and currently, he is the General Manager of Vietnam Division and is also a Director of RK Resources Co., Ltd.. He is not a director for any public company.

Mr Lu does not have any family relationship with any other Directors and/or substantial shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

Note:
Other than traffic offences, all key senior management have never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) ("RKIB" or the "Company") is committed to achieve and maintain high standards of corporate governance within RKIB and its subsidiaries (the "Group").

The Board is guided by the principles and recommendations as promulgated in the latest Malaysian Code on Corporate Governance 2021 (the "MCCG") issued by Securities Commission Malaysia and Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") wherever applicable in the best interest of the shareholders of the Company.

This Statement should be read in conjunction with the Corporate Governance Report ("CG Report") and other Statements in the Annual Report, which is available on the Company's website at www.rkibhd.com and announcement on Bursa Securities' website at www.bursamalaysia.com. The CG Report sets out the key aspects of how the Company has applied the principles and recommendations of the MCCG during the financial year and up to the date of this report.

Save for limited exceptions as explained within this statement and the CG report, the Board is satisfied that the practice set out in the MCCG have, in all material aspects, been applied to achieve the intended outcomes which are found to be suitable and appropriate to the Group.

We will continue evaluating our governance practices in response to evolving best practices and the changing needs of the Group. The Board is pleased to present this Statement and explain how the Group has applied the three (3) principles as set out in the MCCG.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1.1 BOARD RESPONSIBILITIES

The Board is responsible for the proper stewardship of the Group's business direction and objectives, and ultimately the enhancement of long-term shareholders' value.

The roles of the Board, Board Chairman, Board Committees and Managing Director are clearly defined in the Board Charter to ensure accountability and division of responsibilities. The Board Charter is subject to review by the Board periodically to ensure it remain consistent with the Board's objectives and responsibilities. The Board Charter is available on the Company's website, www.rkibhd.com.

The Chairman is responsible for leading and managing the work of the Board, while the Managing Director is empowered by the Board to oversee the management and business operation of the Group. The Managing Director is accountable to the Board for the authority that is delegated to him, and for the performance of the Group. The Managing Director is supported in this role by the Senior Management and has executive responsibility for running our business. The diligent way in which the Chairman of the Board Committees and their members carry out their Committees duties enables us to discharge our responsibilities efficiently and effectively.

The Board monitors the decisions and actions of the Managing Director and the performance of the Group to gain assurance that progress is being made towards the corporate objectives.

The Board has primary responsibility for the governance and management of the Group and fiduciary responsibility for the financial health of the Group. The Group acknowledges the importance of having an effective Board to lead and control the Group. The principal responsibilities of the Board include:

a) Reviewing and adopting the business plan and overall strategic direction for the Group
    - The Board provides insights and guidance to the Managing Director and Senior Management to achieve corporate objectives of the Group. The Board reviews the strategic business plan presented by the Managing Director and Senior Management.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.1 BOARD RESPONSIBILITIES (cont'd)

b) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed
   - The Managing Director is accountable to the Board to ensure effective implementation of the Group's business plan and policies approved by the Board as well as to manage the daily conduct of the business to ensure its smooth operation. At each meeting, the Managing Director will report to the Board a summary report on the performance and activities of the Group including specific proposals for capital expenditure and acquisitions, if any.

c) Identifying principal risks and ensure the implementation of appropriate systems to manage these risks
   - The oversight of the Group's risk management process is the responsibility of the Managing Director who is assisted by the Heads of Department of the respective operating subsidiaries. The Company has established a Risk Management Committee ("RMC") whom together with the Audit Committee ("AC"), are responsible for ensuring more effective and efficient identification, evaluation, management and reporting of Group's risks. Details on the function of RMC are set out in the Statement on Risk Management and Internal Control on page 33 of this Annual Report.

d) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Executive Directors and the Key Senior Management
   - The Board noted the importance of succession planning to the Group. A succession planning policy has been established to address the possibility of replacing Executive Directors and Senior Management if circumstances require.

e) Developing and implementing an investor relations programme or shareholder communications policy for the Group
   - The Company's website, www.rkibhd.com, incorporates an Investor Relations section which provide all relevant information on the Company and accessible by the public. The information available in the website includes Financial Reports, Company's announcements, Annual General Meeting ("AGM") minutes, Extraordinary General Meeting ("EGM") minutes as well as the corporate and governance structure of the Group.

f) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines
   - The Board acknowledges the importance of establishing a sound system of internal control. An Enterprise Wide Risk Management Framework has been established to manage risks and to safeguard shareholders' investment and the Group's assets. Details on the framework are set out in the Statement on Risk Management and Internal Control on page 34 of this Annual Report.

g) Determining the remuneration and benefits payable for Non-Executive Directors, with the individuals concerned abstaining from discussions of their own remuneration
   - The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board recommends the Directors' fees and benefits payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

h) Ensuring the Company's financial statements are true and fair and conform to any applicable laws and/or regulations
   - The Board considered and reviewed the integrity of information in the financial statements and quarterly reports based on the recommendation from AC to ensure the financial statements presented are true and fair and in compliance with regulatory requirements.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.1 BOARD RESPONSIBILITIES (cont'd)

i) Ensuring the Company has appropriate corporate governance structure and policies in place
   - The Group has established and adopted a Code of Conducts and Ethics for Directors and employees ("the Code"). The Code has been circulated to all employees of the Group and each employee is contractually bound to abide by the Code. The Code for Directors is available on the Company's website, www.rkibhd.com.

j) Deciding on necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.

To ensure effective functioning of the Board, the Directors are given full access to information through the following means:

i) Senior Management and external advisers may be invited to the Board and Board Committees' meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agendas and to report or present areas within their responsibility to ensure the Board is able to effectively discharge its responsibilities.

ii) Information provided to the Board and Board Committees are compiled into reports via the Board and Board Committees papers circulated to Directors prior to the Board and Board Committees' meetings, to enable the Board and Board Committees to make decisions and to deal with matters arising from such meetings.

iii) Directors have ready and unrestricted access to the advice and services of the Company Secretaries.

iv) Directors may obtain independent professional advice at the Company's expense in furtherance of their duties, where this is deemed necessary, after consultation with the Chairman and other Board members.

The notice of a Board meeting is given in writing at least seven (7) days prior to the meeting. The agenda has included, amongst others, matters specifically reserved for the Board's decision. The Board has a schedule of matters specifically reserved to it for decision and has approved the written terms of reference of the various Committees to which it has delegated its authority in certain matters to support the Board in the performance of its duties and responsibilities.

The Senior Management ensures that the Board has full access to information regarding the activities within the Group and to the advice and services of the Company Secretaries, who are responsible for ensuring the Board meeting procedures are adhered to. All matters discussed and resolutions passed at each Board Meeting are recorded in the minutes of the Board meeting.

The Board held five (5) meetings during the financial year and details of attendance of each Director are as follows:

Name	Attendance
Dato' Dr Norraesah Binti Haji Mohamad #	5/5
Lin Chen, Jui-Fen	5/5
Lin, Chin-Hung	5/5
Toh Seng Thong #	5/5
Yek Siew Liong # #	4/5
Sandra Segaran A/L Muniandy @ Krishnan # (Appointed on 2 September 2022)	-

\# Denotes Independent Non-Executive Director
\# # Denotes Non-Independent Non-Executive Director

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.1 BOARD RESPONSIBILITIES (cont'd)

Company Secretaries

The Company Secretaries, through the Chairman, are responsible for advising the Board on all governance matters and for ensuring that Board procedures are followed, applicable rules and regulations are complied with, and that due account is taken of relevant codes of best practice. The Company Secretaries are responsible for ensuring effective communication flows between the Board and Board Committees, and between Senior Management and Non-Executive Directors.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide. Every Director has unhindered access to the advice and services of the Company Secretaries.

Whistle Blowing Policy

As part of the Group's continuous efforts to ensure that good corporate governance practices are being adopted, the Group has an established Whistle Blowing Policy to provide a clear line of communication and reporting of concerns for employees at all levels.

The Whistle Blowing Policy was updated to align with the latest Anti-Bribery and Anti-Corruption Policy adopted by the Board and covers the safeguards of whistle blowers, reporting procedure and investigation process which have been circulated to all employees of the Group. The Anti-Bribery and Anti-Corruption Policy is available on the Company's website, www.rkibhd.com.

1.2 BOARD COMPOSITION

During the financial year, the Board consists of five (5) members; comprising two (2) Independent Non-Executive Directors, one (1) Non–Independent Non–Executive Director and two (2) Executive Directors of which one (1) is the Managing Director. The composition of the Board reflects a balance of Executive and Non-Executive Directors to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented in all business strategies formulation and adoption. The composition of the Board also fulfils the MMLR of having at least two (2) or one-third (1/3) of the Board comprising Independent Director. In the event of non-compliance with Paragraphs 15.02(1)(a) and 15.02(2) of the MMLR, the Company must fill the vacancy within 3 months.

The balance of Directors on the Board ensures that no individual or small group of Directors can dominate the decision-making process and that the interests of shareholders are protected. In view of Independent Non-Executive Directors form 40% of our Board, the Board had on 2 September 2022, appointed Mr Sandra Segaran A/L Muniandy @ Krishnan ("Mr Sandra Segaran") to increase the number of Independent Non-Executive Directors in the Company. The Board considers each of our current Independent Non-Executive Directors to be independent in character and judgement that could provide unbiased and independent views to the Board. In reaching this determination of independence, the Board has concluded that each of them provides objective challenge to Management, is willing to stand up and defend his/her own beliefs and viewpoints in order to support the ultimate good of the Company and that there are no business or other relationships likely to affect the judgement of the Independent Non-Executive Directors.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.2 BOARD COMPOSITION (cont'd)

The Board is satisfied with its current composition which comprises a balanced mix of operational skills of the Executive Directors in the wooden furniture manufacturing industry with the professional expertise of the Non-Executive Directors in the fields of manufacturing, auditing and accounting. The qualification and experience of the Directors are set out in the Profile of Board of Directors on pages 12 to 15 of this Annual Report.

To ensure the effective discharge of its functions and responsibilities, the Board has established and delegated certain power and responsibilities to the Board Committees which have been set up, namely the Audit Committee, Nomination Committee and Remuneration Committee. The Board Committees are entrusted with specific powers and responsibilities to oversee the relevant matters, in accordance with their respective Terms of References and operating procedures. These committees were formed in order to ensure an optimum structure for efficient and effective decision-making in the organisation. The Chairman of the respective committees will report to the Board the proceedings, deliberations and outcomes of these meetings and such reports are incorporated into the Board papers.

The Board remains fully responsible for the direction and control of the Group.

Nomination Committee Report

The members of the Nomination Committee ("NC") consist of three (3) Non-Executive Directors and meet as and when required. The current members of the NC are:

Chairman:
Dato' Dr Norraesah Binti Haji Mohamad
Independent Non-Executive Director

Members:
Toh Seng Thong
Independent Non-Executive Director

Yek Siew Liong
Non-Independent Non-Executive Director

The main duties and activities of NC are as follows:

i) Appointment Process

The Board, through the NC's annual appraisal, believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

The NC is responsible for making recommendations to the Board on the suitability of candidates nominated for appointment to the Board and Board Committees. A formal and transparent procedure for appointment of directors was set out in the Policies Governing the Board of Directors which is published on the Company's website, www.rkibhd.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

i) Appointment Process (cont'd)

According to the Fit and Proper Policy, the Board should consider the factors which includes but not limited to the following in assessing if a candidate meets the criteria under the policy:

(a) Character and integrity – Probity, personal integrity, financial integrity, reputation;
(b) Experience and competence – Qualification, training, skills, relevant experience and expertise, relevant past performance or track record; and
(c) Time and commitment – Ability to discharge role having regard to other commitments, participation and contribution in the board or track record.

The decision as to who should be appointed is the full responsibility of the Board after considering the recommendations of the NC. The Company Secretaries will ensure that all appointments are properly made; all the necessary information is obtained as well as all legal and regulatory obligations are met. During the financial year under review, there was no appointment of new director for the Company except that Mr Sandra Segaran, who was appointed on 2 September 2022.

On the appointment of Senior Management, the NC focuses on their working experience, skills set, competencies, qualifications, integrity and commitment in the assessment of the identified Senior Management personnel before recommending for approval of the Board. The criteria for the recruitment/appointment of Senior Management are available in the Policies Governing the Board of Directors which is published on the Company's website.

ii) Re-election/Re-appointment of Directors

In accordance with the Company's Constitution, any Director appointed during the year is required to retire and seek re-election by shareholders at the following AGM immediately after their appointment and that one third (1/3) of the Board members are required to retire at every AGM and be subject to re-election by shareholders. All Directors, including the Managing Director shall retire from office at least once in every three (3) years but shall be eligible for re-election.

Pursuant to the Constitution of the Company, Madam Lin Chen, Jui-Fen ("Madam Lin") and Mr Yek Siew Liong ("Mr Yek") will retire by rotation at the Twenty-Eighth ("28th") AGM of the Company and had offered themselves for re-election. The Directors standing for re-election at the forthcoming 28th AGM and collectively agrees that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors. The NC had also conducted the fit and proper assessment on the Directors who are subject to re-election at the forthcoming AGM and was satisfied with the outcome of the assessments.

Mr Sandra Segaran who was appointed in September 2022 will also stands for election at the forthcoming 28th AGM in accordance with Clause 103 of the Constitution of the Company.

iii) Board Evaluation

The Board regularly evaluates its performance and the governance processes that support the Board's work with the aim of improving individual contributions, effectiveness of the Board and its committees and RKIB's performance.

The effectiveness of the Board is assessed in the areas of the Board structure and composition, meeting process, administration and conduct, relationship with Management, Board responsibilities, as well as the effectiveness of the Board Chairman. Whilst, the effectiveness of Board Committees are assessed in terms of composition, processes, responsibilities, as well as the effectiveness of the Chairman and each members of the respective Board Committees.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

iii) Board Evaluation (cont'd)

The performance of individual Directors will be assessed by the NC based on integrity and ethics, contribution and interaction, knowledge, judgement and decision making, understanding of role and leadership. The NC also reviewed the training needs of the respective Directors via the Board Annual Assessment to ensure the Board remains relevant and progressive.

According to Practice 4.2 of the MCCG, if the Board intends to retain an independent director beyond nine (9) years, it should justify and seek shareholders' annual approval. If the Board continues to retain the independent director after the twelfth year, the Board should seek shareholders' annual approval through a two-tier voting process. Mr Toh Seng Thong ("Mr Toh"), an Independent Non-Executive Director has served the Board of RKIB for more than twelve (12) years and he will be re-designated as Non-Independent Non-Executive Director after the conclusion of the 28th AGM. His tenure of service is set out in the Profile of Board of Directors of this Annual Report.

The Board has via the NC conducted an annual performance evaluation and assessment on the Independent Directors and is of the opinion that Dato' Dr Norraesah Binti Haji Mohamad ("Dato' Dr Norraesah"), Mr Toh and Mr Sandra Segaran remain objective and independent in expressing their views.

iv) Diversity

The Group recognises and embraces the benefits of a diverse Board. The NC reviews the composition of the Board and the Board Committees. It frequently considers a skills matrix for the Board, which identifies the core competencies, skills, diversity and experience required for the Board to deliver its strategic aims and govern the Group's effectively.

However, the Board is presently of the view that there is no necessity yet to fix a specific gender diversity policy as the Board has two (2) female directors, where more than 30% of the Board composition comprised of female. We acknowledge that the appointment of any Director(s) should be based on their merit, qualification and working experience and the Board is supportive of gender equality.

Currently, the Group does not have any specific measurable objectives for achieving gender diversity in the Senior Management. Nevertheless, the Group is committed to promote a culture of diversity in the workplace by:

- recruiting and managing on the basis of an individual's competence and performance;
- respecting the unique attributes that each individual brings to the workplace;
- fostering an inclusive and supportive culture to enable people to develop their full potential; and
- provide the opportunity for employees to develop skills and experience through training and mentoring programme.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

v) Works of NC

A summary of works undertaken by the NC in the discharge of its duties during the financial year are as follows:

- Reviewed the effectiveness of the Board as a whole and the effectiveness of the Committees of the Board;
- Assessed the effectiveness of the Board as a whole, Board Committees and contributions of each individual Director as well as their character, experience, competence, integrity and time commitment, independence of Independent Directors. The NC reviews annually the required mix of skills and experience including core competencies which Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently. The summary of the assessment and its findings was tabled to the NC on 23 May 2022. Based on the summary as presented, the NC tabled its recommendations to the Board at the Board of Directors' Meeting held on 23 May 2022;
- Reviewed and considered the mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors;
- Assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. Based on the recommendations from the NC, the Board had also assessed and would be proposing to the shareholders for approval the continuation in office of Mr Toh (who will serve for more than nine (9) years as at the date of forthcoming AGM) as an Independent Non-Executive Director of the Company at the forthcoming AGM. However, the Board had on 11 October 2022 agreed that Mr Toh will be re-designated as Non-Independent Non-Executive Director after the conclusion of the 28th AGM. Hence, the Company will not proceed with two-tier voting;
- Reviewed the term of office and performance of AC and each of its members; and
- Conducted assessment (including fit and proper assessment) on the Directors, Madam Lin and Mr Yek, who are subject to retirement by rotation at the forthcoming AGM. The NC was satisfied with the assessment of the abovementioned Directors and recommended the re-election of the said Directors for the Board's further recommendation to the shareholders for approval.
- Conducted assessment (including fit and proper assessment) on Mr Sandra Segaran before his appointment as Director and the NC was satisfied with his character, skills, knowledge, expertise, experience, integrity, competence and time commitment and the outcome of the fit and proper assessment, the Board had on the Board Meeting held on 11 October 2022 recommended the re-election of Mr Sandra Segaran as Director of the Company to the shareholders for approval at the forthcoming 28th AGM.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

vi) Training

During the financial year, the Directors have attended and participated in various training programme based on the recommendation of NC from the findings of the Board Annual Assessment on the training needs. The trainings or seminars attended by the Directors during the financial year include:

Director	Trainings/Seminars Attended
Dato' Dr Norraesah Binti Haji Mohamad	WIEF/WBN - #iEmPOWER Global Trade Outlook 2022 & Beyond Webinar
	WIEF - #iEmPOWER | Creative Industries: Harnessing Emerging Technologies Webinar
	WIEF - #iEmPOWER Webinar on Digitalisation Trends: Opportunity Within
	MyEG Medical Sdn. Bhd. - How Effective is ZIFIVAX Against New Variants of SARS-COV-2 Virus?
	MYEG Services Bhd - Webinar Training : Environmental, Sustainability, Social Impact & Governance Training
Lin Chen, Jui-Fen	2022 Tax Audit and Legal Update Entity Seminar
	2022 Tax Update Seminar
	Highlights of the OECD Guidance on the Impact of the Coronavirus ("COVID-19") on Transfer Pricing
	How Vietnam Accounting Standards Affect Tax and Customs Incentives
Lin, Chin-Hung	2022 Tax Audit and Legal Update Entity Seminar
	2022 Tax Update Seminar
	Highlights of the OECD Guidance on the Impact of the Coronavirus ("COVID-19") on Transfer Pricing
	How Vietnam Accounting Standards Affect Tax and Customs Incentives
	Renewable energy investment in Vietnam
Toh Seng Thong	Governing Under New Normal
	Malaysian Budget 2022
	AOB Conversation with Audit Committees
Yek Siew Liong	National Tax Conference 2021
	SSM National Conference 2021 on Governing under New Normal

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

The NC meetings held during the financial year under review and details of attendance of each NC member are as follows:

	No. of NC Meeting Held	Attended
Dato' Dr Norraesah Binti Haji Mohamad	1	1
Toh Seng Thong	1	1
Yek Siew Liong	1	1

1.3 REMUNERATION

Remuneration Committee

The members of the Remuneration Committee ("RC") consist of three (3) Non-Executive Directors and meet as and when required. The current members of the RC are:

Chairman:
Dato' Dr Norraesah Binti Haji Mohamad
Independent Non-Executive Director

Members:
Toh Seng Thong
Independent Non-Executive Director

Yek Siew Liong
Non-Independent Non-Executive Director

The duties of the RC shall be to recommend to the Board the remuneration of the Executive Directors in all its forms. Executive Directors should play no part in decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

The fees and benefits payable to the Non-Executive Directors are determined by the Board based on recommendation of the RC. The remuneration packages of Senior Management are determined by the Executive Directors.

The RC follows formal and transparent policies and procedures when deciding the remuneration packages of the Executive Directors, which is in line with the Group's overall practice on compensation and benefits, which is to reward employees competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, it takes into account comparable roles in similar organisations.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.3 REMUNERATION (cont'd)

Remuneration Committee (cont'd)

The remuneration of the Board of Directors is determined by (i) the amount of time commitment that the Director concerned channels toward the Company; (ii) the expertise and skills that the Director concerned brings to the Board; (iii) the business strategy and long-terms objectives of the Company, and (iv) the number of Board Committees that the Director sits on, as well as in what capacity (i.e. Chairman or member). The remuneration policies and procedures governing the remuneration of Executive Directors, Non-Executive Directors and Senior Management are available in the Policies Governing the Board of Directors which is published on the Company's website.

The RC meetings held during the financial year under review and details of attendance of each RC member are as follows:

	No. of RC Meeting	
	Held	Attended
Dato' Dr Norraesah Binti Haji Mohamad	1	1
Toh Seng Thong	1	1
Yek Siew Liong	1	1

The aggregate remuneration of Directors received from the Company and the Group during the financial year amounted to RM278,000 and RM2,275,223 respectively. Details of the individual Director's remuneration from the Company and the Group are set out under Practice 8.1 of the Corporate Governance Report, which is published on the Company's website.

The Board is of the view that the disclosure of Senior Management's remuneration on a named basis will not be in the best interest of the Group, as it will give rise to recruitment and talent retention issues and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance. Alternatively, the Group and the Company have disclosed the aggregate total remuneration of all the key management personnel for the financial year ended 30 June 2022, under Note 32(b) to the Financial Statements on page 120 of the Company's Annual Report 2022. This coincides with the requirements of Paragraph 17 of MFRS 124: *Related Party Disclosures*.

Other than Directors' fees and allowances paid which had been the norm and been duly disclosed in this Annual Report, no other incentives or benefits of whatsoever nature had been paid to the Independent Directors that would cause biases in their objective and independent judgement in Board deliberation.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

2.1 AUDIT COMMITTEE

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial position and prospects via the quarterly announcements of results and the publishing of audited financial statements via the Annual Report distributed to shareholders yearly.

The Board is assisted by the Audit Committee ("AC") to oversee the Group's internal control function, financial reporting processes and the quality of its financial reporting with particular emphasis on the application of accounting standards, policies and the making of reasonable and prudent estimates and assumptions. The composition of the AC shall comply with the requirements of Paragraphs 15.09 and 15.10 of the MMLR, with majority of them being independent. The members of the AC elected a Chairman from among its members who is an Independent Director and is a member of Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

2.1 AUDIT COMMITTEE (cont'd)

A summary of the works of the AC on financial reporting and oversight role on external and internal auditors during the financial year is set out in the AC Report on pages 37 to 39 of this Annual Report.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 49 of this Annual Report.

The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. As the date of this reporting, the Company has not appointed any former key audit partner as member of the AC.

Assessment of suitability and independence of External Auditors

The Board maintains an active, transparent and professional relationship with its External Auditors ("EA") through the AC, which has been conferred with the authority to interface directly with the EA of the Group.

The AC reviews and assesses the suitability and independence of EA of the Company on an annual basis. The annual review and assessment are carried out via assessment questionnaires. The areas for assessment of the EA cover, inter-alia, their technical competencies, independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the EA.

The AC has received an annual written confirmation of the EAs' independence in accordance with its firm's requirements and the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants. Ernst & Young PLT was appointed as the EA of the Company on 21 December 2010.

The EA provide mainly audit-related services to the Company. The provision of non-audit services is reviewed by the AC to ensure that such services do not impair the EAs' independence or objectivity.

The AC has also taken note of the non-audit services and the fees charged by the EA and considered the quantum of the fee which was not material as compared with the total audit fee paid to the EA, has concluded that the provision of such services did not compromise the EA's independence and objectivity.

The AC had on 11 October 2022 assessed the performance of the EA and was satisfied with their performance, technical competence and audit independence.

The Board, based on the recommendation by the AC, proposed the re-appointment of Ernst & Young PLT as the EA of the Company to the shareholders for approval at the forthcoming AGM.

2.2 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has ultimate responsibility for reviewing the Company's risks, approving the Enterprise-Wide Risk Management Framework ("ERM") and policies and overseeing the Company's strategic risk management and internal control framework.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Risk Management Committee ("RMC"), which is not a board committee and chaired by the Managing Director, comprising members from the Heads of Department of respective operating subsidiaries with risk and business management knowledge and experience has been established by the Company to regularly review the ERM and policies formulated by the respective local management and makes relevant recommendations to the Board for approval.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

2.2 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (cont'd)

The Board through the AC and RMC reviews the key risks identified by the RMC on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment.

The key features of the ERM are set out in the Statement on Risk Management and Internal Control of the Company on page 34 of this Annual Report.

Internal audit function

The Board has established an internal audit function within the Company, which is led by the outsourced Internal Auditor, Tricor Axcelasia Sdn. Bhd. who reports directly to the AC.

Details of the Company's internal control system and framework as set out in the Statement on Risk Management and Internal Control together with AC Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

3.1 COMMUNICATION WITH STAKEHOLDERS

The importance of keeping shareholders informed of developments concerning the Group is high on the agenda.

The shareholders are kept abreast of all important developments concerning the Group through regular and timely dissemination of information via quarterly financial announcements through Bursa Securities' website, distribution of Annual Report and various other announcements made during the financial year. These will enable the shareholders, investors and members of public to have an overview of the Group's performance and hence, will enable them to make any informed investment decision in relation to the Group.

The Company's website, www.rkibhd.com, provides an avenue for information, such as dedicated sections on corporate information, including financial information and announcements. The website is continuously updated to ensure that the information contained within is correct.

The Board has in place a Corporate and Communication Disclosure Policy to ensure the dissemination of information to shareholders and stakeholders is in accordance with the disclosure requirements under the MMLR and other applicable laws.

While the Company endeavors to provide as much information as possible to its shareholders and stakeholders, it is also wary of the legal and regulatory framework governing the release of material and price-sensitive information. The Company takes into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price-sensitive information such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events when releasing such information.

Shareholders and other interested parties may contact the Managing Director, to address any concerns by writing or via telephone or facsimile as follows:

Address	:	Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) Lot 3356, Batu 7 ¾, Jalan Kapar 42200 Kapar, Selangor Darul Ehsan, Malaysia
Telephone	:	+603-3291 5401
Fax	:	+603-3291 0048
Website	:	www.rkibhd.com

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

3.2 CONDUCT OF GENERAL MEETINGS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by MCCG.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

The Board views the AGM as the primary forum to communicate with shareholders. The Company will convene its forthcoming 28th AGM on 29 November 2022, and shareholders are encouraged to present any questions or concerns regarding the operations, financial performance and major development of the Group during the AGM and to vote on all resolutions. Notice of the AGM, Annual Report and Statement to Shareholders in relation to proposed renewal of authority for the Company to purchase its own shares, will be circulated to the shareholders by giving sufficient notice of at least twenty-eight (28) days before the date of the meeting to enable shareholders to have full information prior to the AGM in order to facilitate informed decision-making. This also enable the shareholders have sufficient time to read and understand the Company's financial and non-financial performance before the AGM.

Pursuant to the MMLR, any resolution set out in the notice of any general meeting, or in any notice of resolutions which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Voting for all resolutions as set out in the Notice of 27th AGM held on 15 December 2021 were voted by poll and validated by an independent scrutineer.

Effective Communication and Proactive Engagement

The AGM also provides an effective means of communication with the shareholders where they are encouraged to participate in the open question and answer session during the AGM. The Board responded to the questions submitted by Minority Shareholder Watch Group and the questions posted from the shareholders at the 27th AGM. The minutes of the 27th AGM has been uploaded to the Company's website within 30 business days from the date of the 27th AGM.

OTHER INFORMATION PURSUANT TO THE MMLR

The information set out below is disclosed in compliance with the MMLR.

4.1 UTILISATION OF PROCEEDS

There was no corporate exercise carried out during the financial year ended 30 June 2022 to raise funds.

4.2 AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to EA by the Group and the Company for the financial year ended 30 June 2022 are as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	503	62
Non-audit fees	38	38
Total	541	100

OTHER INFORMATION PURSUANT TO THE MMLR (cont'd)

4.3 MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by RKIB and/or its subsidiaries which involve Directors' and major shareholders' interests during the financial year ended 30 June 2022.

4.4 MATERIAL CONTRACTS RELATING TO LOANS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS FOR THE FINANCIAL YEAR

There were no contracts relating to loans involving Directors' or major shareholders' interest.

4.5 EMPLOYEES' SHARE SCHEME ("ESS")

The current members of the ESS Committee are:

Chairman:
Toh Seng Thong
Independent Non-Executive Director

Members:
Lin, Chin-Hung
Managing Director

Yeoh Joe Son
Group Finance Director

Fong Toh Wai
Group Financial Controller

The Board had delegated to the ESS Committee the responsibility of reviewing the rules and regulations relating to ESS and to ensure the scheme is implemented in accordance with the By-Laws, in respect of the terms on selection and determination of eligibility, the grants of ESS shares or options, prices, termination and appeals and such other duties as per the Terms of Reference of the ESS Committee.

Since the commencement of the ESS up to 30 June 2022, there were no ESS shares or options granted to Directors and Senior Management.

CONCLUSION

The Board is supportive of all the Recommendations of the Code and will take reasonable steps and also review the existing policies and procedures in place from time to time to ensure full compliance thereof. The Board is satisfied that the Company has substantially complied with the Principles and Recommendations of the Code.

This Statement has been reviewed and approved by the Board of Directors on 11 October 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"), the Board of Directors ("the Board") of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) ("RKIB" or "the Company") is pleased to provide the Statement on Risk Management and Internal Control of the Group for the financial year ended 30 June 2022, which has been prepared, taken into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and made in accordance with the recommendations of the Malaysian Code on Corporate Governance.

2. BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility to establish a sound system of internal control and risk management in order for the Group to safeguard shareholders' investment and the Group's assets. Notwithstanding that, in view of the inherent limitations in any system of internal control, the Board recognises that reviewing the Group's systems of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement of management, loss or fraud and failure to achieve business objectives.

During the financial year, the Board has reviewed the adequacy and effectiveness of the risk management and internal control system and concluded that the Group's risk management and internal control systems have been operating adequately and effectively.

The Board has extended the responsibilities of the Audit Committee ("AC") to include the role of reviewing and monitoring the effectiveness of the Group's internal control system. The AC reviews and deliberates reports from the internal auditors on findings from audits carried out at operating subsidiaries, and the external auditors on areas for improvement identified during the course of statutory audit. The Reports of the AC is set out on pages 36 to 39 of this Annual Report.

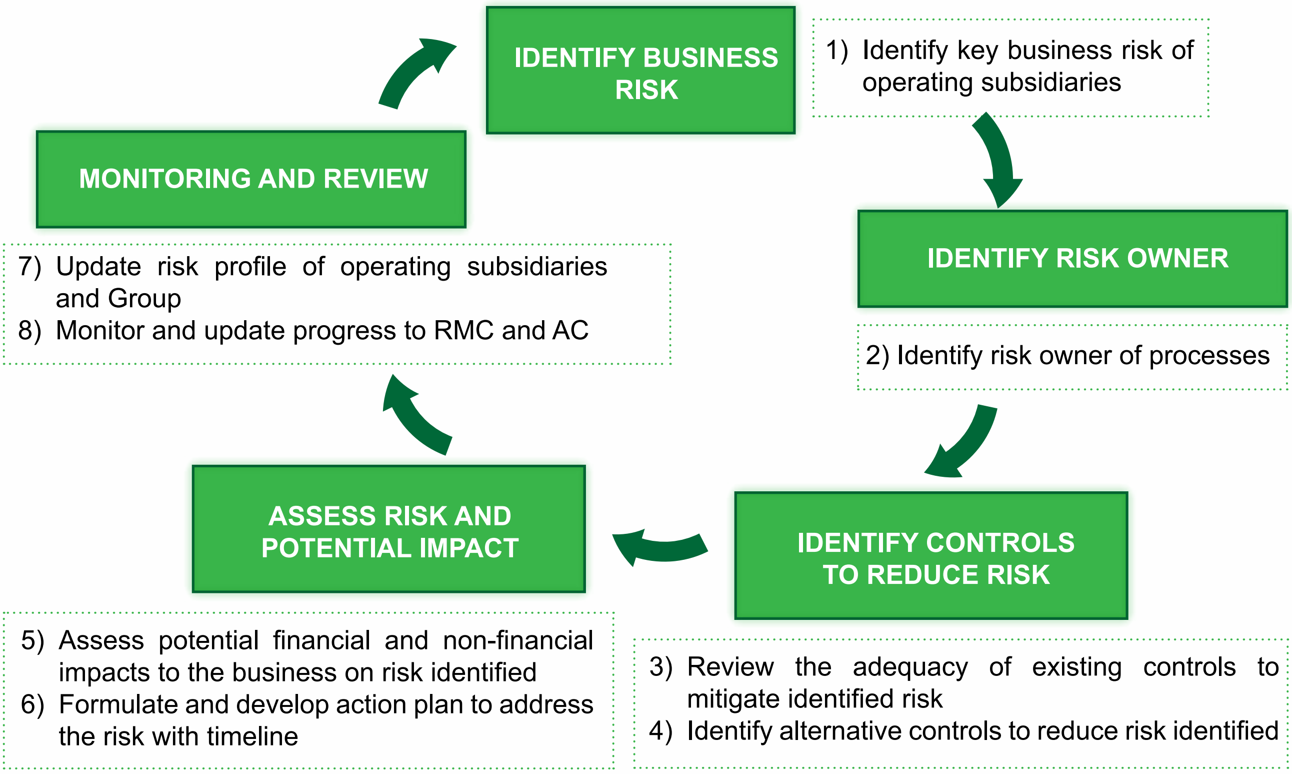
3. RISK MANAGEMENT FRAMEWORK

The oversight of the Group's risk management process is the responsibility of the Managing Director who is assisted by the Heads of Department of the respective operating subsidiaries. The Company has established a Risk Management Committee ("RMC") whom together with the AC, are entrusted to ensure more effective and efficient identification, evaluation, management and reporting of Group's risks. Its functions include, inter alia:

- developing Enterprise-Wide Risk Management Framework;
- coordinate the updating of the risk profile;
- monitor the implementation of action plans; and
- review and assess the feasibility of action plans and the overall of the control environment in mitigating risk.

3. RISK MANAGEMENT FRAMEWORK (cont'd)

The Company has established an Enterprise-Wide Risk Management ("ERM") framework. The Group's ERM framework comprises of five (5) main processes.



Within the ERM framework, risks and control measures are documented and compiled by the RMC to represent the risk profile of the operating subsidiaries which in turn are consolidated to form the risk profile of the Group. Risk profile of the Group is reviewed and updated on a yearly basis. Meetings are held at least once a year in which the updated risk profile will be deliberated by the AC before reporting to the Board.

During the financial year, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect the current conditions.

4. INTERNAL AUDIT FUNCTION

The internal audit function adopts a risk-based approach and prepares its audit strategies and plans for the AC's approval prior to execution of internal audit assessments.

The internal audit function is outsourced to an independent consulting firm who assesses the adequacy and effectiveness of the internal control system and report to the AC on findings and recommendations for improvement. Internal audit also reviews the extent to which its recommendations have been implemented by the Management. The AC reviews internal audit reports and management responses thereto and ensures significant findings especially control deficiencies are adequately addressed and rectified by Management of the operating subsidiaries.

The AC reviews internal control matters and update the Board on significant issues for the Board's attention and action.

4. INTERNAL AUDIT FUNCTION (cont'd)

During the financial year, the AC with the assistance of the external professional consulting firm, Tricor Axcelasia Sdn. Bhd. have reviewed the adequacy and effectiveness of the Group's internal control systems relating to Health, Safety and Environment Management, Procurement, Manufacturing and Inventory Management of:

- Latitude Tree Furniture Sdn. Bhd.; and
- Rhong Khen Industries Sdn. Bhd..

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements:
- an ERM framework for identifying, evaluating and managing business risks in order to safeguard shareholders' investment and the Group's assets;
- a well defined organisational structure with clear reporting lines and accountabilities;
- a clearly defined operating procedures for key processes to ensure full compliance by all operating subsidiaries;
- a Code of Conducts and Ethics ("the Code") has been established and adopted. The Code has been circulated to all employees of the Group and each employee is contractually bound to abide by the Code;
- a close monthly monitoring and review of financial results and forecasts for all operating subsidiaries by the Group's Management Steering Committee ("MSC"), headed by the Managing Director; and
- a standardised formulation of action plans at the Group level through discussions carried out by the MSC, to focus on areas of concern.

6. REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Company for the financial year ended 30 June 2022 in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Controls. Their work performed is restricted to the requirements by Paragraph 15.23 of the MMLR of Bursa Securities.

Based on their review, the External Auditors have reported that nothing has come to their attention that cause them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report of the Company is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

7. MANAGEMENT'S ASSURANCE

The Managing Director, Group Finance Director and Group Financial Controller, representing the Management, have given reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective, in all material aspects, based on the risk management and internal controls adopted by the Group.

8. CONCLUSION

In accordance with the Guidance, the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and this process has operated during the financial year and up to the date of approval of the Annual Report.

There were no control deficiencies noted during the financial year which has a material impact on the Group's performance or operations.

This Statement has been reviewed and approved by the Board of Directors on 11 October 2022.

AUDIT COMMITTEE REPORT

During the financial year under review, the Audit Committee of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) ("RKIB" or "the Company") carried out its duties and responsibilities in accordance with its Terms of Reference and held discussions with the Internal Auditors, External Auditors, and relevant members of management. The AC is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

The Board of the Company is pleased to present the Audit Committee ("AC") Report for the financial year ended 30 June 2022 in accordance with Paragraph 15.15 of the MMLR of Bursa Securities.

A. COMPOSITION

The AC is appointed by the Board amongst its members with majority of them being independent. All members are financially literate and capabilities necessary to discharge their duties and responsibilities effectively. With Mr Toh Seng Thong being a member of the Malaysian Institute of Accountants and none of the AC members being an alternate director, the AC fulfils the requirements of Paragraph 15.09 of the MMLR of Bursa Securities. The members of the AC elected a Chairman from among its members who is an Independent Non-Executive Director.

The current members of the AC comprised:

Chairman:
Toh Seng Thong
Independent Non-Executive Director

Members:
Dato' Dr Norraesah Binti Haji Mohamad
Independent Non-Executive Director

Yek Siew Liong
Non-Independent Non-Executive Director

In the event of any vacancy in the AC (including the Chairman), the vacancy must be filled within 3 months of that event and no alternate director shall be appointed as a member of the AC.

B. MEETINGS AND ATTENDANCE

The AC held a total of five (5) meetings during the financial year. Details of attendance of the AC members are as follows:

	No. of AC Meeting Held	No. of AC Meeting Attended
Toh Seng Thong	5	5
Dato' Dr Norraesah Binti Haji Mohamad	5	5
Yek Siew Liong	5	4

The Managing Director, Group Finance Director, Group Financial Controller, Internal Auditors and External Auditors were also invited to attend the AC Meetings.

C. TERMS OF REFERENCE OF THE AC

The information on the Terms of Reference of the AC is available on the Company's website at www.rkibhd.com.

D. SUMMARY OF WORKS OF THE AC

During the financial year under review, the AC has carried out its function and duties and undertook the following works to meet its responsibilities in accordance with its Terms of Reference:

The works carried out by the AC up to the date of this Statement encompassed the following:

1) Financial reporting

i) Reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval of the same.

The above review is to ensure that the Company's quarterly financial reports and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Group accounting policies, going concern assumptions, significant judgements and the Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting as well as applicable disclosure provisions of the MMLR of Bursa Securities.

ii) Reviewed and made recommendations to the Board in respect of the Audited Financial Statements of the Company and the Group for financial year ended 30 June 2022 and to ensure it presented a true and fair view of the Company's financial position and performance for the year and compliance with regulatory requirements.

Considered and reviewed the integrity of information in the audited financial statements and quarterly financial statements, focus particularly on any changes in accounting policies and practices, significant accounting judgements and estimates of income taxes and inventories, impairment assessment in accordance with MFRS 136: Impairment of Assets, going concern assumption, completeness of disclosures and compliance with accounting standards.

Prior to that, the AC had reviewed the status report on the Audit Results for the financial year ended 30 June 2022 prepared by the External Auditors ("EA"), Messrs Ernst & Young PLT ("EY") at the meeting held on 30 August 2022.

2) External audit

i) Reviewed with the EA, their audit plan including non-audit services for the financial year ended 30 June 2022, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud considerations and the risk of management override and also the new and revised accounting standards.

ii) Discussed and considered the key audit matters, significant accounting adjustments and auditing issues arising from the audit with the EA. The AC also had a private discussion with the EA on 7 October 2021, 23 May 2022, 30 August 2022 and 11 October 2022 without the presence of Management to review on the issues relating to financial controls and operational efficiencies of the Group.

iii) Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

iv) Evaluated the performance of the EA for the financial year ended 30 June 2022 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the EA.

The AC having been satisfied with the independence, suitability and performance of EY, had at its meeting held on 11 October 2022 recommended to the Board to propose the re-appointment of EY as EA for the ensuing financial year of 30 June 2023 to the shareholders for approval at the forthcoming Twenty-Eighth Annual General Meeting.

D. SUMMARY OF WORKS OF THE AC (cont'd)

2) External audit (cont'd)

v) Reviewed with the EA, the results of their audit for the financial year ended 30 June 2022 and their report.

3) Internal audit

i) Reviewed and approved the Internal Audit Plan prepared by Tricor Axcelasia Sdn. Bhd. to ensure there is adequate scope and comprehensive coverage over the activities of the subsidiaries in the Group and that all the risk areas are audited annually.

ii) Reviewed two (2) Internal Audit Reports which covered the areas of Health, Safety and Environment Management, Procurement, Manufacturing and Inventory Management.

iii) The AC also reviewed the audit findings and recommendations to improve any weaknesses or non-compliance, and the respective Management's responses thereto. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

iv) Met with Internal Auditors during the financial year at the AC meetings held on 25 November 2021 and 23 May 2022 without the presence of any executive board members and employees of the Group.

v) Assessed the adequacy of scope, functions, competency and resources of the Internal Audit functions.

4) Other activities

i) Reviewed and assessed the risk management activities of the Group to ensure all risk areas are being identified and addressed by works carried out by internal auditors, external auditors and management team.

ii) Reviewed contents of the AC Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control and Statement of Directors' Responsibility in relation to the Audited Financial Statements for the financial year ended 30 June 2022 and ensured that these reports were prepared in accordance with the applicable requirements prior recommendation to the Board for approval for inclusion in the Annual Report.

iii) Reviewed the Corporate Governance Report prior recommendation to the Board for approval.

iv) Reviewed related party transactions, if any and the adequacy of the Group's procedures and processes in identifying, monitoring, reporting and reviewing related party transactions in a timely and orderly manner.

v) Reviewed and recommended to the Board for approval the Statement to Shareholders in relation to the Proposed Renewal of Authority for Share Buy-Back.

D. SUMMARY OF WORKS OF THE AC (cont'd)

4) Other activities (cont'd)

vi) Received updates from the External Auditors on the new developments and amendments in disclosure requirements arising from the new and amended Malaysian Financial Reporting Standards and IC interpretation, Companies Act 2016 and the amendments to the MMLR of Bursa Securities particularly on the enhancement of disclosure on non-financial information, key audit matters and going concern of the Group.

vii) Completed the annual evaluation for AC Members' Peer Performance Evaluation form.

E. SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

During the financial year under review, the Group has outsourced the provision of internal audit and management system assurance to an independent professional consulting firm, Tricor Axcelasia Sdn. Bhd. The Head of Internal Audit reports directly to the AC and administratively to the Managing Director.

The AC is assisted by the internal auditors in discharging its duties and responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group. The internal audits were performed based on risk-based approach by focusing on:

- Reviewing identified high risk areas for compliance with control policies and procedures;
- Identifying business risk which have not been appropriately addressed; and
- Evaluating the adequacy and integrity of controls.

The Internal Auditors carry out audit assignments based on an audit plan that is reviewed and approved by the AC. The reports of the audits undertaken were forwarded to the Management for attention and necessary action and then presented to the AC for deliberation and approval.

During the financial year, the internal auditors undertook the following activities:

- Reviewed the adequacy and integrity of the Group's internal control systems relating to Health, Safety and Environment Management, Procurement, Manufacturing and Inventory Management of two (2) Malaysia subsidiary companies; and
- Reported to the AC its internal audit findings and response and rectification undertaken by the Management.

The professional fees incurred for the internal audit function in respect of financial year ended 30 June 2022 amounted to approximately RM40,000.

This report has been reviewed and approved by the Board of Directors on 11 October 2022.

SUSTAINABILITY STATEMENT

1. INTRODUCTION

The Board of Directors ("the Board") of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) ("RKIB" or the "Company") recognises the importance of sustainability and its increasing impact to the business. As a leader in our industry, we are firmly committed to understanding and implementing sustainable practices and exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success. The Company will implement practices that enhance economic prosperity, create social value and reduce environmental impacts and will strive for continuous improvement of performance in these areas while advancing the interests of our stakeholders. The preparation of this Statement was guided by Sustainability Reporting Guide and Toolkits issued by Bursa Securities and Global Reporting Initiative ("GRI") frameworks and standards.

2. SCOPE OF REPORTING

The scope of reporting covers all the operating subsidiaries of the Company. This report covers period from 1 July 2021 up to the date of this report unless otherwise specified.

3. SUSTAINABILITY GOVERNANCE STRUCTURE

The Company has a well-defined governance structure in place to drive sustainability practices across the Group. The established Sustainable Committee ("SC") assists the Board to meet its oversight responsibilities in relation to the approval of policies on sustainability. The Board is responsible and accountable in evaluating the Group's sustainability performance on a periodical basis.

The Managing Director who is the Chair of the SC is responsible for managing sustainability and decision-making on Environmental, Social and Governance ("ESG") matters within the Group. The SC consists of the Group Finance Director, Group Financial Controller, General Manager and Deputy General Managers of operating subsidiaries. We monitor the progress of our ESG performance through a ESG Scorecard for each plant. The outcome of the sustainability performance is collated by the SC for onward reporting to the Board.

4. SUSTAINABILITY POLICIES

The Company has established various codes and policies to supplement legislation governing how the Group intends to act as a trusted business partner in social, economic, governance, and environmental matters. The following are codes and policies adopted by the Group:

- Anti Bribery and Anti Corruption Policy;
- Code of Conduct and Ethics;
- Corporate Communications and Disclosure Policy;
- Fit and Proper Policy;
- Policies Governing the Board of Directors;
- Policies on External and Internal Auditors;
- Policy on Preventing Insider Trading;
- Policy on Shareholders Communications and Investor Relations;
- Sustainability and Corporate Social Responsibility Policy;
- Whistleblowing Policy; and
- Succession Planning Policy.

5. MATERIAL SUSTAINABILITY MATTERS

The determination of the Company's material sustainability impacts is made through several processes. These include a benchmarking review of sustainability reports across the wooden furniture manufacturing sector to compare material impacts of similar organisations. The views of a range of stakeholders have also been considered in the selection of material impact. The Company engages with key stakeholders through various platforms or channels at certain intervals throughout the financial year. The table below summarises the engagement process and the topics of discussion with the various key stakeholder groups:

Stakeholders	Topic of Discussion	Engagement Approach	Frequency
Customers	• Responsible sources of raw materials • Product quality • Regulatory compliance with local laws or regulation	• On-site visit • Obtain feedbacks during Furniture Trade Exhibition • Customer satisfaction survey	• On-going • Annually • On-going
Government and Regulators	• Regulatory compliance with local laws or regulation • Environmental impact	• On-site visit and meeting • Participate events organised by regulators	• On-going • On-going
Shareholders/ Investors	• Financial performance • Regulatory compliance with local laws or regulation and accounting standards	• Corporate website • Annual General Meeting • Annual Report • Corporate briefings	• On-going • Annually • Annually • On-going
Suppliers/Vendors	• Supplier/vendor performance (delivery and quality) • Regulatory compliance with local laws or regulation	• On-site visit and meeting • Supplier/vendor performance evaluation	• On-going • Annually
Employees	• Occupational health and safety • Gender equality • Career growth and development • Employee wellbeing • Workplace culture	• Annual appraisal • Annual dinner • Training and development • Recreational activities • One-to-one meeting	• Annually • Annually • On-going • On-going • On-going
Community	• Regulatory compliance with environmental laws • Corporate Social Responsibilities ("CSR")	• Donation • Community engagement through social activities • Industry based learning program	• On-going • On-going • On-going

The material sustainability matters determined and identified are discussed below.

ENVIRONMENT IMPACT	ECONOMIC IMPACT	SOCIAL IMPACT
• Energy and Greenhouse Gas Emissions • Water • Waste	• Procurement Practices • Community Investment	• Employment Practices - Occupational Health and Safety - Diversity and Equal Opportunities

5. MATERIAL SUSTAINABILITY MATTERS (cont'd)

5.1 ENVIRONMENT IMPACT

Energy and Greenhouse Gas Emissions

As a furniture manufacturer, we recognise the impact of the Group's day-to-day operations on the environment. We are fully committed to minimising our operational impact on the environment whenever and wherever possible.

Wood is the key raw material used in our products. Due to increasing concerns about the environmental damage caused by deforestation and more stringent standards and requirements dealing with the use and treatment of wood, our furniture plants had obtained Chain of Custody Certification from the Forest Stewardship Council ("FSC") since July 2014 and Programme for the Endorsement of Forest Certification ("PEFC") since November 2015. Hence, woods used in production are plantation woods, FSC and PEFC certified. This provides assurance that our products are handled and manufactured under strict regulations that support responsible forest regeneration, biodiversity and the protection of native fauna. We also uses Medium Density Fibreboard that is California Air Resources Board ("CARB2") certified to reduce formaldehyde emission.

We have implemented various initiatives in our offices and plants with the aim to reduce our consumption and the associated carbon footprints. The following are on-going actions taken by us in our offices and plants:

- replace old and high-energy consumption machinery to advanced and energy-efficient machinery;
- develop and promote more new products with water-based coating materials instead of solvent-based coatings;
- replace traditional bulbs with energy-efficient LED bulbs;
- maximise natural lighting at production floors by replacing roof sheet with clear roof sheet;
- turn off unnecessary electrical appliances including machinery during non-operation hours;
- switch electrical appliances including machinery to low-energy-consumption sleep mode when not in use;
- adjust temperature of air-conditioners according to weather; and
- reduce our paper consumption by printing double-sided whenever possible at offices.

Over the years, we have been investing on energy saving machinery to reduce carbon print and ultimately reduce production cost. We have started our green energy projects last year and the installation of solar system at our Malaysia sawmill plant, Rhong Khen Timbers Sdn. Bhd. was completed in Quarter 3 of the financial year. During the financial year, the solar system generated 90,729 kWh of green energy worth savings of RM14,000 to the Group. Meanwhile, installation of our Malaysia furniture plant, Latitude Tree Furniture Sdn. Bhd. is on-going and expected to complete and commission by Quarter 2 of FY2023. With this in mind, we are targeting to further reduce our energy consumption by 10% over the next five (5) years.

Analysis of electricity consumption during the financial year is as follows:

Segment	Kilowatt-hour (kWh)/ Production output (RM'000) –FY2022	Kilowatt-hour (kWh)/ Production output (RM'000) –FY2021	Savings (%)
Furniture plants	35.60	34.83	(2.2)
Sawmill plants	141.89	169.69	16.4
Panel board lamination plant	15.80	22.64	30.2

5. MATERIAL SUSTAINABILITY MATTERS (cont'd)

5.1 ENVIRONMENT IMPACT (cont'd)

Energy and Greenhouse Gas Emissions (cont'd)

During the financial year, our sawmill and panel board lamination plants achieved enormous savings due to effective implementation of various initiatives and actions as mentioned above and higher production output as a result of improved demand from export and local markets. However, production of our furniture plants was interrupted by lockdowns in Vietnam and Malaysia to contain outbreak of Covid-19 pandemic. Hence, lesser production days recorded in FY2022 and resulted higher consumption of electricity per RM1,000 of production output.

Water

Water is important to our business and its conservation is imperative. We use water for boiler, spraying booth, cleaning, drinking, cooking and irrigation. We aim to achieve the best practice levels of efficiency across our operations. We continued our water conservation efforts which focused on harvesting of rain water and water recycling. The collected rain water is mainly used for general washing purposes. This is also useful especially during period of prolonged dry weather.

Water pipes are regularly inspected to prevent water leakage. In case of leakage, maintenance will be conducted timely. We also encourage water-saving culture among our employees by putting up reminders near water taps.

Analysis of water consumption during the financial year is as follows:

Segment	Cubic metre (m3)/ Production output (RM'000)-FY2022	Cubic metre (m3)/ Production output (RM'000)-FY2021	Savings (%)
Furniture plants	0.30	0.24	(25.0)
Sawmill plants	1.87	1.82	(2.7)
Panel board lamination plant	0.56	0.58	3.4

During the financial year, our furniture plants recorded higher usage of water mainly due to implementation of "3 on the spot" approach during lockdown in Vietnam by one of our Vietnam furniture plant where our workers worked, ate, stayed and rested in the factory during this period. Moving forward, barring any unforeseen circumstances i.e. lockdown, we will strive to achieve more efficient water consumption by improving current initiatives and actions taken on water management.

Waste

Waste management is a major concern for local authorities and communities in many of the locations in which we operate. Our aim is to reduce waste and boost recycling. We encourage employees and sub-contractors to reduce waste and to dispose waste in responsible manner, and we grant contracts only to responsible and licensed disposal companies.

In term of industrial waste water discharges, our factories have proper waste water treatment facilities to treat waste water. Treated waste water is properly collected and disposed by approved waste management company.

Raw materials utilisation and construction methods are closely reviewed and monitored to reduce wastages and production cost. Production of by-products i.e. off-cut or short length timbers are collected and reuse in production when required.

5. MATERIAL SUSTAINABILITY MATTERS (cont'd)

5.2 ECONOMIC IMPACT

Procurement Practices

We recognise that sourcing and procurement and the practices of our vendors have a significant influence on impacts of our products. During the period under review, we have taken proactive steps to ensure our procurement practices are better aligned with our values, including visiting key vendors of ours. This approach has assisted us to understand our vendors better and work hand-in-hand to reduce production cost and wastages. We believe that engagement of local vendors in the countries of our operation will create economic opportunity for local businesses and reduce environmental impact of transporting goods from overseas and ultimately lower our cost.

Below is the analysis of percentage of local and overseas vendors of the Group as at 30 June 2022 and 30 June 2021:

Percentage of local vendors over total vendors as at 30 June 2022 (%)	Percentage of overseas vendors over total vendors as at 30 June 2022 (%)
92.1	7.9

Percentage of local vendors over total vendors as at 30 June 2021 (%)	Percentage of overseas vendors over total vendors as at 30 June 2021 (%)
88.2	11.8

Moving forward, we will continue to explore opportunities to work with local businesses in countries of our operations to achieve our sustainable goals of reducing environmental impact of transporting goods from overseas and lower raw material costs.

Community Investment

We also support industry based learning program with public and private colleges or universities by providing internship to students. Selected interns are placed under the supervision of Production Manager to guide them through assigned projects or tasks. During the financial year, we have not recruited any interns due to lockdown challenges in countries of our operation. However, we have trained 1 student in FY2021.

We have been contributing regularly to schools with an objective to assist in the development of education of the less fortunate as well as gift and cash donations to charitable organisations. During the financial year, the Company had contributed USD10,000 to the Scholarship Program for the Forestry Industry Education of National Pingtung University of Science and Technology with the mission to cultivate high-quality, diversified and creative backbone talents in furniture industry.

5. MATERIAL SUSTAINABILITY MATTERS (cont'd)

5.2 ECONOMIC IMPACT (cont'd)

Community Investment (cont'd)

Besides, the Group carried out the following Corporate Social Responsibility ("CSR") activities during the financial year:

Date	CSR activities
8 July 2021	Cash donation for Covid Prevention Drive of Bau Bang Medical Centre of Binh Duong Province, Vietnam
16 July 2021	Donated x-ray films to Di An City Medical Centre of Binh Duong Province, Vietnam
28 August 2021	Donated 2 unit of Oxygen Concentrator to Hospital Tengku Ampuan Rahimah (HTAR), Klang, Selangor, Malaysia
14 October 2021	Donated cash to Disaster Prevention Fund of Binh Duong Province, Vietnam
29 December 2021	Donated new year gift to poor families staying at Bau Bang District, Vietnam
4 January 2022	Donated daily essential items to poor children staying at Bau Bang District, Vietnam
7 January 2022	Cash aid handout to 64 workers of our Kapar factories affected by major flood strike on 19 December 2021 amounting to RM55,100
25 January 2022	Donated 100 wardrobes to flood victims nearby our Kapar factories

5.3 SOCIAL IMPACT

Occupational Health and Safety

The safety of our people is our utmost priority. For our Malaysia operation, a Safety Officer is appointed for each plant to oversee compliance with the rules and regulation of Department of Occupational Safety and Health ("DOSH"). We have implemented a series of safety measures to ensure our employees can carry out their roles safely including compulsory daily housekeeping of workplace, training for office and production employees at all plants, provide personal protective equipment for all production employees including safety glasses, hearing protection and high visibility clothing, introduction of automatic timber cutting machines to reduce accident rate and manual handling issues and revised layout of all plants to improve safety, reduce manual handling of products and increase space to operate in.

During the financial year, the Group provided 17,764 training hours of health and safety related courses to our employees. List of health and safety trainings held during the financial year is as follows:

Country	Trainings held
Malaysia	- Chemical Safety and Health Management - Occupational Safety and Health at Workplace - Fire Safety Training
Vietnam	- Chemical Safety Training - First Aid Training - Occupational Safety and Health Training
Thailand	- Fire Safety Training

5. MATERIAL SUSTAINABILITY MATTERS (cont'd)

5.3 SOCIAL IMPACT (cont'd)

Our Response to Covid-19

Following the Covid-19 outbreak in countries of our operation, The Group has taken the following preventive control measures at all our operating plants:

- Daily health self-declaration and temperature screening at all entrance;
- Provide sufficient personal protective equipment ("PPE") for disinfection team and mask to all our employees;
- Provide signage and mark social distancing in the public areas;
- Daily disinfection at all operation areas, common areas, and hostels;
- Strictly control and minimise hostel occupant outing movement to reduce infection risk; and
- Restricted movement such as deferring non-essential overseas business travels.

We continue to take the necessary steps ensuring our employees aware, remain healthy and safe and minimise any disruption to our operations. The Group supported Covid-19 vaccination effort to minimise the infection risk of Covid-19 outbreak to our employees in countries of our operation. For Malaysia operation, we encouraged our employees to register for vaccination in MySejahtera application and we also registered for Public-Private Partnership Covid-19 Immunisation Programme ("PIKAS") launched by the Malaysian Government which allowed our employees to get vaccination at Setia City Convention Centre. A total cost of approximately RM45,000 including transportation to vaccination venue was incurred for this programme. For our Vietnam entities, we had registered and administered at least 2 doses of different vaccines based on availability for all our employees and we have spent approximately RM60,000 including administration cost of vaccination on site. As for our Thailand operation, we have incurred approximately RM57,000 to procure 2 doses of Sinopharm vaccines for all our employees.

In FY2022, all our employees were fully vaccinated by receiving minimal 2 doses of vaccines.

Diversity and Equal Opportunities

We also recognise the importance of creating a workplace that is conducive to our employees to work to their full potential. The minimum wage offered to our employees is in line with the Minimum Wage Order in the countries of our operation. We provide competitive and fair remuneration packages to our employees that meet the market standard. The standard benefits cover group personal accident insurance, social security and allowances. We are committed to create a working environment in which all employees are treated fairly and respectfully and have equal access to opportunities. Decisions related to recruitment selection, development or promotion is based on merit, irrespective of gender, age or ethnicity. As at 30 June 2022, we have a total workforce of 5,859 employees (30 June 2021: 6,024 employees). The demographic analysis of our workforce is as follows:

5. MATERIAL SUSTAINABILITY MATTERS (cont'd)

5.3 SOCIAL IMPACT (cont'd)

Diversity and Equal Opportunities (cont'd)

i) **By Gender**

As at 30 June 2022

Gender	Number of employees	% of total employees
Male	3,144	53.7
Female	2,715	46.3
Total	5,859	100.0

As at 30 June 2021

Gender	Number of employees	% of total employees
Male	3,107	51.6
Female	2,917	48.4
Total	6,024	100.0

ii) **By Age**

As at 30 June 2022

Age group	Number of employees	% of total employees
<30 years old	1,903	32.5
30 to 50 years old	3,539	60.4
>50 years old	417	7.1
Total	5,859	100.0

As at 30 June 2021

Age group	Number of employees	% of total employees
<30 years old	2,002	33.2
30 to 50 years old	3,620	60.1
>50 years old	402	6.7
Total	6,024	100.0

5. MATERIAL SUSTAINABILITY MATTERS (cont'd)

5.3 SOCIAL IMPACT (cont'd)

Diversity and Equal Opportunities (cont'd)

iii) By Ethnicity

As at 30 June 2022

Ethnicity	Number of employees	% of total employees
Bumiputera	337	5.8
Chinese	101	1.7
Indian	67	1.1
Others	5,354	91.4
Total	5,859	100.0

As at 30 June 2021

Ethnicity	Number of employees	% of total employees
Bumiputera	347	5.8
Chinese	108	1.8
Indian	80	1.3
Others	5,489	91.1
Total	6,024	100.0

We also ensure our employees have equal access to continuous training and development opportunities to remain relevant in the industry or business. Various training programmes were organised throughout the year to upgrade the core competencies of our employees. During the financial year, the Group provided 427 training hours to our employees via in-house trainings, webinars and public programs.

Work-life balance is also crucial to keep our employees physically and psychologically healthy. During the financial year, recreational and team-bonding activities such as Chinese New Year celebration, Mid-Autumn celebration, chest competition and football competition are held to strengthen their sense of belonging towards the Group.

The Board is committed to improve greater disclosures of sustainability matters in coming financial years.

This Statement has been reviewed and approved by the Board of Directors on 11 October 2022.

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for that year.

The Directors consider that, in preparing the financial statements for the financial year ended 30 June 2022 as set out on pages 50 to 137 of this Annual Report, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 of Malaysia.

The auditors' responsibilities are stated in their Report to the Members of the Company.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

Principal activities

The principal activities of the Company are investment holding and the provision of management services to the subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year	35,524	1,413

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amounts of dividends declared and paid by the Company since 30 June 2021 were as follows:

	RM'000
In respect of the financial year ended 30 June 2021:	
Final single-tier dividend of 3 sen per share on 194,310,000 ordinary shares, declared on 28 October 2021 and paid on 14 January 2022	5,829
In respect of the financial year ended 30 June 2022:	
First interim single-tier dividend of 1 sen per share on 194,310,000 ordinary shares, declared on 24 February 2022 and paid on 13 May 2022	1,943
	7,772

At the forthcoming Annual General Meeting, a final single-tier dividend of 5 sen per share on 194,310,000 ordinary shares, in respect of the financial year ended 30 June 2022, amounting RM9,715,500 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

DIRECTORS' REPORT (CONT'D)

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Dr Norraesah Binti Haji Mohamad
Lin Chen, Jui-Fen *
Lin, Chin-Hung *
Toh Seng Thong
Yek Siew Liong
Sandra Segaran A/L Muniandy @ Krishnan (appointed on 2 September 2022)

* These directors are also the directors of the Company's subsidiaries

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (excluding those directors listed above) are:

Latitude Tree Vietnam Joint Stock Company
Yeoh Joe Son
Lin, Shin-Ni (resigned on 1 June 2022)

RK Resources Co., Ltd.
Lu, Chin-Chia

Grob Holz Company Limited
Somjet Saeyang (appointed on 30 May 2022)
Lin, Shin-Ni (resigned on 30 May 2022)
Tee Ah Ann (resigned on 30 May 2022)
Chen, Cheng-Lung (resigned on 30 May 2022)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no directors have received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Salaries and other emoluments	1,919	12
Fee	240	240
Defined contribution plan	90	-
Other benefits	26	26
	2,275	278

Directors' interest

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares			
	At 1.7.2021	**Acquired**	**Sold**	**At 30.6.2022**
Ordinary shares of the Company				
Direct interest:				
Lin Chen, Jui-Fen	49,678,036	-	-	49,678,036
Lin, Chin-Hung	13,300,800	-	-	13,300,800
Deemed interest:				
Yek Siew Liong *	29,804,400	-	-	29,804,400

* Deemed interest in shares held by Konsortium Kontrek Sdn. Bhd., a company in which the director has an interest.

Lin Chen, Jui-Fen by virtue of her interest in shares of the Company, is also deemed interested in shares of all subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Indemnities to directors or officers

No indemnity was given to or insurance premium paid for any directors or officers of the Company during or since the end of the financial year.

Employees' Share Scheme

At an Extraordinary General Meeting held on 26 February 2021, shareholders approved the establishment and implementation of an Employees' Share Scheme ("ESS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible senior executives and employees respectively.

The salient features and other terms of the ESS are disclosed in Note 39 to the financial statements.

During the financial year, there were no shares or share options granted pursuant to the ESS.

Other statutory information

(a) Before the financial statements 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 had 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 realise their value as shown in the accounting records in the ordinary course of business had 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 which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(i) any charge on the assets of the Group or 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 or of the Company which has arisen since the end of the financial year.

(f) 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 or of the Company to meet their obligations as and when they fall due; and

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

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	522	100
Other auditor	19	-
	541	100

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 30 June 2022.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 October 2022.

Dato' Dr Norraesah Binti Haji Mohamad

Lin, Chin-Hung

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

We, Dato' Dr Norraesah Binti Haji Mohamad and Lin, Chin-Hung, being two of the directors of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad), do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 62 to 137 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 year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 October 2022.

Dato' Dr Norraesah Binti Haji Mohamad

Lin, Chin-Hung

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

I, Fong Toh Wai, being the officer primarily responsible for the financial management of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 62 to 137 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Fong Toh Wai at Klang in
Selangor Darul Ehsan on 13 October 2022.

Fong Toh Wai
MIA CA 28465

Before me
P. Dev Anand Pillai (B 253)
Commissioner for Oaths

Klang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RHONG KHEN INTERNATIONAL BERHAD (FORMERLY KNOWN AS LATITUDE TREE HOLDINGS BERHAD) (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad), which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 137.

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 year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue recognition

We draw your attention to the summary of significant accounting policies in Note 2.22 and disclosure of revenue in Note 4 to the financial statements.

During the year, the sale of goods recorded by the Group amounted to RM754.9 million representing 99.8% of the Group's total revenue. We have identified sale of goods to be a key audit matter as we consider the voluminous sales transactions during the year to be the possible cause for a higher risk of misstatement.

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF RHONG KHEN INTERNATIONAL BERHAD (FORMERLY KNOWN AS LATITUDE TREE HOLDINGS BERHAD) (INCORPORATED IN MALAYSIA)

Key audit matters (cont'd)

Revenue recognition (cont'd)

Our audit procedures included, amongst others, the following:

- We obtained an understanding of the Group's internal controls over the point when the Group recognises the revenue upon the transfer of the promised goods to customers and the transaction price recorded as revenue;
- We evaluated the effectiveness of the controls in place to ensure the accuracy of revenue recognised, including the timely posting of revenue to the general ledger in the financial information system;
- We performed procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to the settlement reports from financial institutions;
- We performed three-way correlation analysis between revenue, trade receivables and cash to assess the movement trend of the revenue from the sale of goods; and
- We evaluated transactions recorded close to the year end, including sales after year end, to acknowledged delivery orders or bills of lading, to assess whether those transactions were recorded in the correct accounting period on sampling basis.

Inventories

We draw your attention to the summary of significant accounting policies in Note 2.15, significant accounting judgements and estimates in Note 3(c) and the disclosure of inventories in Note 20 to the financial statements.

As at 30 June 2022, the Group's inventories amounted to RM253.4 million, representing 26.7% of the Group's total assets.

Inventories are carried at the lower of cost and net realisable value. Included in the inventories are raw materials, work-in-progress and finished goods. Work-in-progress and finished goods comprise cost of raw materials, labour and manufacturing overheads. The Group applies cost of raw materials, predetermined labour and overhead expenses to derive at the costs of work-in-progress and finished goods which involved significant management estimates.

Given the significance of the account balances and the significant management estimates involved in deriving the cost of inventories, we have identified the valuation of work-in-progress and finished goods to be an area of audit focus.

Our audit procedures included, amongst others, the following:

- We obtained an understanding of the Group's inventories valuation policy and inventory costing processes (including the monitoring and the frequency of updating the absorption rates used in production);
- We assessed whether the costing method used in deriving the cost of work-in-progress and finished goods is consistent with the Group's policy;
- We tested the key inputs used in deriving the cost of work-in-progress and finished goods, in particular, the key raw materials used in the production; and
- We reviewed management's workings on apportionment of production overhead to assess whether the apportionment basis is applied consistently across the Group.

Income taxes

We draw your attention to the summary of significant accounting policies in Note 2.24(a), significant accounting judgements and estimates in Note 3(a) and the disclosure of income taxes in Note 10 to the financial statements.

The Group has both local and foreign operations that are subject to income taxes in different tax jurisdictions. For the financial year ended 30 June 2022, the Group recognised local and foreign income tax expense of RM3.3 million and RM10.1 million respectively.

Key audit matters (cont'd)

Income taxes (cont'd)

Due to the complexity of the tax rules in certain foreign operations, we identified accounting for income tax as an area of audit focus. Specifically, we focused our audit efforts to assess the possibility of under recognition of income tax liabilities.

Our audit procedures include the following:

- We held discussions with the component auditor and tax specialists to obtain an understanding of the country specific tax risks for certain foreign operations;
- We involved the tax specialists to assist in the evaluation of provisions for income taxes; and
- We involved the component auditor in the review of the prior year's tax submission and all relevant tax correspondences with the relevant tax authorities.

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 Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF RHONG KHEN INTERNATIONAL BERHAD (FORMERLY KNOWN AS LATITUDE TREE HOLDINGS BERHAD) (INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF RHONG KHEN INTERNATIONAL BERHAD (FORMERLY KNOWN AS LATITUDE TREE HOLDINGS BERHAD) (INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

Other matters

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Chuan Yee Yang
No. 03489/03/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
13 October 2022

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		**Company**	
	Note	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Revenue	4	756,324	911,943	1,500	15,000
Cost of sales		(650,787)	(786,068)	-	-
Gross profit		105,537	125,875	1,500	15,000
Other income	5	5,959	13,198	574	725
Selling and distribution expenses		(21,788)	(26,978)	-	-
Administrative expenses		(29,254)	(30,466)	(653)	(982)
Other expenses		(9,037)	(7,091)	(2)	(4)
Finance costs	6	(2,605)	(2,954)	-	-
Profit before tax	7	48,812	71,584	1,419	14,739
Income tax expense	10	(13,288)	(17,793)	(6)	-
Profit for the year		35,524	53,791	1,413	14,739
Other comprehensive income/(loss):					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		17,268	(8,979)	-	-
Other comprehensive income/(loss) for the year, net of tax		17,268	(8,979)	-	-
Total comprehensive income for the year		52,792	44,812	1,413	14,739
Earnings per share attributable to owners of the parent					
Basic/diluted (sen)	11	18	28		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	255,520	251,235	-	-
Investment properties	14	51,233	59,562	-	-
Right-of-use assets	15	32,691	34,510	-	-
Investments in subsidiaries	16	-	-	218,929	53,929
Other investments	17	81	81	-	-
Deferred tax assets	18	1,057	907	-	-
Trade and other receivables	19	-	-	-	167,179
		340,582	346,295	218,929	221,108
Current assets					
Inventories	20	253,411	228,979	-	-
Trade and other receivables	19	82,457	61,257	-	4,500
Prepayments		4,192	3,816	-	-
Tax recoverable		171	1,154	10	12
Investment securities	21	85,012	55,452	20,377	3,160
Cash and bank balances	22	182,374	196,602	476	17,359
		607,617	547,260	20,863	25,031
Total assets		948,199	893,555	239,792	246,139
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	23	98,433	98,433	98,433	98,433
Treasury shares	23	(155)	(155)	(155)	(155)
Retained earnings	24	471,294	443,542	141,408	147,767
Foreign currency translation reserve	25	85,688	68,420	-	-
Total equity		655,260	610,240	239,686	246,045

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (CONT'D)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current liabilities					
Deferred tax liabilities	18	3,260	3,213	-	-
Loans and borrowings	26	26,026	22,062	-	-
Provision for severance allowance	27	227	231	-	-
Lease liabilities	28	4,975	4,834	-	-
Retirement benefit obligation	29	287	224	-	-
		34,775	30,564	-	-
Current liabilities					
Tax payable		37,225	32,001	-	-
Derivatives	30	407	127	-	-
Loans and borrowings	26	103,285	108,076	-	-
Trade and other payables	31	117,089	111,664	106	94
Lease liabilities	28	158	883	-	-
		258,164	252,751	106	94
Total liabilities		292,939	283,315	106	94
Total equity and liabilities		948,199	893,555	239,792	246,139

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Share capital RM'000 (Note 23)	← Distributable → Treasury shares RM'000 (Note 23)	Retained earnings RM'000 (Note 24)	Non-distributable Foreign currency translation reserve RM'000 (Note 25)	Total equity RM'000
2022						
As at 1 July 2021		98,433	(155)	443,542	68,420	610,240
Total comprehensive income		-	-	35,524	17,268	52,792
Dividends on ordinary shares	12	-	-	(7,772)	-	(7,772)
As at 30 June 2022		98,433	(155)	471,294	85,688	655,260
2021						
As at 1 July 2020		98,433	(5,798)	407,967	77,399	578,001
Total comprehensive income		-	-	53,791	(8,979)	44,812
Dividends on ordinary shares	12	-	-	(12,573)	-	(12,573)
Share dividend	12, 23	-	5,643	(5,643)	-	-
As at 30 June 2021		98,433	(155)	443,542	68,420	610,240

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

	Note	Share capital RM'000 (Note 23)	← Distributable → Treasury shares RM'000 (Note 23)	Retained earnings RM'000 (Note 24)	Total equity RM'000
2022					
As at 1 July 2021		98,433	(155)	147,767	246,045
Total comprehensive income		-	-	1,413	1,413
Dividends on ordinary shares	12	-	-	(7,772)	(7,772)
As at 30 June 2022		98,433	(155)	141,408	239,686
2021					
As at 1 July 2020		98,433	(5,798)	151,244	243,879
Total comprehensive income		-	-	14,739	14,739
Dividends on ordinary shares	12	-	-	(12,573)	(12,573)
Share dividend	12, 23	-	5,643	(5,643)	-
As at 30 June 2021		98,433	(155)	147,767	246,045

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Profit before tax		48,812	71,584	1,419	14,739
Adjustments for:					
Reversal of allowance for expected credit losses on trade receivables	5	-	(169)	-	-
Distribution from investment securities	5	(1,098)	(790)	(267)	(162)
Net fair value loss on investment securities	7	1,220	214	-	-
Net fair value loss/(gain) on derivatives	5,7	280	(1,025)	-	-
Loss/(Gain) on disposal of property, plant and equipment	5,7	10	(122)	-	-
Gain on termination of right-of-use assets	5	(639)	(602)	-	-
Net unrealised loss/(gain) on foreign exchange	5,7	1,565	982	(1)	(457)
Reversal of impairment loss on investments in subsidiaries	5	-	-	-	(49)
Finance costs	6	2,605	2,954	-	-
Retirement benefit expenses	8	72	36	-	-
Depreciation of:					
- Property, plant and equipment	7	17,086	17,523	-	-
- Investment properties	7	299	299	-	-
- Right-of-use assets	7	1,871	1,838	-	-
Allowance for expected credit losses on trade receivables	7	197	-	-	-
Property, plant and equipment written off	7	-	57	-	-
Provision for severance allowance	7	116	309	-	-
Inventories written down	7	159	1,982	-	-
Interest income	5	(1,623)	(1,708)	(47)	(57)
Operating profit before working capital changes		70,932	93,362	1,104	14,014
Changes in inventories		(14,047)	(40,522)	-	-
Changes in trade and other receivables		(17,637)	8,046	6,679	(3,650)
Changes in prepayments		(376)	(2,617)	-	-
Changes in trade and other payables		(581)	34,474	12	(3)
Cash generated from operations		38,291	92,743	7,795	10,361
Interest paid		(2,514)	(2,933)	-	-
Severance payments	27	(133)	(114)	-	-
Net taxes paid		(9,048)	(10,788)	(4)	(5)
Net cash flows generated from operating activities		26,596	78,908	7,791	10,356

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(6,437)	(22,079)	-	-
Purchase of investment properties	14	(15)	-	-	-
Interest received		1,553	1,563	47	57
Proceeds from disposal of property, plant and equipment		337	224	-	-
Proceeds from termination of right-of-use assets		2,379	859	-	-
Net (purchase)/proceeds from withdrawal of investment securities		(29,302)	(2,054)	(16,950)	4,396
Withdrawal of deposits with licensed banks		3,582	4,707	-	-
Net cash flows (used in)/generated from investing activities		(27,903)	(16,780)	(16,903)	4,453
Cash flows from financing activities					
Repayments of loans and borrowings		(265,416)	(295,639)	-	-
Drawdown of loans and borrowings		257,404	323,666	-	-
Repayments for principal portion of lease liabilities		(901)	(922)	-	-
(Placement)/Withdrawal of deposits placed as securities for bank borrowings and guarantees		(3,848)	8,431	-	-
Dividends paid on ordinary shares	12	(7,772)	(12,573)	(7,772)	(12,573)
Net cash flows (used in)/generated from financing activities		(20,533)	22,963	(7,772)	(12,573)
Net changes in cash and cash equivalents		(21,840)	85,091	(16,884)	2,236
Effects of exchange rate changes		7,346	(1,557)	1	465
Cash and cash equivalents at beginning of the year		184,960	101,426	17,359	14,658
Cash and cash equivalents at end of the year	22	170,466	184,960	476	17,359

Reconciliation of liabilities arising from financing activities

	Loans and borrowings RM'000	Lease liabilities RM'000	Total RM'000
Group			
As at 1 July 2020	104,888	6,852	111,740
Net changes from financing cash flows:			
- Repayments of loans and borrowings	(295,639)	-	(295,639)
- Drawdown of loans and borrowings	323,666	-	323,666
- Repayments for principal portion of lease liabilities	-	(922)	(922)
	28,027	(922)	27,105
Effects of exchange rate changes	(2,777)	(213)	(2,990)
As at 30 June 2021	130,138	5,717	135,855
As at 1 July 2021	130,138	5,717	135,855
Net changes from financing cash flows:			
- Repayments of loans and borrowings	(265,416)	-	(265,416)
- Drawdown of loans and borrowings	257,404	-	257,404
- Repayments for principal portion of lease liabilities	-	(901)	(901)
	(8,012)	(901)	(8,913)
Effects of exchange rate changes	7,185	317	7,502
As at 30 June 2022	129,311	5,133	134,444

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Lot 3356, Batu 7¾, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and the provision of management services to the subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 16.

The financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 13 October 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows. On 1 July 2021, the Group and the Company adopted the following amended standards which are mandatory for annual periods beginning on or after 1 January 2021.

Descriptions		**Effective for annual periods beginning on or after**
Amendments to MFRS 9, MFRS 7, MFRS 139, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 16	Covid 19-Related Rent Concessions beyond 30 June 2021	1 April 2021

The adoption of the amended standards did not have any material impact on the financial statements of the Group and of the Company.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not effective

The standards that are issued but not yet effective up to the date of issuance of the financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Descriptions		Effective for annual periods beginning on or after
Amendments to MFRSs	Annual Improvements to MFRSs 2018-2020 Cycle	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution Of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above standard and amended standards are not expected to have material impact on the financial statements of the Group and of the Company in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively the "Group") at the reporting date. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if, and only if, the Group has all of the following:

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

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

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

(i) The size of the Group'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 Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group 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 Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. All intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions are eliminated in full.

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

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries is 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 the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value during the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed in profit or loss as incurred.

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 at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2. Summary of significant accounting policies (cont'd)

2.5 Business combinations (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments ("MFRS 9"), is measured at fair value with changes in fair value recognised in either in profit or loss or as a change to other comprehensive income ("OCI"). If the contingent consideration is not within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, any previously held equity interest is remeasured at fair value during the acquisition date and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less 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 off, 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.

2.6 Investments in subsidiaries

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

2.7 Current versus non-current classification

The Group presents assets and liabilities in the statements of financial position based on current or non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2. Summary of significant accounting policies (cont'd)

2.7 Current versus non-current classification (cont'd)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.8 Foreign currency

(a) 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 the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the translation of non-monetary items in respect of which gain and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. Summary of significant accounting policies (cont'd)

2.8 Foreign currency (cont'd)

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.9 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings	10 to 50 years
Plant and machinery	10 to 20 years
Electrical installation	10 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 to 8 years
Office equipment and computer software	3 to 10 years
Renovation	10 years

Buildings under construction are not depreciated as these assets are not yet available for use.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.10 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation, or for both. Such properties are measured initially at cost including transaction costs. Following initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss, if any. Freehold land has an unlimited useful life and therefore is not depreciated. Buildings under construction are not depreciated as these assets are not yet available for use. Buildings are depreciated over 50 years on a straight line method.

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

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

2.11 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company estimate the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units ("CGU") fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Summary of significant accounting policies (cont'd)

2.11 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how it manage its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

2. Summary of significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

Subsequent measurement (cont'd)

The Group and the Company do not have any financial assets designated at fair value through OCI.

(a) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through profit or loss

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

This category comprises of the derivative instruments and fund placements with licensed financial institutions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Dividends are recognised as other income in profit or loss when the right of payment has been established. Interests are recognised as interest income in profit or loss on an accrual basis using the effective interest method.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset has expired; or

- The Group and the Company have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or

  (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

2. Summary of significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

Derecognition (cont'd)

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the assets, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2.13 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are determined based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, short-term deposits with a maturity of three months or less and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdraft and deposits pledged with licensed banks.

2. Summary of significant accounting policies (cont'd)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on weighted average basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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.

2.16 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Trade and other payables

These are subsequently measured at amortised cost using EIR method.

(b) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as financial liabilities at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd)

2.17 Financial liabilities (cont'd)

Subsequent measurement (cont'd)

(b) Financial liabilities at fair value through profit or loss (cont'd)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in near term.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date or recognition, and only if the criteria in MFRS 9 are satisfied.

(c) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.18 Financial guarantee contracts

A financial 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2. Summary of significant accounting policies (cont'd)

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.20 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Retirement benefit obligation - defined benefit plans

The Group estimates and recognises the obligation of employee retirement benefits in profit or loss for which a foreign subsidiary shall have to pay in accordance with the labour law of Thailand by using the current salary of employees and the probability that employees will work until retirement ages.

(d) Provision for severance allowance

The severance pay to employees of foreign subsidiary is accrued at the end of each reporting period for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance in Vietnam. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any changes to the accrued amount will be recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.20 Employee benefits (cont'd)

(e) Share based compensation

The Group's Employees' Share Scheme ("ESS"), an equity-settled, share based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received, net of any directly attributable transaction costs, are credited to equity when the options are exercised.

2.21 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date of the underlying asset is available for use). Right-of-use assets are measured at cost less accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentive received.

Right-of use assets are depreciated on a straight-line basis over the shorter of lease term and the estimated useful lives of the assets are as follows:

Building	3 years
Land use rights	20 to 50 years
Leasehold land	20 to 68 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. Summary of significant accounting policies (cont'd)

2.21 Leases (cont'd)

Group as a lessee (cont'd)

Right-of-use assets (cont'd)

The carrying amount of right-of-use assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Refer to accounting policy set out in Note 2.11.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, or a change in the lease term, or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The Group recognises the lease payments associated with these short-term leases and leases of low-value assets as expenses on a straight-line basis over the lease term.

Group as a lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income is recognised on a straight-line basis over the lease term of the relevant lease and is included in profit or loss. Initial direct costs incurred in negotiating 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. The accounting policy for leasing income is set out in Note 2.22(b).

2. Summary of significant accounting policies (cont'd)

2.22 Revenue

The Group and the Company recognise revenue from contracts with customers based on the five-step model as set out below:

(i) Identify contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good and service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced.

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

If a performance obligation is not satisfied over time in accordance with the criteria above, the Group and the Company satisfy the performance obligation at a point in time when control is transferred.

The Group and the Company recognise(s) revenue over time using the input method, which is based on the costs incurred, relative to the total expected costs for the satisfaction of the performance obligation. The Group and the Company determined that the input method is the best method in measuring progress because there is a direct relationship between the costs incurred and the transfer of service to the customer.

The Group and the Company have generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

2. Summary of significant accounting policies (cont'd)

2.22 Revenue (cont'd)

Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue is recognised at a point in time upon control of the goods are transferred to the customers, generally on delivery of goods. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

(b) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Dividend income

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

2.23 Other income recognition

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the other income can be reliably measured. Other income is measured at the fair value of consideration received or receivables, excluding taxes.

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Management fees

Management fees are recognised when services are rendered.

2.24 Income taxes

(a) Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current taxes are recognised in profit or loss. Current tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.24 Income taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd)

2.25 Sales and Service Tax ("SST")

Legislation to implement Malaysia's new sales and service tax ("SST") and repeal the GST has received Royal Assent and was published in the official gazette on 28 August 2018 (the Sales Tax Act, the Service Tax Act and the GST Repeal Act). The GST has ended on 31 August 2018 and the SST applies from 1 September 2018.

Revenues, expenses and assets are recognised net of the amount of SST except:

- where the SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expenses item as applicable; and

- receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in statements of financial position.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments that engage 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. The operating segment's operating results are reviewed regularly by the management of the Group whom to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.27 Share capital and share issuance expenses

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

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

2.28 Treasury shares

Own equity instruments (treasury shares) that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the retained earnings.

2. Summary of significant accounting policies (cont'd)

2.29 Fair value measurement

The Group and the Company measure financial instruments and non-financial assets at fair value at each reporting date.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial period.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. Summary of significant accounting policies (cont'd)

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.31 Offsetting of financial instruments

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

2.32 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the Group or the company or of a parent of the company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) the entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

At the reporting date, the carrying amounts of the Group's income tax recoverable and tax payable are RM171,000 (2021: RM1,154,000) and RM37,225,000 (2021: RM32,001,000) respectively.

(b) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised.

Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The total carrying amounts of recognised and unrecognised tax losses, capital allowances and other deductible temporary differences of the Group and of the Company are disclosed in Note 10 and 18 respectively.

(c) Inventories costing

The Group applies actual cost of raw materials and predetermined labour and overhead expenses to derive at the costs of work-in-progress and finished goods. Significant management estimates are involved during the allocation of labour and overhead expenses into different types of inventories.

At the reporting date, a 1% (2021: 1%) difference in the work-in-progress and finished goods balance would result in RM1,464,000 (2021: RM1,284,000) fluctuation in the Group's profit for the year.

The carrying amount of inventories of the Group are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

4. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sale of goods	754,864	910,673	-	-
Rental income	1,460	1,270	-	-
Dividend income from subsidiaries	-	-	1,500	15,000
	756,324	911,943	1,500	15,000
Geographical market:				
United States	656,764	827,533	-	-
Southeast Asia	64,393	56,112	1,500	15,000
Australia	9,176	7,559	-	-
Canada	10,578	12,165	-	-
Others	15,413	8,574	-	-
	756,324	911,943	1,500	15,000
Timing of revenue recognition:				
At a point in time	754,864	910,673	1,500	15,000
Over time	1,460	1,270	-	-
	756,324	911,943	1,500	15,000

5. Other income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	1,623	1,708	47	57
Gain on disposal of property, plant and equipment	-	122	-	-
Gain on termination of right-of-use assets	639	602	-	-
Net realised gain on foreign exchange	-	-	259	-
Net unrealised gain on foreign exchange	-	-	1	457
Net fair value gain on derivatives (Note 30)	-	1,025	-	-
Rental income	15	9	-	-
Reversal of allowance for expected credit losses on trade receivables (Note 19)	-	169	-	-
Distribution from investment securities	1,098	790	267	162
Reversal of impairment loss on investments in subsidiaries (Note 16)	-	-	-	49
Insurance compensation	569	7,745	-	-
Miscellaneous income	2,015	1,028	-	-
	5,959	13,198	574	725

6. Finance costs

	Group	
	2022	**2021**
	RM'000	**RM'000**
Interest expenses on:		
- Bankers' acceptances	122	62
- Term loans	451	503
- Trust receipts	1,752	2,110
- Lease liabilities (Note 28(a))	129	150
- Others	151	129
	2,605	2,954

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration:				
- Ernst & Young				
- Statutory audit	484	470	62	62
- Other services	38	38	38	38
- Other auditor				
- Statutory audit	19	19	-	-
Depreciation of right-of-use assets (Note 15)	1,871	1,838	-	-
Depreciation of property, plant and equipment (Note 13)	17,086	17,523	-	-
Depreciation of investment properties (Note 14)	299	299	-	-
Allowance for expected credit losses on trade receivables (Note 19)	197	-	-	-
Loss on disposal of property, plant and equipment	10	-	-	-
Net realised loss on foreign exchange	1,800	1,927	-	-
Net unrealised loss on foreign exchange	1,565	982	-	-
Net fair value loss on investment securities	1,220	214	-	-
Net fair value loss on derivatives (Note 30)	280	-	-	-
Non-executive directors' remuneration (Note 9)	266	272	266	272
Property, plant and equipment written off (Note 13)	-	57	-	-
Inventories written down	159	1,982	-	-
Provision for severance allowance (Note 27)	116	309	-	-

8. Employee benefits expenses

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Wages and salaries	136,086	159,023	-	-
Social security contributions	10,523	13,552	-	-
Defined contribution plan	1,572	1,781	-	-
Retirement benefit expenses (Note 29)	72	36	-	-
Other benefits	9,738	9,441	12	14
	157,991	183,833	12	14

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM2,009,000 (2021: RM1,882,000) and RM12,000 (2021: RM14,000), respectively, as further disclosed in Note 9.

9. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Executive:				
- Salaries and other emoluments	1,919	1,792	12	14
- Defined contribution plan	90	90	-	-
Total executive directors' remuneration	2,009	1,882	12	14
Non-executive:				
- Fee	240	240	240	240
- Other benefits	26	32	26	32
Total non-executive directors' remuneration	266	272	266	272
Total directors' remuneration (Note 32(b))	2,275	2,154	278	286

10. Income tax expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current income tax:				
- Malaysian income tax				
- Current	3,265	2,557	-	-
- (Over)/Under provision in prior year	(98)	(3)	6	-
- Foreign income tax				
- Current	10,124	14,563	-	-
- Under provision in prior year	-	361	-	-
	13,291	17,478	6	-
Deferred tax: (Note 18)				
- (Reversal)/Origination of temporary differences	(50)	578	-	-
- Under/(Over) provision in prior year	47	(263)	-	-
	(3)	315	-	-
Income tax expense recognised in profit or loss	13,288	17,793	6	-

Reconciliations of income tax expense applicable to profit before tax at the applicable statutory income tax rate to the income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax	48,812	71,584	1,419	14,739
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	11,715	17,180	341	3,537
Different tax rates in other countries	(3,022)	(5,674)	-	-
Non-taxable income	(1,103)	(860)	(435)	(3,774)
Non-deductible expenses	5,478	5,142	94	237
Deferred tax assets not recognised	271	1,910	-	-
(Over)/Under provision of income tax in prior year				
- Malaysian income tax	(98)	(3)	6	-
- Foreign income tax	-	361	-	-
Under/(Over) provision of deferred tax in prior year	47	(263)	-	-
Income tax expense recognised in profit or loss	13,288	17,793	6	-

10. Income tax expense (cont'd)

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

The normal corporate income tax ("CIT") rate in Vietnam and Thailand is currently at 20% of the estimated assessable profit for the year. Certain foreign subsidiaries in Vietnam enjoy various tax incentives with preferential tax rate of 10% (2021: 10%).

Below are the deferred tax assets of the Group and of the Company which have not been recognised in the financial statements as they are not probable to be used to offset against the taxable profits of the respective entities within the Group:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Unutilised reinvestment allowances	9,564	9,564	-	-
Unutilised tax losses	28,811	25,091	772	772
Unabsorbed capital allowances	12,439	15,028	-	-
	50,814	49,683	772	772

The utilisation periods of deferred tax assets not recognised of the Group and of the Company which are available for offsetting against future taxable profits of the respective entities within the Group are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Utilisation period				
Indefinite	12,439	15,028	-	-
Within 4 years from recognition	9,564	-	-	-
Within 5 years from recognition	-	9,564	-	-
Within 7 years from recognition	20,761	-	772	-
Within 8 years from recognition	2,589	20,761	-	772
Within 9 years from recognition	1,741	2,589	-	-
Within 10 years from recognition	3,720	1,741	-	-
	50,814	49,683	772	772

11. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares, excluding treasury shares, during the financial year.

	Group	
	2022	**2021**
	RM'000	**RM'000**
Profit for the year, net of tax, attributable to owners of the parent	35,524	53,791

	Group	
	2022	**2021**
	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares, excluding treasury shares	194,310	194,310

	Group	
	2022	**2021**
	Sen	**Sen**
Basic earnings per share	18	28

(b) Diluted

The Group does not have any potential dilutive ordinary shares at the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

12. Dividends

	Group and Company	
	2022	**2021**
	RM'000	**RM'000**
Recognised during the financial year:		
In respect of the financial year ended 30 June 2020:		
Final single-tier dividend of 3 sen per share on 95,250,000 ordinary shares	-	2,858
In respect of the financial year ended 30 June 2021:		
Special dividend via share dividend distribution of 1,905,000 treasury shares on the basis of 1 treasury share for every 50 existing ordinary shares held	-	5,643
First interim single-tier dividend of 5 sen per share on 194,310,000 ordinary shares	-	9,715
Final single-tier dividend of 3 sen per share on 194,310,000 ordinary shares	5,829	-
In respect of the financial year ended 30 June 2022:		
First interim single-tier dividend of 1 sen per share on 194,310,000 ordinary shares	1,943	-
	7,772	18,216

At the forthcoming Annual General Meeting, a final single-tier dividend of 5 sen per share on 194,310,000 ordinary shares, in respect of the financial year ended 30 June 2022, amounting RM9,715,500 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

13. Property, plant and equipment

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment and computer software RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group										
Cost										
At 1 July 2021	22,618	223,672	271,496	3,794	535	5,520	3,723	2,223	4,998	538,579
Additions	-	1,701	4,089	-	7	38	80	-	522	6,437
Disposals	-	-	(810)	-	-	(369)	-	-	-	(1,179)
Write-off	-	-	(1,873)	-	-	-	(87)	-	-	(1,960)
Transfer from investment properties (Note 14)	-	8,025	-	-	-	-	-	-	-	8,025
Reclassification	-	-	4,336	-	-	-	-	-	(4,336)	-
Exchange differences	(82)	8,103	9,341	(111)	(19)	155	200	(69)	(103)	17,415
At 30 June 2022	22,536	241,501	286,579	3,683	523	5,344	3,916	2,154	1,081	567,317
Accumulated depreciation										
At 1 July 2021	-	67,081	207,317	3,419	503	3,686	3,347	1,991	-	287,344
Charge for the year (Note 7)	-	6,149	10,201	62	10	473	154	37	-	17,086
Disposals	-	-	(473)	-	-	(359)	-	-	-	(832)
Write-off	-	-	(1,873)	-	-	-	(87)	-	-	(1,960)
Exchange differences	-	2,576	7,497	(111)	(19)	88	190	(62)	-	10,159
At 30 June 2022	-	75,806	222,669	3,370	494	3,888	3,604	1,966	-	311,797
Net carrying amount										
At 30 June 2022	22,536	165,695	63,910	313	29	1,456	312	188	1,081	255,520

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

13. Property, plant and equipment (cont'd)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment and computer software RM'000	Renovation RM'000	Buildings under construction RM'000	Total RM'000
Group										
Cost										
At 1 July 2020	22,785	206,561	268,877	4,019	571	5,734	3,628	2,358	9,430	523,963
Additions	-	8,290	10,680	-	2	870	249	5	1,983	22,079
Disposals	-	-	(804)	-	-	(979)	-	-	-	(1,783)
Write-off	-	-	(823)	-	-	-	(58)	-	-	(881)
Transfer from investment properties (Note 14)	-	7,919	-	-	-	-	-	-	-	7,919
Reclassification	-	5,929	5	-	-	-	-	-	(5,934)	-
Exchange differences	(167)	(5,027)	(6,439)	(225)	(38)	(105)	(96)	(140)	(481)	(12,718)
At 30 June 2021	22,618	223,672	271,496	3,794	535	5,520	3,723	2,223	4,998	538,579
Accumulated depreciation										
At 1 July 2020	-	60,391	203,101	3,582	527	4,062	3,334	2,075	-	277,072
Charge for the year (Note 7)	-	5,838	10,833	62	13	578	161	38	-	17,523
Disposals	-	-	(796)	-	-	(885)	-	-	-	(1,681)
Write-off	-	-	(767)	-	-	-	(57)	-	-	(824)
Transfer from investment properties (Note 14)	-	2,310	-	-	-	-	-	-	-	2,310
Exchange differences	-	(1,458)	(5,054)	(225)	(37)	(69)	(91)	(122)	-	(7,056)
At 30 June 2021	-	67,081	207,317	3,419	503	3,686	3,347	1,991	-	287,344
Net carrying amount										
At 30 June 2021	22,618	156,591	64,179	375	32	1,834	376	232	4,998	251,235

13. Property, plant and equipment (cont'd)

The net carrying amount of property, plant and equipment pledged as securities for loans and borrowings, as disclosed in Note 26, is as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Freehold land	-	1,636
Buildings	-	11,578
Machineries	-	4,584
	-	17,798

14. Investment properties

	Group	
	2022 RM'000	**2021 RM'000**
Freehold land and buildings		
Cost		
At beginning of the year	61,447	69,404
Additions	15	-
Transferred to property, plant and equipment (Note 13)	(8,025)	(7,919)
Exchange differences	(20)	(38)
At end of the year	53,417	61,447
Accumulated depreciation		
At beginning of the year	1,885	3,896
Charge for the year (Note 7)	299	299
Transferred to property, plant and equipment (Note 13)	-	(2,310)
At end of the year	2,184	1,885
Net carrying amount	51,233	59,562

The investment properties with net carrying amount of RM50,634,000 (2021: RM50,932,000) are pledged as securities for loans and borrowings as disclosed in Note 26.

At the reporting date, the directors have estimated the fair values of investment properties of the Group to be RM70,221,000 (2021: RM85,045,000). The fair values have been determined by reference to market evidence of transaction prices for similar properties.

14. Investment properties (cont'd)

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Rental income	1,460	1,270
Depreciation of investment properties	299	299
Quit rent and assessment	143	141

15. Right-of-use assets

The Group has lease contracts for building, leasehold land and land use rights with contract terms ranging from 3 to 68 years (2021: 3 to 68 years) and do not contain variable lease payments.

The carrying amounts of the right-of-use assets and the movements during the year are as follows:

	Building RM'000	**Leasehold land RM'000**	**Land use rights RM'000**	**Total RM'000**
Group				
Cost				
At 1 July 2021	2,313	5,621	42,427	50,361
Termination	-	-	(2,218)	(2,218)
Exchange differences	143	57	2,732	2,932
At 30 June 2022	2,456	5,678	42,941	51,075
Accumulated depreciation				
At 1 July 2021	1,606	1,848	12,397	15,851
Charge for the year (Note 7)	722	97	1,052	1,871
Termination	-	-	(478)	(478)
Exchange differences	128	22	990	1,140
At 30 June 2022	2,456	1,967	13,961	18,384
Net carrying amount				
At 30 June 2022	-	3,711	28,980	32,691

15. Right-of-use assets (cont'd)

The carrying amounts of the right-of-use assets and the movements during the year are as follows: (cont'd)

	Building RM'000	Leasehold land RM'000	Land use rights RM'000	Total RM'000
Group				
Cost				
At 1 July 2020	2,385	5,650	44,193	52,228
Termination	-	-	(420)	(420)
Exchange differences	(72)	(29)	(1,346)	(1,447)
At 30 June 2021	2,313	5,621	42,427	50,361
Accumulated depreciation				
At 1 July 2020	862	1,762	11,943	14,567
Charge for the year (Note 7)	766	96	976	1,838
Termination	-	-	(163)	(163)
Exchange differences	(22)	(10)	(359)	(391)
At 30 June 2021	1,606	1,848	12,397	15,851
Net carrying amount				
At 30 June 2021	707	3,773	30,030	34,510

16. Investments in subsidiaries

	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares, at cost		
At beginning of the year	53,929	53,929
Additions (Note 19 (b))	165,000	-
At end of the year	218,929	53,929
Accumulated impairment losses		
At beginning of the year	-	49
Reversal during the year (Note 5)	-	(49)
At end of the year	-	-
Net carrying amount	218,929	53,929

16. Investments in subsidiaries (cont'd)

On 15 September 2021, the Company had subscribed for 165,000,000 units of redeemable preference shares ("RPS") at an issue price of RM1.00 each issued by Latitude Tree Sdn. Bhd., a wholly-owned subsidiary of the Company, via the capitalisation of the amount due from this subsidiary.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Proportion of ownership interest 2022 %	2021 %
Held by the Company:				
Latitude Tree Furniture Sdn. Bhd.	Malaysia	Manufacture and sale of wooden furniture and components	100	100
Rhong Khen Industries Sdn. Bhd.	Malaysia	Manufacture and sale of decorative wood panels and papers	100	100
Rhong Khen Timbers Sdn. Bhd.	Malaysia	Manufacture and sale of wooden furniture parts and components	100	100
Latitude Tree Sdn. Bhd.	Malaysia	Investment holding	100	100
L-Tree Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
Grob Holz Sdn. Bhd.	Malaysia	Investment holding	100	100
Uptown Promenade Sdn. Bhd.	Malaysia	Investment holding	100	100
Latitude Tree International Limited	Malaysia/ British Virgin Islands ^	Investment holding	100	100
Great Paddy Pte. Ltd.	Malaysia/ British Virgin Islands ^	Investment holding and general trading	100	100
Held through Latitude Tree Sdn. Bhd.:				
Latitude Tree Vietnam Joint Stock Company *	Vietnam	Manufacture and sale of wooden furniture and components	100	100

16. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Proportion of ownership interest 2022 %	2021 %
Held through Grob Holz Sdn. Bhd.:				
Grob Holz Company Limited #	Thailand	Manufacture and sale of wooden furniture parts and components	100	100
Held through Latitude Tree Vietnam Joint Stock Company:				
RK Resources Co., Ltd. *	Vietnam	Manufacture and sale of wooden furniture and components	100	100
Held through L-Tree Resources Sdn. Bhd.:				
RT Industries Co., Ltd. *	Vietnam	Manufacture and sale of upholstery furniture	100	100

^ The country of incorporation is British Virgin Islands
* Audited by member firm of Ernst & Young Global in Vietnam
# Audited by a firm of auditors other than Ernst & Young

17. Other investments

	Group 2022 RM'000	2021 RM'000
Transferable golf club membership, at cost	81	81

18. Deferred tax assets/(liabilities)

	As at 1 July 2020 RM'000	Recognised in profit or loss RM'000 (Note 10)	Exchange differences RM'000	As at 30 June 2021 RM'000	Recognised in profit or loss RM'000 (Note 10)	Exchange differences RM'000	As at 30 June 2022 RM'000
Group							
Presented before appropriate offsetting as follows:							
Deferred tax liabilities							
Property, plant and equipment	(5,586)	(313)	-	(5,899)	(677)	-	(6,576)
Investment properties	-	209	-	209	(33)	-	176
	(5,586)	(104)	-	(5,690)	(710)	-	(6,400)
Deferred tax assets							
Unutilised tax losses, unutilised reinvestment allowances and unabsorbed capital allowances	1,611	(944)	-	667	536	-	1,203
Right-of-use assets	8	(89)	-	(81)	46	-	(35)
Provisions	1,994	822	(18)	2,798	131	100	3,029
	3,613	(211)	(18)	3,384	713	100	4,197
Total net deferred tax (liabilities)/assets	(1,973)	(315)	(18)	(2,306)	3	100	(2,203)

18. Deferred tax assets/(liabilities) (cont'd)

	Group	
	2022 RM'000	2021 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	1,057	907
Deferred tax liabilities	(3,260)	(3,213)
	(2,203)	(2,306)

19. Trade and other receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Other receivable				
Amount due from a subsidiary	-	-	-	167,179
Current				
Trade receivables				
Third parties	63,118	48,512	-	-
Less: Allowance for expected credit losses	(5,780)	(5,286)	-	-
Trade receivables, net	57,338	43,226	-	-
Other receivables				
Import duty and other indirect taxes	18,688	10,669	-	-
Sundry receivables	6,105	6,676	-	-
Deposits	594	964	-	-
Amount due from a subsidiary	-	-	-	4,500
	25,387	18,309	-	4,500
Less: Allowance for expected credit losses	(268)	(278)	-	-
Other receivables, net	25,119	18,031	-	4,500
Total current trade and other receivables	82,457	61,257	-	4,500
Total trade and other receivables	82,457	61,257	-	171,679

19. Trade and other receivables (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing. The Group's normal trade credit terms range from 7 to 90 days (2021: 7 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of Group's trade receivables is as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Neither past due nor impaired	43,890	34,533
1 to 30 days past due not impaired	11,746	6,245
31 to 60 days past due not impaired	957	1,522
61 to 90 days past due not impaired	104	779
91 to 120 days past due not impaired	641	97
More than 121 days past due not impaired	-	50
	13,448	8,693
Impaired	5,780	5,286
	63,118	48,512

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM13,448,000 (2021: RM8,693,000) that are past due at the reporting date but not impaired. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the management are of the opinion that no allowance for expected credit losses is necessary in respect of these balances as there have not been a significant change in the credit quality and the balances are still considered fully recoverable.

19. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2022 RM'000	**2021 RM'000**
Trade receivables - nominal amounts	5,780	5,286
Less: Allowance for expected credit losses	(5,780)	(5,286)
	-	-

Movement in allowance accounts:

	Group	
	2022 RM'000	**2021 RM'000**
At beginning of the year	5,286	5,632
Charge for the year (Note 7)	197	-
Reversal during the year (Note 5)	-	(169)
Exchange differences	297	(177)
At end of the year	5,780	5,286

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Management conducts periodic assessment on its trade receivables balance on respective receivables. Hence, sufficient allowance for expected credit losses are provided for specific trade receivables balances. Management is of the opinion that there are no further factors that warrants the consideration of additional allowance for expected credit losses on a collective basis.

(b) Other receivables

Amount due from a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable on demand. In prior year, the Company had no intention to recall the advances from the subsidiary within the next 12 months except for an amount of RM4,500,000 which was dividend receivable from a subsidiary of the Company.

During the financial year, the amount due from a subsidiary (non-current) amounting to RM165,000,000 has been capitalised as part of the investment in subsidiary as disclosed in Note 16.

19. Trade and other receivables (cont'd)

(b) Other receivables (cont'd)

As at 30 June 2022 and 30 June 2021, no demand for repayment has been made by the Company for any of the balance due from a subsidiary. Considering the nature and terms of these balances, the Company has assessed that there are no amounts which are regarded as past due and no ageing analysis has been presented for these balances.

Further details on related party transactions are disclosed in Note 32.

<u>Other receivables that are impaired</u>

The Group's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2022	**2021**
	RM'000	**RM'000**
Other receivables - nominal amounts	268	278
Less: Allowance for expected credit losses	(268)	(278)
	-	-

Movement in allowance accounts:

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of the year	278	298
Exchange differences	(10)	(20)
At end of the year	268	278

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The currency profiles of the trade and other receivables are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	10,075	7,204	-	171,679
United States Dollar	45,076	33,674	-	-
Vietnam Dong	25,654	19,083	-	-
Thai Baht	1,652	1,296	-	-
	82,457	61,257	-	171,679

20. Inventories

	Group	
	2022	**2021**
	RM'000	**RM'000**
Cost		
Raw materials	106,979	100,606
Work-in-progress	53,634	42,516
Finished goods	92,798	67,074
	253,411	210,196
Net realisable value		
Finished goods	-	18,783
	253,411	228,979

The cost of inventories recognised as expenses in cost of sales of the Group is RM648,731,000 (2021: RM783,705,000).

21. Investment securities

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Fair value through profit or loss				
Funds placed with licensed financial institution	85,012	55,452	20,377	3,160

The currency profiles of the investment securities are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	79,786	39,328	20,377	3,160
United States Dollar	5,226	16,124	-	-
	85,012	55,452	20,377	3,160

22. Cash and bank balances

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at banks and in hand	134,223	151,442	476	13,021
Deposits with licensed banks	48,151	45,160	-	4,338
Total cash and bank balances	182,374	196,602	476	17,359

Deposits with licensed banks are made for varying periods of between 30 days to 365 days (2021: 30 days to 365 days) depending on the immediate cash requirements of the Group and of the Company, and earn interests at the rates ranging from 0.80% to 3.80% (2021: 0.07% to 4.20%) per annum.

Deposits with licensed banks of the Group of RM11,233,000 (2021: RM7,385,000) are pledged as securities for bank borrowings and guarantees as disclosed in Note 26.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Total cash and bank balances	182,374	196,602	476	17,359
Deposits pledged as securities for bank borrowings and guarantees	(11,233)	(7,385)	-	-
Deposits with licensed banks with tenure more than three months	(675)	(4,257)	-	-
	170,466	184,960	476	17,359

The currency profiles of the cash and bank balances are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	33,735	33,835	457	356
United States Dollar	117,746	111,026	19	1,177
Singapore Dollar	808	8,044	-	7,773
Vietnam Dong	27,525	35,641	-	-
Thai Baht	2,560	-	-	-
China Renminbi	-	8,056	-	8,053
	182,374	196,602	476	17,359

23. Share capital and treasury shares

	Group and Company			
	2022		2021	
	No. of shares '000	Amount RM'000	No. of shares '000	Amount RM'000
Issued and fully paid-up				
Ordinary shares				
At beginning of the year	194,363	98,433	97,208	98,433
Issuance of bonus shares	-	-	97,155	-
At end of the year	194,363	98,433	194,363	98,433
Treasury shares				
At beginning of the year	(53)	(155)	(1,958)	(5,798)
Distribution as share dividends	-	-	1,905	5,643
At end of the year	(53)	(155)	(53)	(155)
Total shares	194,310	98,278	194,310	98,278

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

24. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 30 June 2022 and 30 June 2021 under the single-tier system.

25. Foreign currency translation reserve

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of the year	68,420	77,399
Foreign currency translation, recognised in other comprehensive income/(loss)	17,268	(8,979)
At end of the year	85,688	68,420

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

26. Loans and borrowings

	Group	
	2022	**2021**
	RM'000	**RM'000**
Non-current		
Secured:		
Term loans	19,383	22,062
Unsecured:		
Debenture	6,643	-
	26,026	22,062
Current		
Secured:		
Bankers' acceptances	2,397	3,169
Revolving credit	-	2,075
Term loans	2,746	3,145
Trust receipts	98,142	99,687
	103,285	108,076
Total loans and borrowings	129,311	130,138

26. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings are as follows:

	Group	
	2022 **RM'000**	**2021** **RM'000**
On demand or within one year	103,285	108,076
More than 1 year and less than 2 years	9,392	3,155
More than 2 years and less than 5 years	8,428	8,155
5 years or more	8,206	10,752
	129,311	130,138

Term loans

The term loans are secured by the following:

(a) Fixed charges over freehold land of RM37,946,000 (2021: RM39,582,000), freehold buildings of RM12,688,000 (2021: RM24,564,000) and machineries of RM Nil (2021: RM4,584,000) of certain subsidiaries, as disclosed in Note 13 and Note 14; and

(b) A corporate guarantee from the Company.

The term loans bear interest rates of 1.14% to 3.42% (2021: 2.81% to 4.25%) per annum.

Bankers' acceptances

The weighted average effective interest rate of bankers' acceptances is 2.98% (2021: 2.91%) per annum. The bankers' acceptances are secured by short term deposits of RM6,120,000 (2021: RM2,312,000) with licensed banks of the subsidiaries, negative pledges over the assets of certain subsidiary and a corporate guarantee from the Company.

Revolving credit

Revolving credit is secured by the short term deposits of RM5,113,000 (2021: RM5,073,000) with a licensed bank of a subsidiary.

In prior year, the revolving credit bore interest rate of 0.89% per annum.

Trust receipts

The weighted average effective interest rate of trust receipts is 2.18% (2021: 1.94%) per annum. Trust receipts of the Group are guaranteed by certain subsidiaries of the Company.

Debenture

The debenture bears interest rate of 1.20% per annum.

The currency profiles of the loans and borrowings are as follows:

	Group	
	2022 **RM'000**	**2021** **RM'000**
Ringgit Malaysia	9,405	10,004
United States Dollar	119,906	118,721
Thai Baht	-	1,413
	129,311	130,138

27. Provision for severance allowance

	Group	
	2022 RM'000	2021 RM'000
At beginning of the year	231	36
Provision during the year (Note 7)	116	309
Utilised during the year	(133)	(114)
Exchange differences	13	-
At end of the year	227	231

Provision for severance allowance made for employees in a foreign subsidiary who have served more than one year in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance in Vietnam.

28. Lease liabilities

(a) Lease liabilities

	Group	
	2022 RM'000	2021 RM'000
At beginning of the year	5,717	6,852
Accretion of interest (Note 6)	129	150
Payments	(1,030)	(1,072)
Exchange differences	317	(213)
At end of the year	5,133	5,717

Lease liabilities are analysed as follows:

	Group	
	2022 RM'000	2021 RM'000
Current	158	883
Non-current	4,975	4,834
	5,133	5,717

28. Lease liabilities (cont'd)

(a) Lease liabilities (cont'd)

Lease liabilities are calculated using discount rate of 2.75% (2021: 2.75%).

The following are recognised in profit or loss in respect of leases:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Depreciation of right-of-use assets (Note 7)	1,871	1,838
Interest expense on lease liabilities (Note 6)	129	150

(b) Lease payments not recognised as a liability

The expenses relating to payments not included in the measurement of the lease liabilities during the financial year is as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Expenses relating to short-term leases and leases of low-value assets	356	414

As at the reporting date, the Group was committed to short-term leases amounted RM24,762 (2021: RM22,478).

29. Retirement benefit obligation

The Group operates an unfunded defined benefit plan for eligible employees according to the labour law of Thailand. The level of benefits provided depends on members' length of the service, their current salary and the probability that employees will work until retirement ages of 55.

(a) The amounts recognised in the statements of financial position is as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Retirement benefit obligation	287	224

(b) Movement in retirement benefit obligation is as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of the year	224	202
Current service cost (Note 8)	72	36
Exchange differences	(9)	(14)
At end of the year	287	224

30. Derivatives

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's bank balance denominated in United States Dollar ("USD") for which Group's commitments existed at the reporting date, extending to March 2023 (2021: February 2022 and March 2022). The fair value changes are attributable to changes in foreign exchange closing and forward rate.

In previous financial year, the Group has an interest rate swap agreement in place which was used to hedge cash flow interest rate risk arising from a floating rate bank loan amounted to RM856,000. This interest rate swap received floating interest equal to USD loan at Effective Cost Of Funds + 1.75% per annum, paid a fixed rate of interest of 3.31% per annum and has the same maturity terms as the bank loan.

The notional amount, fair values and maturity tenure of the outstanding forward currency contracts and interest rate swap as at 30 June 2022 and 30 June 2021 are disclosed as follows:

	Group					
	2022			2021		
	Contract/ Notional amount RM'000	Liabilities RM'000	Fair value (loss) RM'000 (Note 7)	Contract/ Notional amount RM'000	Liabilities RM'000	Fair value gain RM'000 (Note 5)
Non-hedging derivatives:						
Non-current						
Forward currency contracts	-	-	-	-	-	762
Current						
Forward currency contracts	15,872	407	(280)	38,137	127	261
Interest rate swap	-	-	-	-	-	2
	15,872	407	(280)	38,137	127	263
Total derivatives	15,872	407	(280)	38,137	127	1,025

Forward currency contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

The fair value hierarchy of derivative financial liabilities is disclosed in Note 34.

31. Trade and other payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables				
Third parties	92,956	87,650	-	-
Other payables				
Sundry payables	14,407	16,153	6	-
Accruals	9,628	7,843	100	94
Sales and services tax	98	18	-	-
	24,133	24,014	106	94
Total trade and other payables	117,089	111,664	106	94

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 7 to 90 days (2021: 7 to 90 days) terms.

(b) Other payables

Sundry payables are non-interest bearing and are normally settled on an average term of 30 days (2021: average term of 30 days).

The currency profiles of the trade and other payables are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	12,030	12,698	106	94
United States Dollar	12,237	16,352	-	-
Vietnam Dong	90,321	80,604	-	-
Thai Baht	2,501	2,010	-	-
	117,089	111,664	106	94

32. Related party disclosures

(a) Significant related party transaction

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and the related parties took place at terms agreed between the parties during the financial year:

	Company	
	2022 RM'000	2021 RM'000
Dividend income from subsidiaries (Note 4)	1,500	15,000

Information regarding outstanding balances arising from related party transactions is disclosed in Note 19.

(b) Compensation of key management personnel

The remuneration of key management personnel during the year were as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and other emoluments	6,770	6,909	278	286
Defined contribution plan	177	182	-	-
	6,947	7,091	278	286

Included in the remuneration of key management personnel are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors' remuneration (Note 9)	2,275	2,154	278	286

33. Capital commitments

At the reporting date, the capital commitment is as follows:

	Group	
	2022 RM'000	2021 RM'000
Approved and contracted for:		
Property, plant and equipment	8,250	9,341

34. Fair value of financial instruments

A. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	19
Cash and bank balances	22
Loans and borrowings	26
Trade and other payables	31
Lease liabilities	28

The carrying amounts of these current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of receivables which are based on principal amounts outstanding representing approximately the cash flow receivables discounted at their effective yield, closely approximate their fair values.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

B. Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The following table shows an analysis of the asset and liability carried at fair value by level of fair value hierarchy:

	Note	Significant observable inputs (Level 1) 2022 RM'000	2021 RM'000
Group			
Financial asset:			
Investment securities	21	85,012	55,452
Company			
Financial asset:			
Investment securities	21	20,377	3,160

34. Fair value of financial instruments (cont'd)

B. Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy (cont'd)

The following table shows an analysis of the asset and liability carried at fair value by level of fair value hierarchy: (cont'd)

	Note	Significant observable inputs (Level 2) 2022 RM'000	2021 RM'000
Group			
Financial liability:			
Derivatives	30	407	127

C. Assets not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's asset not measured at fair value but for which fair value is disclosed:

	Note	Significant observable inputs (Level 3) 2022 RM'000	2021 RM'000
Group			
Non-current asset:			
Investment properties	14	70,221	85,045

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and Management. The Audit Committee provides independent oversight on the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

35. Financial risk management objectives and policies (cont'd)

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Trade receivables are monitored on an ongoing basis via the Group's management reports.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The management of the Group monitors the cash flows and funding requirements of the Company and its subsidiaries on a Group-wide basis. This includes determining the timing and quantum of the repayment of amounts due from and due to subsidiaries and related companies of the Company when required.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and coverage by deposit receivable). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Any receivables having significant balances past due more than 90 days, which are deemed to have higher default risk, are monitored individually.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.

- A nominal amount of RM122,668,000 (2021: RM130,138,000) relating to corporate guarantees provided by the Company to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 26.

35. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2022		2021	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	8,755	15%	6,068	14%
United States	45,333	79%	35,074	81%
Thailand	775	1%	1,165	3%
Others	2,475	5%	919	2%
	57,338	100%	43,226	100%

At the reporting date, approximately 50% (2021: 41%) of the trade receivables were due from 3 major overseas customers (2021: 3 major overseas customers).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. 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 and the Company 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.

The Group's and the Company's overall liquidity risk management are to maintain sufficient levels of cash or cash convertible investments to meet the working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company are able to raise fundings from shareholders, capital markets and financial institutions and balance their portfolios with some short and long term fundings so as to achieve overall cost effectiveness.

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
2022				
Financial assets				
Trade and other receivables, excluding import duty and other indirect taxes	63,769	-	-	63,769
Investment securities	85,012	-	-	85,012
Cash and bank balances	182,374	-	-	182,374
Total undiscounted financial assets	331,155	-	-	331,155
Financial liabilities				
Trade and other payables, excluding sales and services tax	116,991	-	-	116,991
Loans and borrowings	104,053	18,938	8,416	131,407
Lease liabilities	282	1,127	5,364	6,773
Derivatives	407	-	-	407
Total undiscounted financial liabilities	221,733	20,065	13,780	255,578
Total net undiscounted financial assets/(liabilities)	109,422	(20,065)	(13,780)	75,577

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations: (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
2022				
Financial assets				
Investment securities	20,377	-	-	20,377
Cash and bank balances	476	-	-	476
Total undiscounted financial assets	20,853	-	-	20,853
Financial liability				
Trade and other payables, representing total undiscounted financial liability	106	-	-	106
Total net undiscounted financial assets	20,747	-	-	20,747
Group				
2021				
Financial assets				
Trade and other receivables, excluding import duty and other indirect taxes	50,588	-	-	50,588
Investment securities	55,452	-	-	55,452
Cash and bank balances	196,602	-	-	196,602
Total undiscounted financial assets	302,642	-	-	302,642

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations: (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group (cont'd)				
2021				
Financial liabilities				
Trade and other payables, excluding sales and services tax	111,646	-	-	111,646
Loans and borrowings	109,302	12,496	11,155	132,953
Lease liabilities	1,009	1,061	5,318	7,388
Derivatives	127	-	-	127
Total undiscounted financial liabilities	222,084	13,557	16,473	252,114
Total net undiscounted financial assets/(liabilities)	80,558	(13,557)	(16,473)	50,528
Company				
2021				
Financial assets				
Trade and other receivables	4,500	167,179	-	171,679
Investment securities	3,160	-	-	3,160
Cash and bank balances	17,359	-	-	17,359
Total undiscounted financial assets	25,019	167,179	-	192,198
Financial liability				
Trade and other payables, representing total undiscounted financial liability	94	-	-	94
Total net undiscounted financial assets	24,925	167,179	-	192,104

At the reporting date, the financial guarantee contract provided by the Company is RM122,668,000 (2021: RM130,138,000). The counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of MFRS 9 are not included in the above maturity profile analysis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

35. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from its loans and borrowings. Loans and borrowings at floating rates expose the Group and the Company to cash flow interest rate risk.

Sensitivity analysis for interest rate risk

During the financial year, if interest rates had been 10% lower/higher, with all other variables held constant, the Group's profit for the year would have been RM205,000 (2021: RM220,000) higher/ lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

There is no impact on the equity/other comprehensive income of the Group and the Company arising from any reasonable possible change in the interest rates as at 30 June 2022 and 30 June 2021.

(d) 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 has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the functional currencies of the companies within the Group. The foreign currencies in which these transactions are denominated are mainly Vietnam Dong ("VND"), United States Dollar ("USD"), Thai Baht ("THB"), Singapore Dollar ("SGD") and China Renminbi ("CNY").

	Note	VND RM'000	USD RM'000	THB RM'000	SGD RM'000	CNY RM'000
30 June 2022						
Trade and other receivables	19	25,654	45,076	1,652	-	-
Investment securities	21	-	5,226	-	-	-
Cash and bank balances	22	27,525	117,746	2,560	808	-
Trade and other payables	31	90,321	12,237	2,501	-	-
30 June 2021						
Trade and other receivables	19	19,083	33,674	1,296	-	-
Investment securities	21	-	16,124	-	-	-
Cash and bank balances	22	35,641	111,026	-	8,044	8,056
Trade and other payables	31	80,604	16,352	2,010	-	-

The following table demonstrates the sensitivity of the Group's profit for the year to a reasonably possible change in VND, USD, THB, SGD and CNY exchange rates against the functional currency of the respective companies within the Group with all other variables held constant.

35. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

	Profit for the year				
	VND RM'000	USD RM'000	THB RM'000	SGD RM'000	CNY RM'000
30 June 2022					
- strengthened 10%	(2,823)	2,729	357	61	-
- weakened 10%	2,823	(2,729)	(357)	(61)	-
30 June 2021					
- strengthened 10%	(1,967)	732	(162)	611	612
- weakened 10%	1,967	(732)	162	(611)	(612)

There is no impact expected on the equity/other comprehensive income of the Group and the Company arising from any reasonable possible change in the foreign exchange rates as at 30 June 2022 and 30 June 2021.

36. Categories of financial instruments

Financial assets and financial liabilities are measured either at fair value through profit or loss or at amortised cost. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Note	At amortised cost RM'000	At fair value through profit or loss RM'000
Group			
Financial assets			
At 30 June 2022			
Trade and other receivables, excluding import duty and other indirect taxes	19	63,769	-
Investment securities	21	-	85,012
Cash and bank balances	22	182,374	-
		246,143	85,012
At 30 June 2021			
Trade and other receivables, excluding import duty and other indirect taxes	19	50,588	-
Investment securities	21	-	55,452
Cash and bank balances	22	196,602	-
		247,190	55,452

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

36. Categories of financial instruments (cont'd)

	Note	At amortised cost RM'000	At fair value through profit or loss RM'000
Group (cont'd)			
Financial liabilities			
At 30 June 2022			
Trade and other payables, excluding sales and services tax	31	116,991	-
Lease liabilities	28	5,133	-
Loans and borrowings	26	129,311	-
Derivatives	30	-	407
		251,435	407
At 30 June 2021			
Trade and other payables, excluding sales and services tax	31	111,646	-
Lease liabilities	28	5,717	-
Loans and borrowings	26	130,138	-
Derivatives	30	-	127
		247,501	127
Company			
Financial assets			
At 30 June 2022			
Investment securities	21	-	20,377
Cash and bank balances	22	476	-
		476	20,377
At 30 June 2021			
Trade and other receivables	19	171,679	-
Investment securities	21	-	3,160
Cash and bank balances	22	17,359	-
		189,038	3,160
Financial liability			
At 30 June 2022			
Trade and other payables	31	106	-
At 30 June 2021			
Trade and other payables	31	94	-

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2022 and 2021.

The Group monitors capital using a gearing ratio, which is net cash divided by total capital plus net cash. The Group's policy is to keep the gearing ratio at a reasonable level. The Group includes within net cash, loans and borrowings, less cash and bank balances.

	Note	Group 2022 RM'000	Group 2021 RM'000
Loans and borrowings	26	129,311	130,138
Less: Cash and bank balances	22	(182,374)	(196,602)
Net cash		(53,063)	(66,464)
Equity attributable to owners of the parent, represents total capital		655,260	610,240
Total capital and net cash		602,197	543,776
Gearing ratio		N/A *	N/A *

* N/A = not applicable

38. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Manufacturing
(ii) Rental of investment properties
(iii) Investment holding

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

38. Segment information (cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transactions between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Manufacturing RM'000	Rental of investment properties RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Note	Consolidated financial statements RM'000
30 June 2022						
Revenue:						
External	753,108	1,460	1,756	-		756,324
Inter-segment	-	-	9,914	(9,914)	A	-
Total revenue	753,108	1,460	11,670	(9,914)		756,324
Results:						
Interest income	1,086	3	534	-		1,623
Depreciation	19,593	297	313	(947)		19,256
Other non-cash net expenses/(income)	1,697	747	(53)	589	B	2,980
Segment profit before tax	50,864	(433)	8,276	(9,895)	C	48,812
Assets:						
Additions to property, plant and equipment	6,437	-	-	-	D	6,437
Additions to investment properties	15	-	-	-	D	15
Segment assets	820,021	53,458	496,042	(422,550)	E	946,971
Liabilities:						
Segment liabilities	224,515	22,437	370	5,132	F	252,454

38. Segment information (cont'd)

	Manufacturing RM'000	Rental of investment properties RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Note	Consolidated financial statements RM'000
30 June 2021						
Revenue:						
External	907,983	1,270	2,690	-		911,943
Inter-segment	-	-	14,171	(14,171)	A	-
Total revenue	907,983	1,270	16,861	(14,171)		911,943
Results:						
Interest income	1,060	1	647	-		1,708
Depreciation	19,924	297	305	(866)		19,660
Other non-cash net expenses/(income)	2,658	(81)	(965)	50	B	1,662
Segment profit before tax	71,466	80	14,260	(14,222)	C	71,584
Assets:						
Additions to property, plant and equipment	22,079	-	-	-	D	22,079
Segment assets	763,103	58,710	326,415	(256,734)	E	891,494
Liabilities:						
Segment liabilities	217,747	24,103	297	5,954	F	248,101

38. Segment information (cont'd)

Notes: Nature of consolidation adjustments to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenue are eliminated on consolidation.

B Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	Note	2022 RM'000	2021 RM'000
Net unrealised loss on foreign exchange	7	1,565	982
Net fair value loss on investment securities	7	1,220	214
Net fair value loss/(gain) on derivatives	5,7	280	(1,025)
Loss/(Gain) on disposal of property, plant and equipment	5,7	10	(122)
Gain on termination of right-of-use assets	5	(639)	(602)
Allowance for expected credit losses on trade receivables	7	197	-
Reversal of allowance for expected credit losses on trade receivables	5	-	(169)
Property, plant and equipment written off	7	-	57
Provision for severance allowance	7	116	309
Inventories written down	7	159	1,982
Retirement benefit expenses	8	72	36
		2,980	1,662

C The following items are (deducted from)/added to segment profit to arrive at "profit before tax" presented in the consolidated statement of comprehensive income:

	2022 RM'000	2021 RM'000
Revenue from inter-segment	(9,914)	(14,171)
Cost of sales from inter-segment	(617)	(606)
Other income from inter-segment	(4,072)	(1,911)
Other expenses from inter-segment	4,708	2,466
	(9,895)	(14,222)

D Additions to non-current assets consist of:

	2022 RM'000	2021 RM'000
Property, plant and equipment	6,437	22,079
Investment properties	15	-
	6,452	22,079

38. Segment information (cont'd)

Notes: Nature of consolidation adjustments to arrive at amounts reported in the consolidated financial statements. (cont'd)

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2022 RM'000	2021 RM'000
Tax recoverable and deferred tax assets	1,228	2,061

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2022 RM'000	2021 RM'000
Tax payable and deferred tax liabilities	40,485	35,214

Geographical information

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

	Revenue		Non-current assets	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	154,349	159,194	136,842	142,492
Vietnam	584,185	736,885	181,206	180,079
Thailand	17,790	15,864	21,477	22,817
	756,324	911,943	339,525	345,388

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2022 RM'000	2021 RM'000
Property, plant and equipment	255,520	251,235
Investment properties	51,233	59,562
Right-of-use assets	32,691	34,510
Other investments	81	81
	339,525	345,388

Information about major customers

Revenue from major customers amounting to RM424,273,000 (2021: RM483,678,000), arising from sales by the top 5 major customers (2021: top 5 major customers) which accounted for 56% (2021: 53%) of the total revenue of the Group.

39. Employees' Share Scheme ("ESS")

At an Extraordinary General Meeting held on 26 February 2021, shareholders approved the establishment and implementation of an Employees' Share Scheme ("ESS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company to eligible senior executives and employees respectively.

The ESS entails the granting to eligible directors (including non-executive directors but shall not include alternate and/or substitute directors) and/or eligible employees of the Group the following awards:

(a) the right to receive new and/or existing shares at specified dates ("ESS Shares"); and/or

(b) ESS options which entitle the selected person the right to exercise and receive shares at specified dates at pre-determined prices ("ESS Options").

The aggregate number of awards that may be allocated to a selected person shall be subject to the following:

(a) the directors (including non-executive directors but shall not include alternate and/or substitute directors) and senior management do not participate in the deliberation and discussion of their own allocation and/or allocation to persons connected to them;

(b) no allocation of more than 80% of the total awards will be made in aggregate to the directors and/or senior management of the Group;

(c) no allocation of more than 10% of the total awards will be made to each of the director; and

(d) no allocation of more than 10% of the total awards will be made to any selected persons who, either singly or collectively through persons connected to them, hold 20% or more of the total number of issued shares of the Company (excluding treasury shares if any).

The other salient terms of the ESS are as follows:

(a) The total number of shares to be offered under the ESS shall not exceed 10% of the issued shares (excluding treasury shares) of the Company at any point of time during the duration of the ESS.

(b) The ESS shall continue to be in force for a period of 5 years from the effective date provided always that on or before the expiry thereof, the Board shall have the discretion upon the recommendation of the ESS Committee, to extend in writing the tenure of the ESS for another 5 years or such shorter period as it deems fit immediately from the expiry of the first 5 years. The ESS shall continue to be in force commencing on the date which the last of the approvals and/or conditions stipulated in the By-Laws have been obtained and/or complied with, or such longer period as may be allowed by the relevant authorities.

39. Employees' Share Scheme ("ESS") (cont'd)

The other salient terms of the ESS are as follows: (cont'd)

(c) Subject to the determination and sole discretion of the ESS Committee and in accordance with the terms of the By-Laws, any director (including non-executive directors but shall not include alternate and/or substitute directors) or employee of the companies within the Group which are not dormant, and such employee may include persons connected to a director or major shareholder who meet the following criteria at the offer date shall be eligible for consideration and selection as a selected person by the ESS Committee (as the case maybe):

(i) if he has attained the age of 18 years and is not an undischarged bankrupt;

(ii) if he is employed on a full-time basis and is on the payroll of any corporation (not being dormant) in the Group and has not served a notice to resign or received a notice of termination;

(iii) if his employment has been confirmed in writing prior to the offer date and is not under probationary period;

(iv) if he is a director, chief executive officer, major shareholder of the Company and/or an employee who is person connected with them, the specific allocation of awards granted by the Company under the ESS to him in his capacity as a director, chief executive officer, major shareholder of the Company and/or a person connected with them has been approved by the shareholders of the Company at a general meeting;

(v) if he is serving in a specific designation under an employment contract for a fixed duration excluding those who are employed for a specific project or on short-term contract or any other employees under contract as may be determined by the ESS Committee;

(vi) if he is not participating or entitled to participate in any other ESS or incentive scheme implemented by any other corporation which is in force for the time being provided that he may be eligible for consideration notwithstanding his participation or entitlement to participate if the ESS Committee shall so determine; and/or

(vii) if he fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time.

During the previous and current financial years, there were no shares or share options granted pursuant to the ESS.

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

AS AT 30 JUNE 2022

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq ft)	Net Book Value (RM'000)	Date of Revaluation (R) / Acquisition (A)
Lot 3356, Batu 7 ¾, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Industrial land with 2 blocks of factory building and 1 two-storey office building	Freehold	N/A	29	167,433	8,031	25 September 2002 (R)
Lot 3358, Batu 7 ¾, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Industrial land with a 3 storey office building and 1 block of factory building	Freehold	N/A	22	168,800	10,007	27 January 2010 (A)
Lot 3360, Batu 7 ¾, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Industrial land with 1 block of factory building	Freehold	N/A	24	171,518	7,489	19 March 2003 (A)
Lot 6147, Kawasan Perindustrian Ajil, Fasa 2, Batu 21, Jalan Ajil, Kuala Berang, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Industrial land with 9 blocks of factory building and 1 single-storey office building	Leasehold	2059	24	674,879	8,956	3 August 1999 (A)
Lot 5803, Kawasan Perindustrian Ajil, Fasa 2, Batu 21, Jalan Ajil, Kuala Berang, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Industrial land with 5 blocks of factory building	Leasehold	2058	22	671,345	12,250	30 May 2000 (A)
Lot 6686, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Vacant industrial land	Leasehold	2064	N/A	143,784	139	15 October 2003 (A)
PT 64526, Batu 8, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Industrial land with 3 blocks of factory building and 1 two-storey office building	Freehold	N/A	19/30	332,939	19,455	2 May 2001 (R)
H.S 270, PT No. 5920, Batu 8 ½, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Agricultural land with 1 block of warehouse building	Leasehold	2071	28	103,727	367	14 April 2003 (A)
H.S.(M) 35437, PT 56964, Batu 8, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Workers' quarters	Freehold	N/A	15	59,890	2,070	18 December 2006 (A)
Title Deed No. 18571, 18572, 19359, 19942 and 19943, Moo 1, Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Industrial land with 3 blocks of factory buildings and 4 blocks of workers' quarters	Freehold	N/A	16	869,024	11,018	21 January 2005 (A)

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES
AS AT 30 JUNE 2022 (CONT'D)

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq ft)	Net Book Value (RM'000)	Date of Revaluation (R) / Acquisition (A)
Title Deed No. 18604, Moo 1, Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Vacant land	Freehold	N/A	N/A	333,860	510	21 January 2005 (A)
Title Deed No. 17617 and 42908, Moo 1, Tung Mo Subdistrict, Sadao District, Songkhla Province, Thailand	Vacant land	Freehold	N/A	N/A	322,401	699	16 February 2017 (A)
No. 29, Road DT 743, Song Than Industrial Zone II, Di An District, Binh Duong Province, Vietnam	Industrial land with 5 blocks of factory building, 1 office building and 2 blocks of workers' quarters	Leasehold	2045	21	637,869	19,221	February 2001 (A)
Lot L, Road 27, Song Than Industrial Zone II, Di An District, Binh Duong Province, Vietnam	Industrial land with 1 block of warehouse building	Leasehold	2045	22	140,243	3,889	March 2006 (A)
Lot N, Road 26, Song Than Industrial Zone II, Di An District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building	Leasehold	2030	21	111,008	5,035	September 2010 (A)
Lot 241, 242, 249, 250 and 251, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building and 1 block of warehouse building	Leasehold	2052	17	780,082	21,028	May 2002 (A)
Lot 231 and 240, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 2 blocks of factory building and 2 blocks of warehouse building	Leasehold	2052	15	1,011,043	18,904	May 2002 (A)
Lot 77, 232, 243 and 244, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 3 blocks of factory building and 1 block of office building	Leasehold	2052	14	1,035,962	18,780	May 2002 (A)
Lot 299, Lai Uyen Commune, Ben Cat District, Binh Duong Province, Vietnam	Industrial land with 2 blocks of factory building and 2 blocks of workers' quarters	Leasehold	2052	15	1,116,670	27,877	November 2006 (A)

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES
AS AT 30 JUNE 2022 (CONT'D)

Location	Description	Tenure	Year Lease Expiring	Age of Building (years)	Site Area (sq ft)	Net Book Value (RM'000)	Date of Revaluation (R) / Acquisition (A)
Lot A_15B_CN, Bau Bang Industrial Park, Lai Uyen Town, Bau Bang District, Binh Duong Province, Vietnam	Vacant land	Leasehold	2057	N/A	475,690	10,961	Feb 2020 (A)
Lot 765, Jalan Haji Sirat, off Jalan Meru, 42100 Klang, Selangor Darul Ehsan, Malaysia	Industrial land with a 3 storey office building and 1 block of factory building	Freehold	N/A	28	190,757	20,049	8 October 2014 (A)
Lot 6102, Jalan Haji Abdul Manan, Kawasan Perindustrian Meru Selatan, 41050 Klang, Selangor Darul Ehsan, Malaysia	Vacant industrial land	Freehold	N/A	N/A	435,605	30,585	25 November 2019 (A)
PT 10549, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Industrial land with 1 block of factory building	Leasehold	2074	5	175,226	4,892	13 July 2014 (A)
PT 10550, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Industrial land with 1 block of factory building	Leasehold	2074	5	199,100	4,708	13 July 2014 (A)
PT 10551, Kawasan Perindustrian Ajil, Mukim Tanggul, 21800 Hulu Terengganu, Terengganu Darul Iman, Malaysia	Vacant industrial land	Leasehold	2074	N/A	137,014	168	13 July 2014 (A)

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2022

Total Number of Issued Shares	:	194,362,500 (including shares held as Treasury Shares)
Treasury Shares	:	52,500 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	337	12.44	12,552	0.01
100 - 1,000	360	13.29	160,017	0.08
1,001 - 10,000	1,410	52.05	5,988,535	3.08
10,001 - 100,000	536	19.79	13,250,406	6.82
100,001 - 9,715,499	60	2.21	59,660,276	30.70
9,715,500 (5% of Issued Shares) and above	6	0.22	115,238,214	59.31
TOTAL	**2,709**	**100.00**	**194,310,000**	**100.00**

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 30 SEPTEMBER 2022

	Name of Shareholders/Depositors	No. of Shares	%
1.	LIN CHEN, JUI-FEN	31,058,800	15.98
2.	KONSORTIUM KONTREK SDN. BHD.	29,804,400	15.34
3.	LIN CHEN, JUI-FEN	18,445,326	9.49
4.	HSBC NOMINEES (ASING) SDN. BHD. QUINTET LUXEMBOURG FOR SAMARANG UCITS - SAMARANG ASIAN PROSPERITY	14,101,688	7.26
5.	LIN, CHIN-HUNG	11,628,000	5.98
6.	LIN, CHENG-HUNG	10,200,000	5.25
7.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EONPLUS INDUSTRY SDN. BHD.	9,714,786	5.00
8.	KENANGA NOMINEES (ASING) SDN. BHD. LIU, HSU-CHOU	8,126,360	4.18
9.	CHEN, CHIU-CHIN	8,081,456	4.16
10.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LI, YI-PING	4,815,828	2.48
11.	KENANGA NOMINEES (ASING) SDN. BHD. LIU, CHIA-HSING	3,174,560	1.63
12.	LIM PEI TIAM @ LIAM AHAT KIAT	2,792,760	1.44
13.	HO SUE BIA	2,361,242	1.22
14.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	1,916,300	0.99
15.	LIN, SHIN-NI	1,848,148	0.95
16.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIN, CHIN-HUNG	1,672,800	0.86
17.	TAN JIAN JONG	1,644,584	0.85
18.	LIU, CHIA-HSING	1,313,760	0.68
19.	LIU, HSU-CHOU	1,144,440	0.59
20.	MAYBANK NOMINEES (ASING) SDN. BHD. NOMURA SINGAPORE LIMITED FOR YONG HENG CHOE	1,068,900	0.55

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2022 (CONT'D)

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 30 SEPTEMBER 2022 (CONT'D)

	Name of Shareholders/Depositors	No. of Shares	%
21.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR LIM CHIN SOON	872,000	0.45
22.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PHILLIP SECURITIES PTE LTD FOR TOH ONG TIAM	722,200	0.37
23.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM	458,184	0.24
24.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITES ACCOUNT FOR YONG LOY HUAT	408,000	0.21
25.	THONG THYE SIANG SDN. BHD.	396,780	0.20
26.	TEE KIAM HENG	387,600	0.20
27.	TEE KIAM HENG	367,200	0.19
28.	WONG CHONG HAI	318,080	0.16
29.	LOH KOK WAI	272,504	0.14
30.	CHING SOON YEW	250,000	0.13
	TOTAL	**169,366,686**	**87.16**

LIST OF SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %
Lin Chen, Jui-Fen	49,678,036	25.57	-	-
Lin, Chin-Hung	13,300,800	6.85	-	-
Lin, Cheng-Hung	10,200,000	5.25	-	-
Konsortium Kontrek Sdn. Bhd.	29,804,400	15.34	-	-
Samarang UCITS – Samarang Asian Prosperity	14,101,688	7.26	-	-
Yek Siew Liong	-	-	29,804,400[(1)]	15.34

Note:

[(1)] Deemed interested by virtue of Section 8(4)(c) of the Companies Act 2016, held through Konsortium Kontrek Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %
Lin Chen, Jui-Fen	49,678,036	25.57	-	-
Lin, Chin-Hung	13,300,800	6.85	-	-
Dato' Dr Norraesah Binti Haji Mohamad	-	-	-	-
Toh Seng Thong	-	-	-	-
Yek Siew Liong	-	-	29,804,400[(1)]	15.34
Sandra Segaran A/L Muniandy @ Krishnan	-	-	-	-

Note:

[(1)] Deemed interested by virtue of Section 8(4)(c) of the Companies Act 2016, held through Konsortium Kontrek Sdn. Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth ("28th") Annual General Meeting ("AGM") of the Company will be held at Glenmarie Hotel & Golf Resort, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, Malaysia on Tuesday, 29 November 2022 at 12.00 noon to transact the following business:

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note A)

2. To approve a final single-tier dividend of 5.0 sen per ordinary share for the financial year ended 30 June 2022. **Resolution 1** (Please refer to Explanatory Note B)

3. To approve the payment of Directors' fees and Directors' benefits up to RM362,000.00 for the period from 30 November 2022 until the next Annual General Meeting of the Company payable quarterly in arrears. **Resolution 2** (Please refer to Explanatory Note C)

4. To re-elect the following Directors, who retire in accordance with Clause 96 of the Constitution of the Company and being eligible offer themselves for re-election:

   (a) Lin Chen, Jui-Fen **Resolution 3**
   (b) Yek Siew Liong **Resolution 4**
   (Please refer to Explanatory Note D)

5. To re-elect Sandra Segaran A/L Muniandy @ Krishnan who retires in accordance with Clause 103 of the Constitution of the Company and being eligible offer himself for re-election. **Resolution 5** (Please refer to Explanatory Note D)

6. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6** (Please refer to Explanatory Note E)

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

7. **ORDINARY RESOLUTION**
   PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

   Resolution 7 (Please refer to Explanatory Note F)

   "THAT subject to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise the maximum amount of funds available in the Company which shall not exceed the Company's aggregate retained earnings to purchase such amount of shares in the Company ("Proposed Renewal of Share Buy-Back Authority") 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 and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company;

THAT an amount not exceeding the Company's retained earnings account be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either cancel and/or retain the shares so purchased as treasury shares (in accordance with Section 127 of the Act);

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:

(a) the conclusion of the next AGM of the Company following the 28th AGM, at which such resolution was passed, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

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

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

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, 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 Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority."

8. **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF AUTHORITY UNDER SECTION 76 OF THE COMPANIES ACT 2016 ("THE ACT") FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES

"THAT, pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury share, if any) of the Company for the time being, subject always to the approval of all relevant Regulatory Authorities being obtained for such allotment and issuance."

Resolution 8
(Please refer to Explanatory Note G)

BY ORDER OF THE BOARD
YEOH JOE SON (MIA 9238)
(SSM PC No.: 202008004222)
TAI YIT CHAN (MAICSA 7009143)
(SSM PC No.: 202008001023)
Company Secretaries

Selangor Darul Ehsan
Dated: 28 October 2022

NOTES:

(1) A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the meeting is entitled to appoint a maximum of two (2) proxies to attend, participate, speak and vote on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.

(2) Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

(3) Where a member of the Company is an exempt authorised nominee which holds 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.

(4) The Proxy Form shall be signed by the appointer or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.

(5) The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Company's Share Registrar office at Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.

(6) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 22 November 2022 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

(7) **Explanatory Note A**

This item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval from shareholders of the Company and hence, Agenda 1 is not put forward for voting.

(8) **Explanatory Note B**

The Board had on 30 August 2022 proposed a final single-tier dividend of 5.0 sen per ordinary share for the financial year ended 30 June 2022, subject to the shareholders' approval at the forthcoming 28th AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(9) **Explanatory Note C**

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The Proposed Resolution 2 is to facilitate the payment of Directors' fees and Directors' benefits for the period from 30 November 2022 up to the date of the next AGM, calculated based on the current board size and the number of scheduled Board and Board Committees meetings for the period commencing from the date immediately after this AGM. In the event the Directors' fees and Directors' benefits proposed are insufficient (due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall. The Directors' benefits comprised of meeting allowances.

(10) **Explanatory Note D**

Mr Sandra Segaran A/L Muniandy @ Krishnan, who retires in accordance with Clause 103 of the Constitution of the Company ("Constitution"), as well as Madam Lin Chen, Jui-Fen and Mr Yek Siew Liong, who retire in accordance with Clause 96 of the Constitution, are eligible for re-election and hence, they have offered themselves for re-election at the 28th AGM.

Each of the Directors standing for re-election had undergone a performance evaluation and had provided his/her annual declaration on his/her fitness and propriety to continue acting as Directors of the Company in accordance with the Fit and Proper Policy of the Group, as well as the confirmation of their independence (as the case may be).

Upon the Nomination Committee's ("NC") assessment, the performance and suitability of each of the retiring Directors was found to be satisfactory and that each of the retiring Directors had demonstrated his/her commitment to the role and continues to be an effective and valuable member of the Board.

Based on the above premise, the NC had recommended for the retiring Directors to be re-elected at the 28th AGM and the Board had endorsed NC's recommendations. The retiring Directors had abstained from deliberations and decisions on their re-election at the NC and Board meetings.

The detailed profile of each retiring Director, including their career history, competencies and experience can be found on pages 13 to 15 of the Annual Report 2022.

(11) **Explanatory Note E**

The Audit Committee ("AC") and the Board have considered the re-appointment of Ernst & Young PLT ("EY") as Auditors of the Company following the annual assessment of the suitability and independence of the Auditors and collectively agreed that EY have met the relevant criteria prescribed by Paragraph 15.21 of the MMLR of Bursa Securities.

(12) **Explanatory Note F**

Ordinary Resolution 7 is to seek the renewal of the share buy-back authority granted by the shareholders to the Company at the Twenty-Seventh ("27th") AGM of the Company held on 15 December 2021, which will lapse at the conclusion of the 28th AGM to be held on 29 November 2022. The resolution, if passed, will authorise the Company to make market purchases of its own shares as permitted by the Act.

If the share buy-back authority is renewed at the 28th AGM, the Board will be allowed to purchase up to ten percent (10%) of the Company's total number of issued shares, should market conditions and price justify such purchase(s). The Board intends to make such purchase(s) under the share buy-back authority if doing so could lead to an increase in the net assets value per share held by the remaining shareholders and the purchase(s) are in the best interests of the Company in general, having due regard to appropriate gearing levels, alternative investment opportunities and the overall financial position of the Company.

Any purchase of shares of the Company would be by means of market purchases through Bursa Securities. Shares purchased under the share buy-back authority may either be cancelled or held as treasury shares by the Company. Such treasury shares may subsequently be cancelled, or resold for cash, or distributed as dividends or be dealt with by the Directors in the manners allowed by the Act.

As at 30 September 2022, the Company had bought back 52,500 shares at an average price of RM2.96 per share, all of which are currently being held as treasury shares.

(13) **Explanatory Note G**

The Company had, during its 27th AGM held on 15 December 2021, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of the notice, the Company did not issue any shares pursuant to this mandate obtained.

Subject to Section 85 of the Act, Ordinary Resolution 8 is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares (excluding treasury shares, if any) of the Company for such purpose as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s) and/or working capital.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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RHONG KHEN INTERNATIONAL BERHAD (FORMERLY KNOWN AS LATITUDE TREE HOLDINGS BERHAD)
[Registration No.: 199401017151 (302829-W)]

PROXY FORM

I/We, ______________________________ NRIC No./Passport No./Company No.______________________________
______________________________ of ______________________________
______________________________ and telephone no. ______________________________
email address ______________________________

being a member/members of RHONG KHEN INTERNATIONAL BERHAD (FORMERLY KNOWN AS LATITUDE TREE HOLDINGS BERHAD) (the "**Company**"), hereby appoint:

Full Name:	**NRIC/Passport No.:**	**Proportion of shareholding to be represented by the proxy/proxies:**	
		No. of Shares	**%**
Address:			
Tel. No.:			
Email Address:			
*And/or (delete as appropriate)			
Full Name:	**NRIC/Passport No.:**	**Proportion of shareholding to be represented by the proxy/proxies:**	
		No. of Shares	**%**
Address:			
Tel. No.:			
Email Address:			
*And/or (delete as appropriate)			

*failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us, and on my/our behalf at the Twenty-Eighth ("28th") Annual General Meeting ("AGM") of the Company, will be held at Glenmarie Hotel & Golf Resort, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, Malaysia on Tuesday, 29 November 2022 at 12.00 noon or any adjournment thereof.
** Please delete the words "THE CHAIRMAN OF THE MEETING" if you wish to appoint some other person to be your proxy.*

I/We indicate with an "x" in the spaces below how I//We wish my/our vote to be cast.

No.	Resolution	For	Against
1.	To approve a final single-tier dividend of 5.0 sen per ordinary share for the financial year ended 30 June 2022.		
2.	To approve the payment of Directors' fees and Directors' benefits up to RM362,000.00 for the period from 30 November 2022 until the next Annual General Meeting of the Company payable quarterly in arrears.		
3.	To re-elect Lin Chen, Jui-Fen who retires in accordance with Clause 96 of the Constitution of the Company.		
4.	To re-elect Yek Siew Liong who retires in accordance with Clause 96 of the Constitution of the Company.		
5.	To re-elect Sandra Segaran A/L Muniandy @ Krishnan who retires in accordance with Clause 103 of the Constitution of the Company.		
6.	To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Proposed renewal of authority for the Company to purchase its own shares.		
8.	Proposed renewal of authority under Section 76 of the Company Act 2016 for the Directors to allot and issue shares.		

Please indicate with an "X" in the spaces provided, how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Signed this ____________ day of ________________, 2022

If appointment of proxy is under hand ______________________________ Signed by "individual member/*officer or attorney of member/*authorised nominee of ______________________ (beneficial owner)	No. of shares held: ______________________ Securities Account No.: ______________________ (CDS Account No.) (Compulsory) Date:
If appointment of proxy is under seal The Common Seal of ______________________ was hereto affixed ______________________ in accordance with its Constitution in the presence of: ______________ ______________ Director Director / Secretary In its capacity as *member/*attorney of member/*authorised nominee of ______________________ (beneficial owner)	Seal No. of shares held: ______________________ Securities Account No.: ______________________ (CDS Account No.) (Compulsory) Date:

NOTES:

(1) A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the meeting is entitled to appoint a maximum of two (2) proxies to attend, participate, speak and vote on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.
(2) Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
(3) Where a member of the Company is an exempt authorised nominee which holds 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.
(4) The Proxy Form shall be signed by the appointer or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
(5) The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Company's Share Registrar office at Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.
(6) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 22 November 2022 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 October 2022.

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AFFIX STAMP

RHONG KHEN INTERNATIONAL BERHAD
(FORMERLY KNOWN AS LATITUDE TREE HOLDINGS BERHAD)
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights, 50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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RHONG KHEN INTERNATIONAL BERHAD
(FORMERLY KNOWN AS LATITUDE TREE HOLDINGS BERHAD)
[REGISTRATION NO.: 199401017151 (302829-W)]

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