



RHONG KHEN INTERNATIONAL BERHAD
[REGISTRATION NO.: 199401017151 (302829-W)]



Annual Report **2024**



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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 SANDRA SEGARAN A/L MUNIANDY @ KRISHNAN
Independent Non-Executive Director

MR TOH SENG THONG
Non-Independent Non-Executive Director

MR YEK SIEW LIONG
Non-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)

Ms Tia Hwei Ping
(MAICSA 7057636)
(SSM PC No.: 202008001687)

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

AUDIT COMMITTEE

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

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

Mr Toh Seng Thong
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

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

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

Mr Toh Seng Thong
Non-Independent Non-Executive Director

EMPLOYEES' SHARE SCHEME COMMITTEE

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

Mr Lin, Chin-Hung
Managing Director

Mr Yeoh Joe Son
Group Finance Director

Mr Fong Toh Wai
Group Financial Controller

HEAD OFFICE

Lot 3356, Batu 7 ¾
Jalan Kapar, 42200 Kapar
Selangor Darul Ehsan, Malaysia
Telephone : +603-3291 5401
Facsimile : +603-3291 5404
Website : www.rkibhd.com

REGISTERED OFFICE

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Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone : +603-7890 4800
Facsimile : +603-7890 4650
Email : boardroom-kl@
boardroomlimited.com

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
197701005827 (36869-T)
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar
Damansara, Damansara Heights
50490 Kuala Lumpur, Malaysia
Telephone : +603-2084 9000
Facsimile : +603-2094 9940
Email : info@sshshb.com.my

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, Malaysia

PRINCIPAL BANKERS

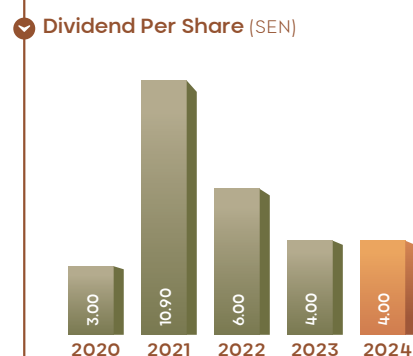
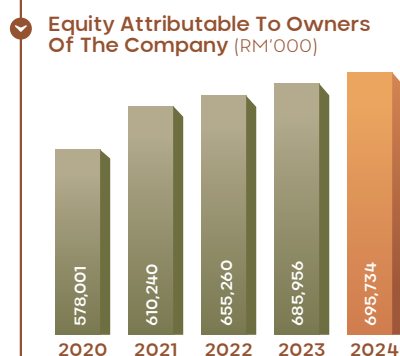
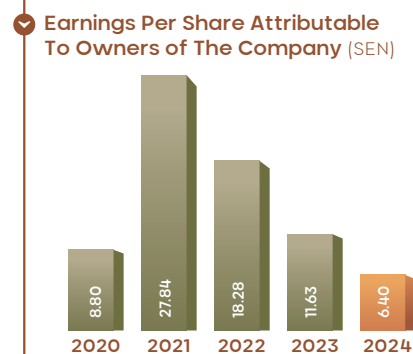
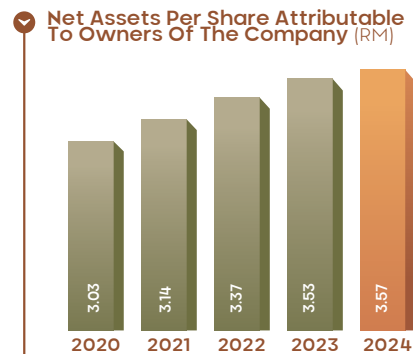
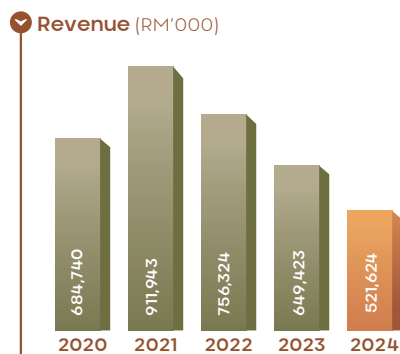
HSBC Bank Malaysia Berhad
Alliance Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
CTBC Bank Co. Ltd.
Indovina Bank Ltd.
Bank Sinopac

FINANCIAL HIGHLIGHTS

Five Years Financial Highlights	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Revenue	521,624	649,423	756,324	911,943	684,740
Profit for the year	11,232	21,855	35,524	53,791	16,789
Profit for the year attributable to owners of the Company	12,449	22,587	35,524	53,791	16,789
Equity attributable to owners of the Company	695,734	685,956	655,260	610,240	578,001
Net assets per share attributable to owners of the Company (RM)	3.57	3.53	3.37	3.14	3.03 [#]
Earnings per share attributable to owners of the Company (Sen)	6.40	11.63	18.28	27.84	8.80 [#]
Dividend per share (Sen)	4.00 [*]	4.00	6.00	10.90	3.00 [#]
Dividend amount	7,798	7,770	11,659	21,187	5,715

* The Company had on 10 May 2024 paid the first interim single-tier dividend of 1.0 sen per ordinary share. The final single-tier dividend of 3.0 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 Company 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.



MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis compares the Group's financial condition and results of operations for the financial year 2024 ("FY2024") with financial year 2023 ("FY2023").

1) Overview of the Group's Business and Operations

Rhong Khen International 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 four (4) factories in Malaysia, two (2) factories in Vietnam and one (1) factory in Thailand with total workforce of approximately 4,000 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	532,751
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	197,939
Excite Group Sdn. Bhd.	Malaysia	Manufacture and sale of furniture, panel board furniture and components	60,000
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			8,037,915

FY2024 was another tough year for the Group as orders from our major market, United States ("US") remained sluggish due to elevated mortgage rates in US which dampen furniture demand. Furthermore, Red Sea disruption causes ocean freight spiked resulting slower delivery request by our customers from Quarter 4 ("Q4") FY2024 onwards. Consequentially, profitability of the Group for FY2024 was affected but were offset with better cost control and strengthening of US Dollar ("USD") against Ringgit Malaysia ("RM").

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

2) Financial Performance Review

	FY2024 (RM'000)	FY2023 (RM'000)	Variance (RM'000)	Variance (%)
Items of Statements of Comprehensive Income:				
Revenue	521,624	649,423	(127,799)	(19.7)
Gross profit	66,856	79,844	(12,988)	(16.3)
Other income	9,512	7,025	2,487	35.4
Operating costs	(55,700)	(55,781)	(81)	(0.1)
Finance costs	(1,354)	(3,232)	(1,878)	(58.1)
Profit before tax	19,314	27,856	(8,542)	(30.7)
Profit for the year	11,232	21,855	(10,623)	(48.6)
Items of Statements of Financial Position:				
Non-current assets	332,897	354,682	(21,785)	(6.1)
Current assets	480,326	458,035	22,291	4.9
Total liabilities	118,948	127,003	(8,055)	(6.3)
Items of Statements of Cash Flows:				
Net cash flows generated from operating activities	54,711	115,720	(61,009)	(52.7)
Net cash flows used in investing activities	(26,045)	(24,437)	1,608	6.6
Net cash flows used in financing activities	(21,119)	(112,823)	(91,704)	(81.3)
Cash and cash equivalents at end of the year	172,010	166,118	5,892	3.5

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:

	FY2024 (RM'000)	FY2023 (RM'000)	Variance (RM'000)	Variance (%)
Malaysia	121,433	128,922	(7,489)	(5.8)
Vietnam	384,671	504,439	(119,768)	(23.7)
Thailand	15,520	16,062	(542)	(3.4)
Total	521,624	649,423	(127,799)	(19.7)

The Group recorded revenue of RM521.6 million for FY2024, representing a decrease of 19.7% as compared to FY2023.

Revenue from Malaysia operation declined by 5.8% was mainly due to lower sales recorded by all plants in FY2024 compared to FY2023 due to lower shipments to US and lower demand from local market. For Vietnam operation, revenue declined by 23.7% mainly due to lower demand and shipments to US. Revenue from Thailand operation decreased by 3.4% in FY2024 compared to FY2023 mainly due to lower orders received from both local and export markets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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 16.3% from RM79.8 million in FY2023 to RM66.9 million in FY2024. The decrease in gross profit was mainly due to decrease in revenue. However, gross profit margin improved from 12.3% to 12.8% mainly due to better cost control and strengthening of USD against RM.

Other income increased by 35.4% from RM7.0 million in FY2023 to RM9.5 million in FY2024 mainly due to higher interest income and higher lease income received in FY2024 compared to FY2023.

The Group's operating costs comprised selling and distribution expenses, administrative expenses and other expenses. The Group's total operating costs amounted to RM55.7 million in FY2024 and were 0.1% lower than FY2023 mainly due to lower selling and distribution expenses in line with lower revenue recorded offset with higher net loss on foreign exchange of RM1.6 million, higher inventories written down of RM0.8 million and higher depreciation of property, plant and equipment of RM0.5 million recorded in FY2024 compared to FY2023.

Finance costs decreased by 58.1% from RM3.2 million in FY2023 to RM1.4 million in FY2024. The decrease was due to lower utilisation of short-term bank borrowings during FY2024.

Profit before tax of the Group amounted to RM19.3 million in FY2024, representing a decline of 30.7% from RM27.9 million in FY2023. The decrease was in line with the decrease in gross profit offset by higher other income and lower finance costs in FY2024 compared to FY2023.

Profit for the year of the Group amounted to RM11.2 million in FY2024, representing a decrease of 48.6% from RM21.9 million in FY2023 was in line with decrease in profit before tax and higher tax provision made in FY2024 compared to FY2023.

2.2) Review of Items of Statements of Financial Position

Non-current assets decreased by 6.1% to RM332.9 million as at 30 June 2024 from RM354.7 million as at 30 June 2023. The decrease was mainly due to depreciation of property, plant and equipment ("PPE") and disposal of investment properties during the financial year.

Current assets increased by 4.9% to RM480.3 million as at 30 June 2024 as compared to RM458.0 million as at 30 June 2023. The increase was mainly attributable to the increase in trade and other receivables, investment securities and cash and bank balances offset with lower inventories balance. Trade and other receivables increased by RM5.5 million was due to lower trade receivables of RM1.6 million and higher other receivables of RM7.1 million respectively. Lower trade receivables balance was in line with lower sales registered in Q4 FY2024 as compared to Q4 FY2023. Higher other receivables were mainly contributed by higher sundry receivables of RM11.0 million, offset with lower import duty and other indirect taxes of RM3.6 million and lower deposits of RM0.3 million respectively. The increase in investment securities balance was due to higher placement in investment securities in FY2024 as compared to FY2023. Higher cash and bank balances were in line with decrease in inventories balance.

As at 30 June 2024, total liabilities decreased by 6.3% to RM118.9 million from RM127.0 million as at 30 June 2023. The decrease was mainly attributable to the decrease in loans and borrowings. Loans and borrowings decreased by RM13.0 million mainly due to lower utilisation of short-term bank borrowings in FY2024.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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 RM54.7 million for FY2024 as compared to RM115.7 million for FY2023. The decrease was in line with decrease in profit before tax and lower working capital changes in FY2024.

Net cash flows used in investing activities was RM26.0 million for FY2024, mainly derived from purchase of PPE of RM8.8 million, net purchase of investment securities of RM9.2 million and placement of deposits with licensed banks of RM14.3 million offset with interest received of RM4.3 million and proceeds from disposal of PPE of RM0.8 million and investment properties of RM1.2 million respectively.

Net cash flows used in financing activities of RM21.1 million for FY2024 was mainly due to net repayment of loans and borrowings of RM13.1 million and payment of dividends amounting to RM7.8 million.

Overall, cash and cash equivalents increased by RM5.9 million to RM172.0 million as at 30 June 2024, 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 FY2024, total capital expenditure incurred by the Group was RM8.8 million and mainly on plant and machinery and construction of a workers' quarter at one of our Malaysia plant. Addition of plant and machinery was to upgrade our existing production lines with advanced and automated machinery to further enhance production efficiency and to reduce workers. Construction of a workers' quarter is to provide a centralised, systematic and conducive living environment to our workers.

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 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.

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 currencies of the companies within the Group. The foreign currencies in which these transactions are denominated are mainly United States Dollar, Vietnam Dong and Singapore Dollar.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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

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)
FY2023	Final single-tier dividend	12 January 2024	3.0	5,849
FY2024	First interim single-tier dividend	10 May 2024	1.0	1,949
Total				7,798

*Dividend rate is calculated based on 194,962,300 shares (excluding treasury shares)

The Board also proposed a final single-tier dividend of 3.0 sen per ordinary share amounting to RM5.85 million for FY2024. The proposed final single-tier dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

5) Future Prospect and Outlook of the Group

The global economy outlook is expected to remain uncertain and volatile as a result of prolonged geopolitical risks. Red Sea disruption causes ocean freight spiked resulting dampen delivery request by our customers and strengthening of RM against USD will continue to affect profitability of the Group.

In view of this trying time, the Group will remain resilient and vigilant in addressing these uncertainties in all levels of decision making. The Group will align its strategies of cost controlling, enhancing production efficiency, development of new products and new designs with the prevailing market situation.

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 2025.

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 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 four (4) factories in Malaysia, two (2) factories in Vietnam and one (1) factory in Thailand. The total site area of the seven (7) manufacturing plants is approximately 8.0 million square feet. The total current workforce is approximately 4,000 workers.

Products

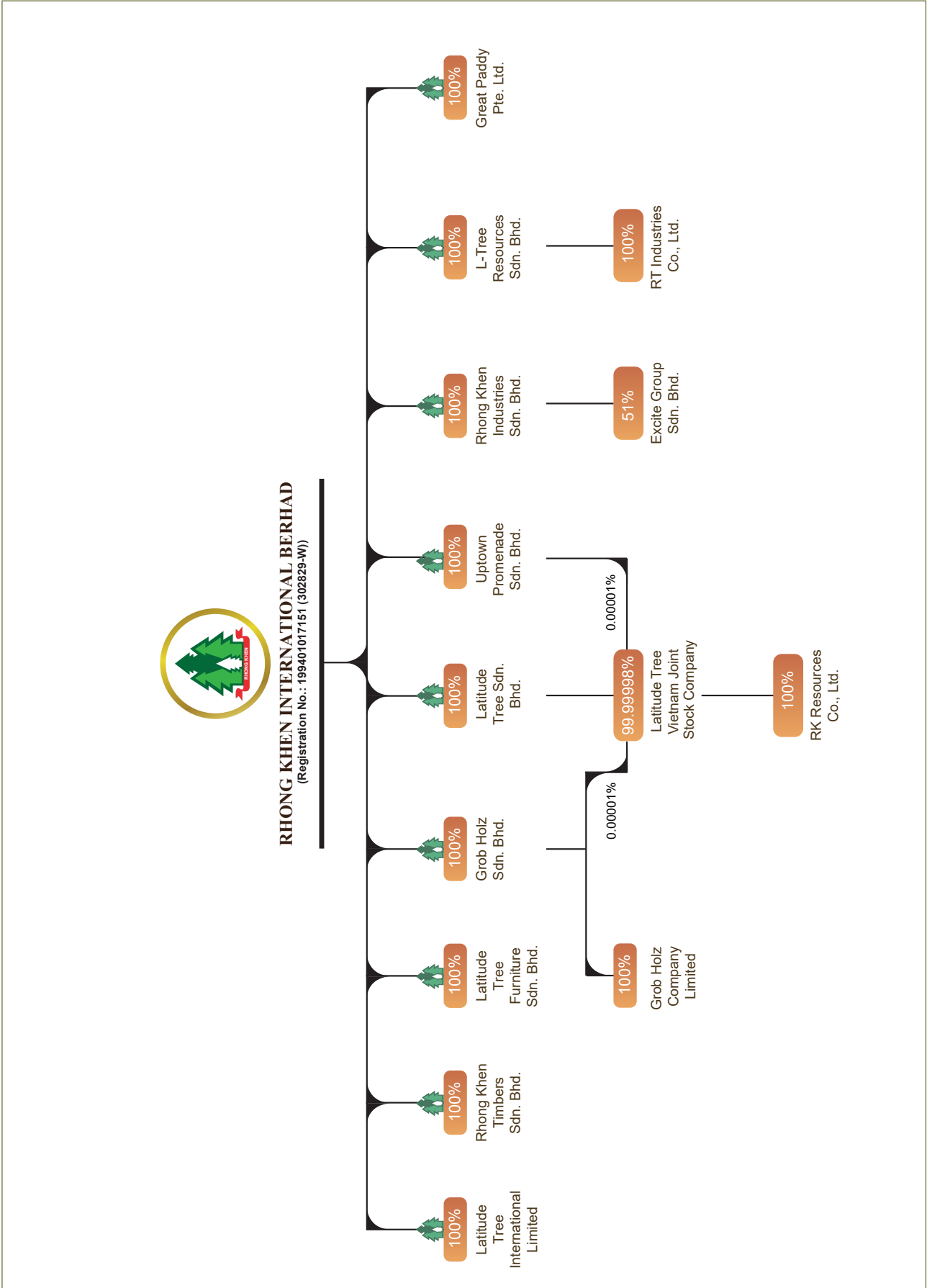
The Group has developed an extensive range of products to cater for different customers' requirements and expectations.

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 76 | 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 ("RKIB") on 1 November 2018 as Independent Non-Executive Director. She is also the Chairman of Remuneration Committee and Nomination Committee and a member of the Audit Committee. Her last re-election 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 51 years of experiences 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 Foundation 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 2024, she has attended all the five (5) Board meetings held.

PROFILE OF BOARD OF DIRECTORS (CONT'D)



LIN CHEN, JUI-FEN

Aged 70 | Taiwanese | Female

Deputy Executive Chairman/Executive Director

Madam Lin Chen, Jui-Fen (“Madam Lin”) was appointed to the Board of RKIB on 28 April 1997 as Executive Director. She is currently the Deputy Executive Chairman/Executive Director and a substantial shareholder of the Company. Her last re-election as Director was on 29 November 2022.

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 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 2024, she has attended all the five (5) Board meetings held.



LIN, CHIN-HUNG

Aged 45 | 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 29 November 2023. 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 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 2024, he has attended all the five (5) Board meetings held.

PROFILE OF BOARD OF DIRECTORS (CONT'D)



SANDRA SEGARAN A/L MUNIANDY @ KRISHNAN

Aged 57 | 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. He is the Chairman of the Audit Committee and a member of Remuneration Committee and Nomination Committee. His last re-election as Director was on 29 November 2022.

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 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.

During the financial year ended 30 June 2024, he has attended all the five (5) Board meetings held.



TOH SENG THONG, JP

Aged 66 | Malaysian | Male

Non-Independent Non-Executive Director

Mr Toh Seng Thong (“Mr Toh”) was appointed to the Board of RKIB on 18 August 2003 as Independent Non-Executive Director. His last re-election as Director was on 29 November 2023. He is the Chairman of the Employees’ Share Scheme Committee and a member of the Audit Committee and Remuneration Committee. He was re-designated as Non-Independent Non-Executive Director on 29 November 2022.

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 experiences 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

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 2024, he has attended all the five (5) Board meetings held.

PROFILE OF BOARD OF DIRECTORS
(CONT'D)**YEK SIEW LIONG**

*Aged 65 | Malaysian | Male
Non-Independent Non-Executive Director*

Mr Yek Siew Liong ("Mr Yek") was appointed to the Board of RKIB on 18 May 2007 as Non-Independent Non-Executive Director. His last re-election as Director was on 29 November 2022. He is a member of the 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 experiences 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:

- 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 2024, he has attended all the five (5) Board meetings held.

PROFILE OF KEY SENIOR MANAGEMENT

YEOH JOE SON

*Aged 56 | 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 major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

FONG TOH WAI

*Aged 42 | 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 major 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 65 | 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 Deputy 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 major 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 under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“the Board”) of Rhong Khen International 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 (“MCCG”) issued by Securities Commission and Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) 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 under review 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.

The Board will continue evaluating the 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, effective functioning of the Board and implementation of the Board’s policies and decisions. Whilst, the Managing Director is empowered by the Board to oversee the management and day-to-day 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 enable them to discharge their 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 34 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 35 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 ("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, all Directors have full and unrestricted access to all 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 expenses 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.1 BOARD RESPONSIBILITIES (cont'd)

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

Name	Attendance
Dato' Dr Norraesah Binti Haji Mohamad Chairman/Independent Non-Executive Director	5/5
Lin Chen, Jui-Fen Deputy Executive Chairman/Executive Director	5/5
Lin, Chin-Hung Managing Director	5/5
Sandra Segaran A/L Muniandy @ Krishnan Independent Non-Executive Director	5/5
Toh Seng Thong Non-Independent Non-Executive Director	5/5
Yek Siew Liong Non-Independent Non-Executive Director	5/5

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 established a Whistle Blowing Policy to provide a clear line of communication and reporting of concerns for employees at all levels.

The Whistle Blowing Policy covers the safeguards of whistle blowers, reporting procedure and investigation process which have been circulated to all employees of the Group. The Whistle Blowing Policy is available on the Company's website, www.rkibhd.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.1 BOARD RESPONSIBILITIES (cont'd)

Anti-Bribery and Anti-Corruption Policy

In compliance with the amendment of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and guided by the principles of the Ministerial Guidelines and Paragraph 15.29 of the MMLR of Bursa Securities in relation to anti-bribery, the Board had adopted an Anti-Bribery and Anti-Corruption (“ABAC”) Manual which is available on the Company’s website, www.rkibhd.com.

The Board has adopted a zero-tolerance approach against all form of bribery and corruption, as defined in the ABAC Manual, and takes a strong stance against such acts. The ABAC Manual serves as a guideline to all the Board and employees of the Group in relation to the Group’s core values and expectations, as well as policies and procedures in dealing with bribery and corruption matters.

1.2 BOARD COMPOSITION

During the financial year under review, the Board currently consists of six (6) members; comprising two (2) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors 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 three (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. The Board considers each of the 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report

The Nomination Committee (“NC”) currently consist of three (3) members, all of whom are exclusively Non-Executive Directors with a majority of whom are Independent Non-Executive Directors as follows:

Chairman:

Dato’ Dr Norraesah Binti Haji Mohamad

Independent Non-Executive Director

Members:

Sandra Segaran A/L Muniandy @ Krishnan

Independent Non-Executive Director

Yek Siew Liong

Non-Independent Non-Executive Director

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

Name	Attendance
Dato’ Dr Norraesah Binti Haji Mohamad	1/1
Sandra Segaran A/L Muniandy @ Krishnan	1/1
Yek Siew Liong	1/1

The main duties and activities of NC are as follows:

j) 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

The main duties and activities of NC are as follows: (cont'd)

i) Appointment Process (cont'd)

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 for 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 seek for re-election by shareholders. All Directors, including the Managing Director shall retire from office at least once in every three (3) years and shall be eligible for re-election.

Pursuant to Clause 96 of the Company's Constitution, Dato' Dr Norraesah Binti Haji Mohamad ("Dato' Dr Norraesah") and Madam Lin Chen, Jui-Fen ("Madam Lin") will retire by rotation at the Thirtieth ("30th") AGM of the Company and had offered themselves for re-election. The Directors standing for re-election at the forthcoming 30th 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.

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.

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' approval through a two-tier voting process.

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 and Mr Sandra Segaran A/L Muniandy @ Krishnan ("Mr Sandra Segaran") remain objective and independent in expressing their views.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

The main duties and activities of NC are as follows: (cont'd)

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.

v) Works of NC

A summary of works undertaken by the NC in the discharge of its duties during the financial year under review 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 and 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 27 May 2024. Based on the summary as presented, the NC tabled its recommendations to the Board at the Board of Directors' Meeting held on 27 May 2024;
- 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;
- Reviewed the term of office and performance of AC and each of its members;
- Conducted assessment (including fit and proper assessment) on the Directors, Dato' Dr Norraesah and Madam Lin, 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; and
- Assessed and identified the training needs of Directors for continuous education purpose.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 BOARD COMPOSITION (cont'd)

Nomination Committee Report (cont'd)

The main duties and activities of NC are as follows: (cont'd)

vi) *Training*

During the financial year under review, 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 and seminars attended by the Directors are set out as follows:

Name of Director	Trainings/Seminars Attended
Dato' Dr Norraesah Binti Haji Mohamad	<p>MYEG BOD Webinar - Corporate Governance and Corporate Value – Needed Tool or Necessary Bane?</p> <p>WIEF (World Islamic Economic Forum) – Women Business Network (WBN) - #iEmpower Women & ESG : Optimising Business Value</p> <p>Mandatory Accreditation Programme Part II: Leading For Impact (LIP)</p> <p>Updates of Sustainability Reporting Framework</p>
Lin Chen, Jui-Fen	<p>Budget 2024 & IRBM E-Invoicing</p> <p>Updates of Sustainability Reporting Framework</p>
Lin, Chin-Hung	<p>Budget 2024 & IRBM E-Invoicing</p> <p>Achieving Net Zero Emission Commitment: Vietnam's Investment Trends in Renewable Energy and Related Regulatory Direction Webinar</p> <p>Green Manufacturing Practices Webinar</p> <p>Updates of Sustainability Reporting Framework</p>
Sandra Segaran A/L Muniandy @ Krishnan	<p>Updates of Sustainability Reporting Framework</p>
Toh Seng Thong	<p>SSM National Conference 2023</p> <p>Mandatory Accreditation Programme Part II: Leading For Impact (LIP)</p> <p>Updates of Sustainability Reporting Framework</p>
Yek Siew Liong	<p>Corporate Directors Training Programme Fundamental 5.0</p> <p>Program Outreach SSM Sarawak Di Bintulu, Sarawak</p> <p>Updates of Sustainability Reporting Framework</p>

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.3 REMUNERATION

Remuneration Committee

The Remuneration Committee ("RC") currently consist of three (3) members, majority of whom are Independent Non-Executive Directors as follows:

Chairman:

Dato' Dr Norraesah Binti Haji Mohamad

Independent Non-Executive Director

Members:

Sandra Segaran A/L Muniandy @ Krishnan

Independent Non-Executive Director

Toh Seng Thong

Non-Independent Non-Executive Director

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

Name	Attendance
Dato' Dr Norraesah Binti Haji Mohamad	1/1
Sandra Segaran A/L Muniandy @ Krishnan	1/1
Toh Seng Thong	1/1

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.3 REMUNERATION (cont'd)

Remuneration Committee (cont'd)

The aggregate remuneration of Directors received from the Company and the Group during the financial year amounted to RM508,920 and RM2,508,572 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 2024, under Note 32(b) to the Financial Statements on page 128 of the Company's Annual Report 2024. This coincides with the requirements of Paragraph 17 of Malaysian Financial Reporting Standards 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 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 Association of Chartered Certified Accountants and Malaysian Institute of Accountants.

A summary of the works of the AC on financial reporting and oversight role on external and internal auditors during the financial year under review is set out in the AC Report on pages 38 to 40 of this Annual Report.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 62 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.1 AUDIT COMMITTEE (cont'd)

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. Messrs 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 2024 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 Messrs 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. 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.

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 35 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

Internal audit function

The Board has established an internal audit function within the Company, which is led by the outsourced Internal Auditors, 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
Lot 3356, Batu 7 ³/₄, Jalan Kapar
42200 Kapar, Selangor Darul Ehsan, Malaysia
Telephone : +603-3291 5401
Fax : +603-3291 5404
Website : www.rkibhd.com

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 serves as the primary forum for the shareholders to engage directly with the directors and senior management. The Company will convene its forthcoming 30th AGM on 28 November 2024, 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 Twenty-Ninth ("29th") AGM held on 29 November 2023 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 29th AGM. The minutes of the 29th AGM has been uploaded to the Company's website within thirty (30) business days from the date of the 29th AGM.

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 2024.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. UTILISATION OF PROCEEDS

There was no corporate exercise carried out during the financial year ended 30 June 2024 to raise funds.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to External Auditors by Rhong Khen International Berhad and its subsidiaries ("Group") and Rhong Khen International Berhad ("Company") for the financial year ended 30 June 2024 are as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	568	89
Non-audit fees	13	13
Total	581	102

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 the Company and/or its subsidiaries which involve Directors' and major shareholders' interests during the financial year ended 30 June 2024.

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.

5. EMPLOYEES' SHARE SCHEME ("ESS")

The current members of the ESS Committee are:

Chairman:

Toh Seng Thong

Non-Independent Non-Executive Director

Members:

Lin, Chin-Hung

Managing Director

Yeoh Joe Son

Group Finance Director

Fong Toh Wai

Group Financial Controller

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

5. EMPLOYEES' SHARE SCHEME ("ESS") (cont'd)

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.

During the financial year under review, there were 710,000 shares granted to eligible Directors and employees of the Group via share award pursuant to the Company's ESS which has been implemented since 15 April 2021.

The movements of share scheme during the financial year under review are as follows:

	Number of shares			Balance as at 30 June 2024 (Unit)
	Balance as at 1 July 2023 (Unit)	Granted (Unit)	Exercised (Unit)	
Grand total	-	710,000	710,000	-
Directors	-	120,000	120,000	-

	Number of shares			Balance as at 30 June 2024 (Unit)
	Balance as at 1 July 2023 (Unit)	Granted (Unit)	Exercised (Unit)	
Lin Chen, Jui-Fen	-	60,000	60,000	-
Lin, Chin-Hung	-	60,000	60,000	-

Percentage of share granted to Directors and Senior Management are as follows:

Directors and Senior Management	Financial Year 2024	Since the Commencement of ESS up to 30 June 2024
Aggregate maximum allocation	38%	42%
Actual granted	38%	42%

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (“the Board”) of Rhong Khen International 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 2024, 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 of 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 37 to 40 of this Annual Report.

3. RISK MANAGEMENT FRAMEWORK

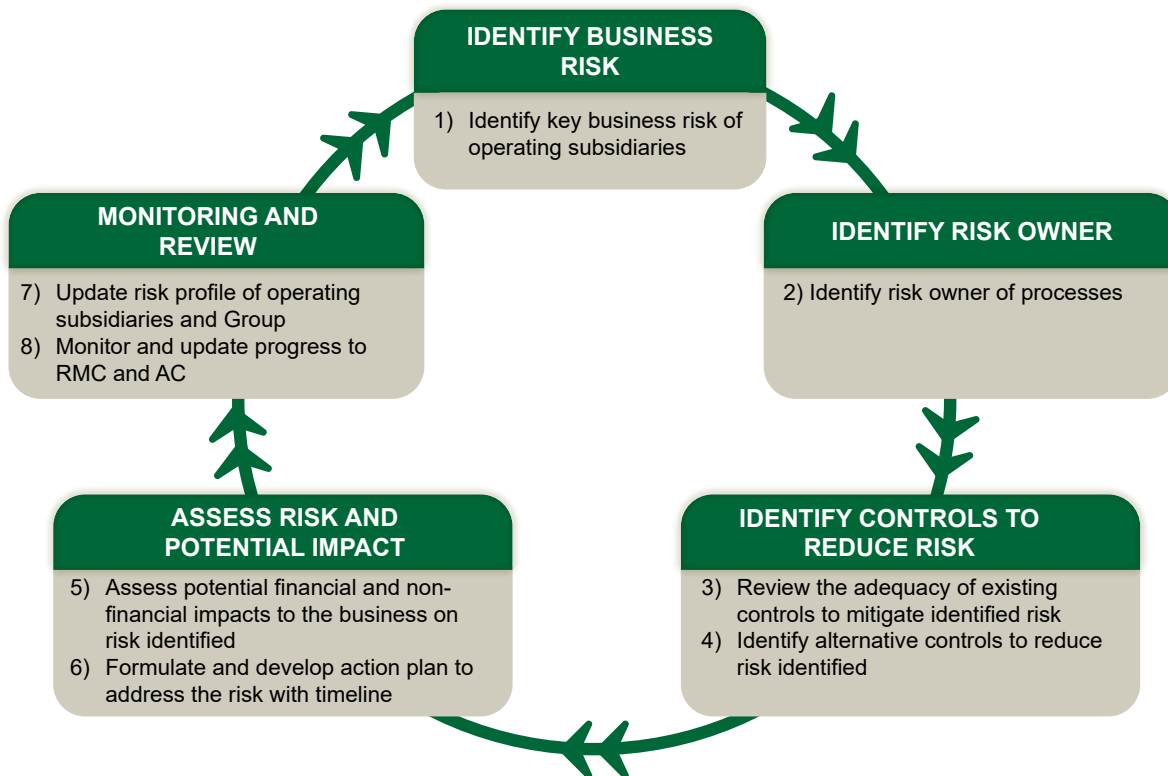
The oversight of the Group’s risk management process is the responsibility of the Managing Director who is assisted by the Heads of Department of the respective operating subsidiaries. The Company has established a Risk Management Committee (“RMC”) whom together with the AC, are entrusted to ensure more 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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.

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 Procurement and Manufacturing of:

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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 ("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 2024 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 was 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 2024.

AUDIT COMMITTEE REPORT

The Board of Directors (“the Board”) of Rhong Khen International Berhad (“RKIB” or “the Company”) is pleased to present the Audit Committee (“AC”) Report for the financial year ended 30 June 2024 in accordance with Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The AC Report provides insights on how AC discharged its functions and duties for the financial year ended 30 June 2024, details as follows.

During the financial year under review, the AC of 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.

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 Sandra Segaran A/L Muniandy @ Krishnan 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 among its members who is an Independent Non-Executive Director.

The current members of the AC comprised:

Chairman:

Sandra Segaran A/L Muniandy @ Krishnan

Independent Non-Executive Director

Members:

Dato’ Dr Norraesah Binti Haji Mohamad

Independent Non-Executive Director

Toh Seng Thong

Non-Independent Non-Executive Director

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

B. MEETINGS AND ATTENDANCE

The AC met five (5) times during the financial year under review and details of attendance of each AC member are as follows:

Name	Attendance
Sandra Segaran A/L Muniandy @ Krishnan	5/5
Dato’ Dr Norraesah Binti Haji Mohamad	5/5
Toh Seng Thong	5/5

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

AUDIT COMMITTEE REPORT (CONT'D)

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 RKIB and its subsidiaries ("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 2024 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 2024 prepared by the External Auditors ("EA"), Messrs Ernst & Young PLT ("EY") at the meeting held on 27 August 2024.

2) External audit

- i) Reviewed with the EA, their audit plan including non-audit services for the financial year ended 30 June 2024, 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 24 August 2023, 12 October 2023, 27 May 2024, 27 August 2024 and 11 October 2024 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.

AUDIT COMMITTEE REPORT (CONT'D)

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

2) External audit (cont'd)

- iv) Evaluated the performance of the EA for the financial year ended 30 June 2024 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 2024 recommended to the Board to propose the re-appointment of EY as EA for the ensuing financial year of 30 June 2025 to the shareholders for approval at the forthcoming Thirtieth Annual General Meeting.

- v) Reviewed with the EA, the results of their audit for the financial year ended 30 June 2024 and their report.

3) Internal audit

- i) Reviewed and approved the Internal Audit Plan prepared by Tricor Axcelasia Sdn. Bhd., a professional internal audit services company outsourced by the Company to ensure there is adequate scope and comprehensive coverage over the activities of the Group and that all the risk areas are audited semi-annually.
- ii) Reviewed two (2) Internal Audit Reports which covered the areas of system of internal controls of Procurement and Manufacturing of Malaysia subsidiaries.
- 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 under review at the AC meetings held on 27 May 2024 and 27 August 2024 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 at its meeting held on 27 May 2024.

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 Board of Directors' Responsibilities in relation to the Audited Financial Statements for the financial year ended 30 June 2024 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.

AUDIT COMMITTEE REPORT (CONT'D)

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

4) Other activities (cont'd)

- 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.
- vi) Received updates from the EA on the new financial reporting developments and amendments in disclosure requirements arising from the new and amended MFRS and IC interpretation, tax updates and the amendments to the MMLR of Bursa Securities particularly on the enhancement of sustainability reporting requirements.
- vii) Completed the annual evaluation for AC Members' Peer Performance Evaluation form.
- viii) Reviewed and monitored all conflict of interest ("COI") situations within the Group. The COI review was extended to encompass Directors and Key Senior Management within the Group. Enhanced Disclosure in connection with any COI or potential COI will be included in the Annual Report of the Company (if any).

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 effectiveness 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 effectiveness 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 effectiveness of the Group's internal control systems relating to Procurement and Manufacturing 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 2024 amounted to approximately RM48,000.

This report has been reviewed and approved by the Board of Directors on 11 October 2024.

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board of Directors (“the Board”) of Rhong Khen International Berhad (“RKIB” or “the Company”) recognises the importance of incorporating sustainability considerations, including economic, environmental and social factors into the long-term strategic and business direction of RKIB and its subsidiaries (“the Group”). The Board is committed to implementing sustainable practices focused on the Group’s long-term business sustainability to safeguard the interests of our stakeholders and the broader community.

This Sustainability Statement (“Statement”) discusses the sustainability strategies and management approaches of the Group’s Environmental, Economic, Social and Governance (“EESG”) factors for the financial year ended 30 June 2024 (“FY2024”). This Statement has been prepared in alignment with the relevant sustainability disclosure requirements of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and with reference to the updated Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”).

SCOPE OF REPORTING

This Statement covers the sustainability strategies, performance and targets of all operating subsidiaries of the Company, namely Latitude Tree Furniture Sdn. Bhd., Rhong Khen Industries Sdn. Bhd., Rhong Khen Timbers Sdn. Bhd., Excite Group Sdn. Bhd., Grob Holz Company Limited, Latitude Tree Vietnam Joint Stock Company, and RK Resources Co., Ltd. for the period from 1 July 2023 to 30 June 2024. Historical data, where available, has been included to provide a meaningful comparison of the Group’s sustainability performance over the years.

SUSTAINABILITY GOVERNANCE

RKIB’s Board holds ultimate responsibility for sustainability matters and ensures that the strategic plan and direction of the Group supports long-term value creation. As outlined in RKIB’s Sustainability and Corporate Social Responsibility (“CSR”) Policy, the Board maintains overall oversight of sustainability matters and incorporates sustainability considerations in the Group’s long-term business strategy. The Board also ensures that sustainability strategies, priorities and performance are communicated to internal and external stakeholders.

The Sustainability Committee (“SC”), led by our Managing Director and comprising the Group Finance Director, Group Financial Controller, General Manager and Deputy General Managers of our operating subsidiaries, drives the development, execution, and continuous improvement of our sustainability efforts. The SC assists the Board in sustainability-related decision-making, implementing sustainability strategies and plans, and monitoring sustainability performance through an EESG Scorecard for each manufacturing plant. The SC reports our sustainability performance to the Board quarterly.

Our Heads of Departments (“HODs”) and employees are responsible for the day-to-day implementation of sustainability initiatives, action plans and EESG data collection within their respective departments. Our employees, led by their respective HODs, also recommend improvements and raise any major issues faced in execution of these initiatives to ensure the continual enhancement of our sustainability performance.



SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

At RKIB, we value the diverse perspectives and views of our stakeholders as they play a crucial role in determining our material matters and their impacts. This helps us to set strategic priorities and achieve our business objectives. Through various engagement channels, we ensure that the evolving needs and concerns of our stakeholders are adequately addressed. Our areas of interest, approaches and frequency of engagements towards different stakeholder groups are summarised as follows:

Stakeholders	Areas of Interest	Engagement Approach	Frequency
Customers	<ul style="list-style-type: none"> Responsible sources of raw materials Product quality Regulatory compliance with local laws and regulations 	<ul style="list-style-type: none"> On-site visits 	<ul style="list-style-type: none"> On-going
		<ul style="list-style-type: none"> Obtain feedback during the Furniture Trade Exhibition 	<ul style="list-style-type: none"> Annually
		<ul style="list-style-type: none"> Customer satisfaction survey 	<ul style="list-style-type: none"> On-going
Government and Regulators	<ul style="list-style-type: none"> Regulatory compliance with local laws and regulations Environmental impact 	<ul style="list-style-type: none"> On-site visits and meetings 	<ul style="list-style-type: none"> On-going
		<ul style="list-style-type: none"> Participate in events organised by regulators 	<ul style="list-style-type: none"> On-going
Shareholders/ Investors	<ul style="list-style-type: none"> Financial performance Regulatory compliance with local laws and regulations and accounting standards 	<ul style="list-style-type: none"> Corporate website 	<ul style="list-style-type: none"> On-going
		<ul style="list-style-type: none"> Annual General Meeting 	<ul style="list-style-type: none"> Annually
		<ul style="list-style-type: none"> Annual Report 	<ul style="list-style-type: none"> Annually
		<ul style="list-style-type: none"> Corporate briefings 	<ul style="list-style-type: none"> On-going
Suppliers/ Vendors	<ul style="list-style-type: none"> Supplier/vendor performance (delivery and quality) Regulatory compliance with local laws and regulations 	<ul style="list-style-type: none"> On-site visits and meetings 	<ul style="list-style-type: none"> On-going
		<ul style="list-style-type: none"> Supplier/vendor performance evaluation 	<ul style="list-style-type: none"> Annually
Employees	<ul style="list-style-type: none"> Occupational safety and health Gender equality Career growth and development Employee well-being Workplace culture 	<ul style="list-style-type: none"> Annual appraisal 	<ul style="list-style-type: none"> Annually
		<ul style="list-style-type: none"> Annual dinner 	<ul style="list-style-type: none"> Annually
		<ul style="list-style-type: none"> Training and development 	<ul style="list-style-type: none"> On-going
		<ul style="list-style-type: none"> Recreational activities 	<ul style="list-style-type: none"> On-going
		<ul style="list-style-type: none"> One-to-one meetings 	<ul style="list-style-type: none"> On-going
Community	<ul style="list-style-type: none"> Regulatory compliance with environmental laws Corporate Social Responsibilities 	<ul style="list-style-type: none"> Donations 	<ul style="list-style-type: none"> On-going
		<ul style="list-style-type: none"> Community engagement through social activities 	<ul style="list-style-type: none"> On-going
		<ul style="list-style-type: none"> Industry-based learning programme 	<ul style="list-style-type: none"> On-going

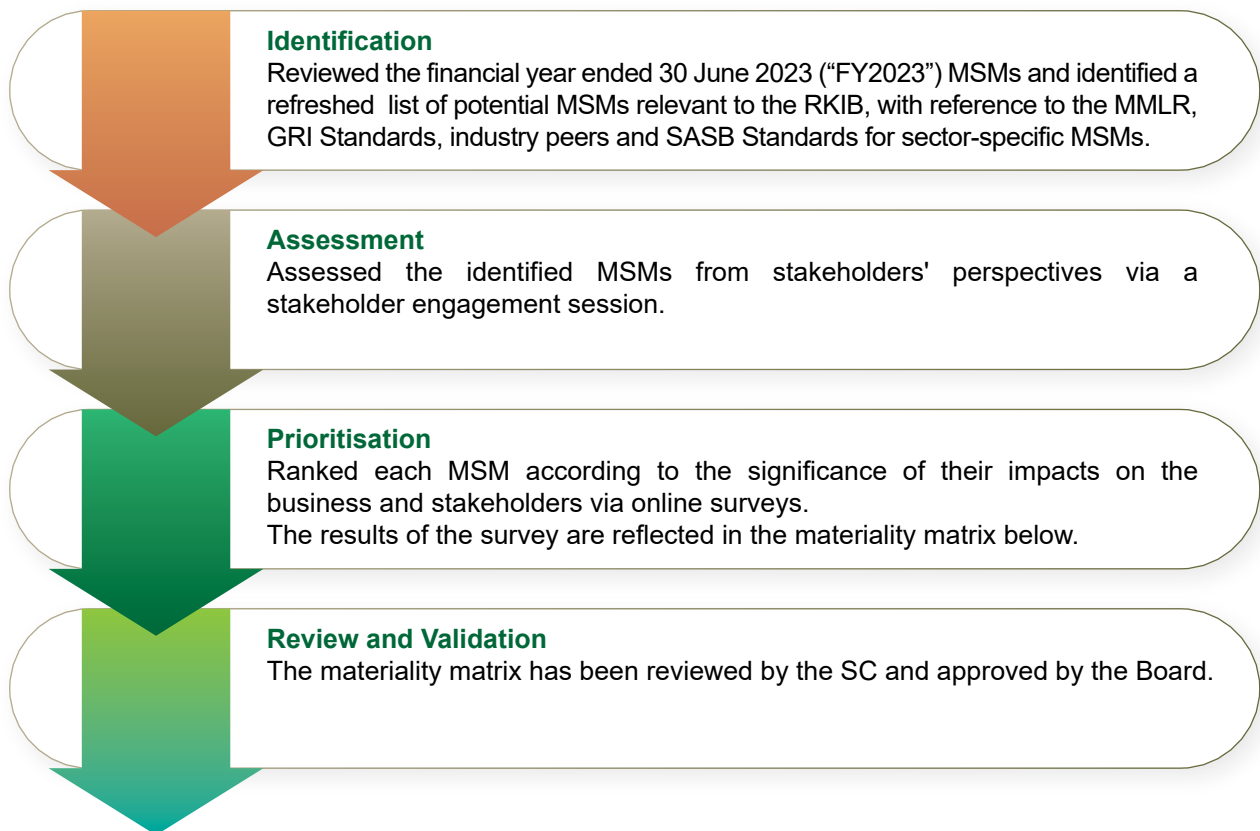
SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”)

Materiality Assessment Process

During the financial year, we conducted a materiality assessment to review, assess and prioritise our MSMs by considering the significance of their impacts for our Group and stakeholders. We have also considered the common sustainability matters prescribed in the MMLR. This materiality assessment process will be performed or reviewed annually, taking into account the emerging EESG risks and opportunities facing our industry and business.

Our materiality assessment process involved the following processes:



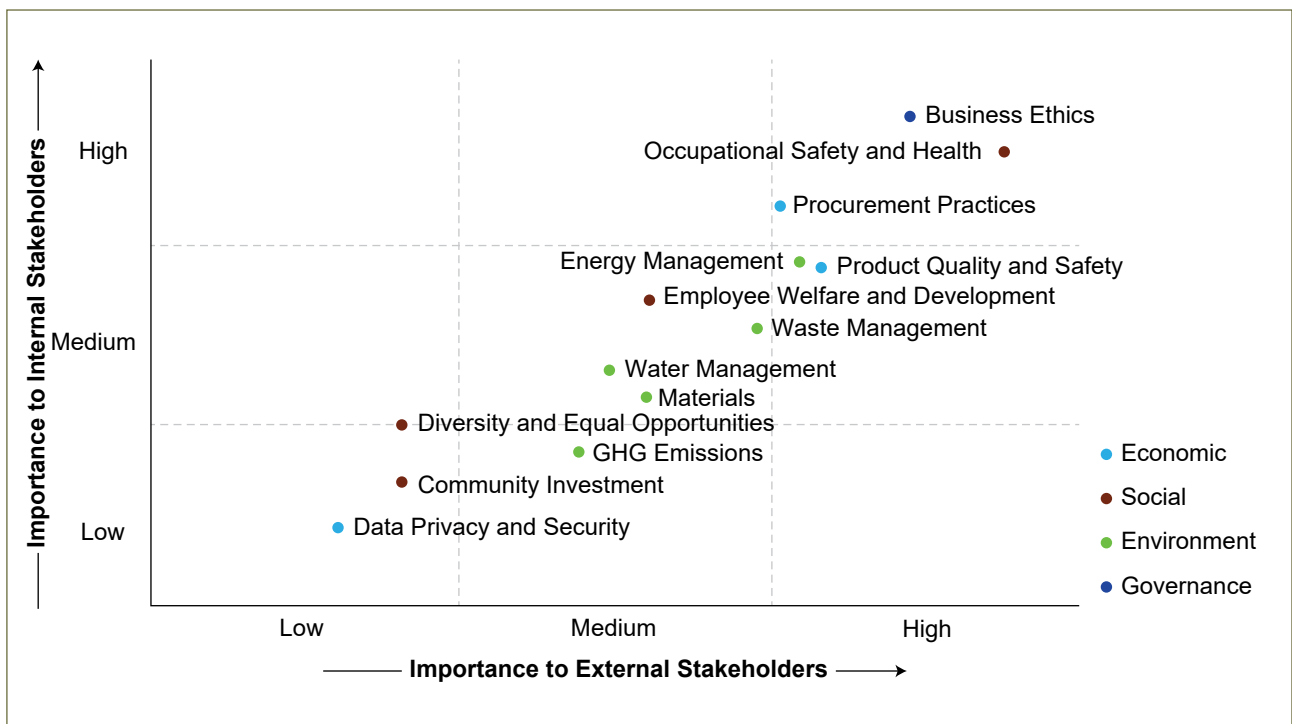
SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont’d)

Materiality Matrix

In FY2024, we introduced five new MSMs, namely “Materials”, “Product Quality and Safety”, “Data Privacy and Security”, “Employee Welfare and Development” and “Business Ethics”. “Energy Management” and “Greenhouse Gas (“GHG”) Emissions” have been separated into two MSMs, and we have renamed “Water Management” and “Waste Management” to reflect the Group’s focus on the responsible management of these sustainability matters.

Following the materiality assessment, these MSMs were mapped onto a materiality matrix and grouped under the Environment, Economic, Social and Governance pillars, as illustrated below:



Environment	Economic	Social	Governance
<ul style="list-style-type: none"> Energy Management GHG Emissions Waste Management Water Management Materials 	<ul style="list-style-type: none"> Procurement Practices Product Quality and Safety Data Privacy and Security 	<ul style="list-style-type: none"> Occupational Safety and Health Employee Welfare and Development Diversity and Equal Opportunities Community Investment 	<ul style="list-style-type: none"> Business Ethics

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

Environment

RKIB is committed to minimising the environmental impact caused by its business and operations, enhancing energy efficiency, conserving water, reducing waste disposed and sourcing materials sustainably. In light of global and national efforts to tackle climate change, we also strive to reduce our GHG emissions and minimise our emissions-related impacts.

Energy Management

Being in the furniture manufacturing industry, the Group is aware of the environmental impacts arising from our day-to-day operations. A significant portion of our energy consumption comes from electricity, primarily used at our manufacturing sites in Malaysia, Vietnam and Thailand. Our energy usage is mainly derived from the following sources:

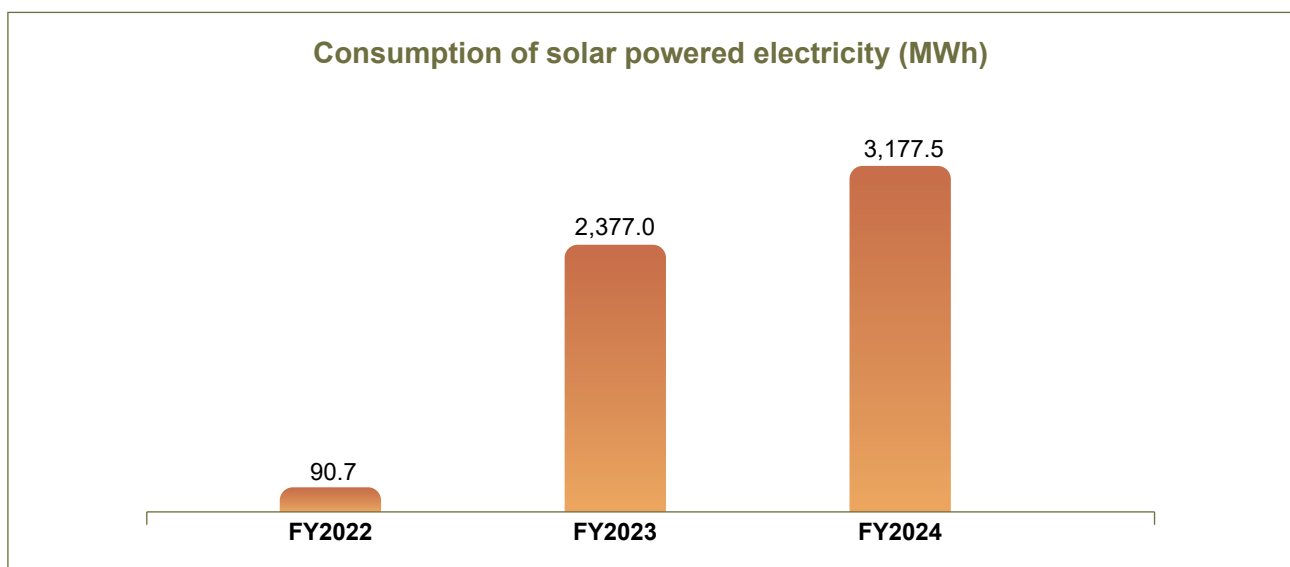
- electricity consumed in our factories, warehouses, stores and offices;
- vehicle fuel, mainly diesel, used in vehicles owned or controlled by the Group; and
- diesel used in forklifts, manufacturing equipment, machinery and site generators.

During the year, we continued to implement various initiatives within our operations to reduce our energy consumption, which includes:

- replacing traditional machinery with more energy-efficient alternatives;
- regularly maintaining equipment to ensure optimal energy efficiency;
- replacing old light bulbs with energy-saving LED lighting;
- increasing exposure to natural light on our production floors by installing clear roof sheets; and
- switching off or turning on ‘sleep mode’ for electrical machinery and appliances during non-operational hours.

As part of our energy conservation and efficiency initiatives, we embarked on our green energy project in FY2021, which led to our first solar panel system installation at our sawmill manufacturing site in Malaysia the following year. In FY2023, we installed a second solar panel system at our furniture manufacturing site in Malaysia. Both sites generated a total of 3,177,529 kWh during the year, a 33.7% increase from FY2023.

Renewable energy source	FY2022	FY2023	FY2024
Electricity used from solar energy (kWh)	90,729	2,377,017	3,177,529



SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

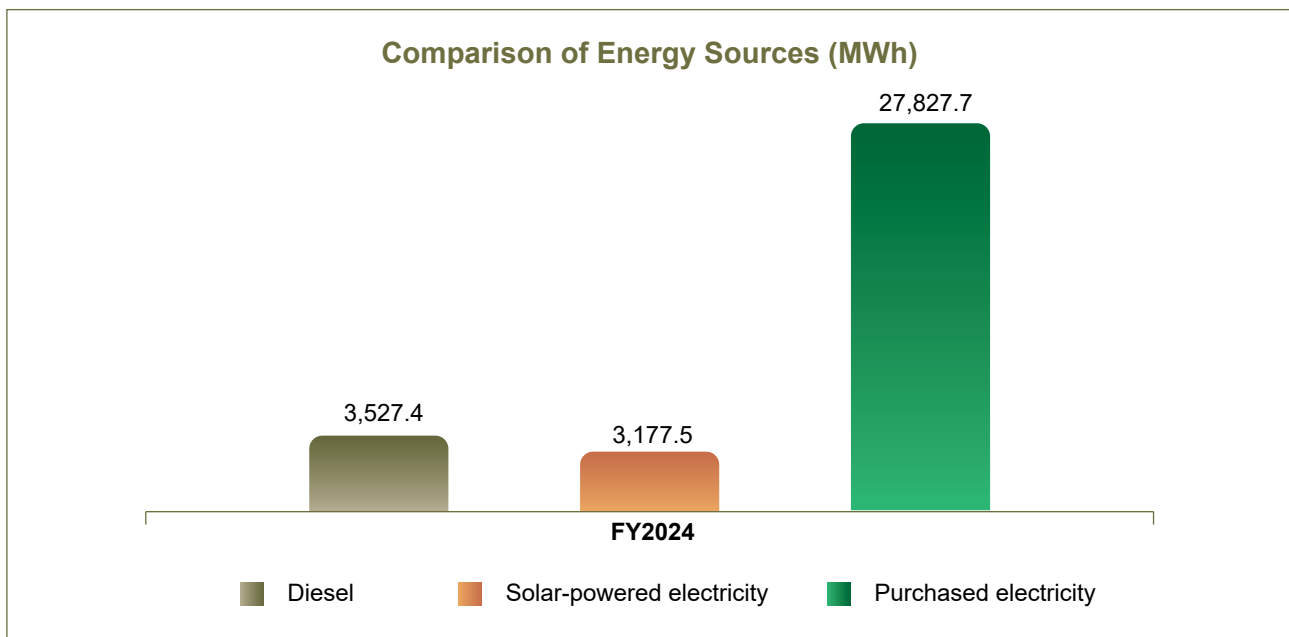
Environment (cont'd)

Energy Management (cont'd)

On the consumer front, we developed and promoted new products that used water-based coatings instead of solvent-based coatings, contributing to our efforts in improving energy management and efficiency across our operations.

Non-renewable energy source	FY2024	
	Consumption	Energy amount (MWh)
Diesel	331,642 litres	3,527.4
Purchased electricity	27,827,661 kWh	27,827.7

In FY2024, our energy consumption from non-renewable and renewable sources totalled 34,532.6 MWh. We will set an energy target in subsequent reporting years after assessing the feasibility of our energy trends.



GHG Emissions

RKIB recognises the impact of our operations on GHG emissions. We endeavour to minimise our carbon footprint to support a low-carbon economy as part of Malaysia's aspiration to achieve net zero GHG emissions by 2050.

We started disclosing our emissions profile this year, particularly GHG emissions arising from the consumption of fossil fuel, i.e. Scope 1 and the consumption of purchased electricity, i.e. Scope 2. Electricity represents the primary source of our GHG emissions as it contributes approximately 96% of our total emissions. The Group currently uses renewable energy from electricity generated by our solar panel systems. This has enabled the Group to avoid emissions and reduce our reliance on electricity purchased from the local power grid. The Group saved approximately RM498,620 by using solar-powered electricity in FY2024.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

Environment (cont'd)

GHG Emissions (cont'd)

	FY2024
Direct (Scope 1) GHG emissions (tCO ₂ e)	887.4
Indirect (Scope 2) GHG emissions (tCO ₂ e)	22,994.1
Total GHG Emissions (Scope 1 and Scope 2)	23,881.5
Indirect (Scope 2) GHG emissions <i>avoided</i> from renewable energy consumed (tCO ₂ e)	2,408.6

Notes:

- Scope 1 emission factors are calculated using the World Resources Institute (2015) GHG Protocol tool for mobile combustion (version 2.6) and stationary combustion (version 4.1).
- Scope 2 emissions are calculated using the Peninsular Malaysia’s Grid Emission Factor for 2021 published by the Malaysia Energy information Hub (MEIH), and the Institute for Global Environmental Strategies (IGES) List of Grid Emission Factors version 11.4.

Moving forward, we will continue to monitor our emissions data closely and adopt a phased approach in disclosing our Scope 3 emissions in line with MMLR’s sustainability disclosure requirements in the next reporting period.

Waste Management

As a furniture manufacturer, we endeavour to reduce, reuse and recycle waste at our manufacturing sites. We have established mechanisms to closely monitor our raw material utilisation and production methods to minimise waste and operate in an environmentally responsible manner.

The waste generated from our operations are scheduled waste such as wastewater, solvents, and paints and non-hazardous waste such as off-cuts, short-length timbers, dust and packaging.

Key waste management measures for the main types of waste include:

Wastewater discharge	Our factories have wastewater treatment facilities on-site to treat wastewater generated from our operations. The treated wastewater is then collected by licensed third-party contractors.
Wood waste (off-cuts, short-length timbers)	To enhance our resource efficiency and reduce wastage, production by-products such as off-cuts or short-length timbers are collected and reused in our manufacturing processes where possible.
Dust	Dust generated during manufacturing is managed through dust collector systems in our factories to protect the air quality within our facilities. We also conduct regular testing of the air quality surrounding our facilities to ensure it remains within safe levels.

We ensure that our scheduled waste is collected and handled by third-party waste collectors approved by the Department of Environment (“DOE”) for operations in Malaysia, the Natural Resources and Environment for operations in Vietnam and the Pollution Control Department (“PCD”) for our Thailand operations. Additionally, we encourage our employees to print or use both sides of scrap paper and minimise paper consumption in our office premises.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

Environment (cont'd)

Waste Management (cont'd)

In FY2024, we generated 1,112.0 tonnes of waste, of which 28.3% were diverted from disposal for recycling and reuse.



Water Management

Water is an integral part of our manufacturing processes, mainly for boilers and washing purposes. As such, we aim to enhance water efficiency and adopt water-saving practices across our operations, focusing on rainwater harvesting and water recycling. At our manufacturing sites, we have rainwater harvesting tanks to collect rainwater for washing use, which is particularly useful during dry weather periods. We ensure that our water pipes are regularly inspected and water leaks are detected promptly to prevent water leakage. To promote water conservation among our employees, we have placed signs next to taps to raise awareness on the importance of saving water.

	FY2024
Water consumed (m ³)	160,221.0

Materials

At RKIB, we aim to adopt more sustainable approaches to material usage, increasing the circularity of our products without compromising process efficiency.

Given our reliance on wood as our primary raw material, we are dedicated to procuring wood materials from responsible and sustainable sources. We are cognisant of the increasing environmental dangers posed by deforestation and stringent requirements surrounding the source and treatment of wood. Our manufacturing plants have obtained the Chain of Custody (“CoC”) certification from the Forest Stewardship Council (“FSC”) since 2014 and the Endorsement of Forest Certification (“PEFC”) since 2015, ensuring the wood used in our products are sourced from sustainably managed forests. Additionally, the Medium Density Fibreboard (“MDF”) used in our products complies with the California Air Resources Board (“CARB2”) certification to minimise formaldehyde emissions.

As this is the first year that the group is reporting materials as a material topic, we will work towards disclosing the weight of renewable and non-renewable materials in subsequent reporting years, where practicable.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont’d)

Economic

RKIB is committed to bringing long-term value for our stakeholders by adopting transparent procurement practices, safeguarding data privacy and security and meeting customer needs with high-quality products. Economic sustainability is a core component of our business strategy, enabling us to achieve steady growth and make positive contributions to the broader economy.

Procurement Practices

When engaging with our suppliers, we uphold high standards to ensure they align with our values and share our commitment to sustainable and socially responsible practices. We prioritise working with suppliers with a clean track record and key operating capabilities such as experience, expertise, pricing and timely delivery. This approach allows us to minimise risks, optimise costs, and ensure the highest quality of materials for our manufacturing processes.

Guided by the Group’s Procurement Policy, we have a supplier evaluation process in place where all new and existing suppliers are assessed or reviewed yearly to ensure that they consistently deliver products and services that meet our standards and requirements. We also carry out internal and external audits on our Procurement Policy and practices annually to ensure transparency and compliance. We work with suppliers and vendors that comply with all relevant health, safety, environmental and employment regulations. Any supplier found in violation will be disqualified from supplying goods or services to the Group.

The Group prioritises purchasing locally where possible to create economic opportunities for local businesses and reduce our carbon footprint. During the financial year under review, 88.1% of our procurement spending was spent on local suppliers. The proportion of spending on local suppliers decreased due to a lower number of orders, resulting in reduced purchases of wood materials sourced locally.

	FY2022	FY2023	FY2024
Proportion of spending on local suppliers (%)	92.1	91.7	88.1

Product Quality and Safety

At RKIB, we place great emphasis on ensuring consistent quality in our furniture products. We have established robust quality management processes from the product design stage to manufacturing and shipping. Our products are inspected by our quality control (“QC”) team at different stages of manufacturing to ensure that they are of excellent quality and meet our customers’ requirements. We conduct in-house sampling of our finished products before the products are shipped to customers.

Visual inspections are performed by our QC team at multiple stages, checking for structural integrity, color consistency, and proper placement of hardware. Products are meticulously assembled to ensure that all components fit correctly and meet customer specifications. Once assembly is cleared, our team follows robust packaging inspection procedures, verifying that all parts meet stringent quality standards. We also ensure that packaging materials are appropriate and protect the products from damage during transport. Mirrors, wooden trims, and other decorative elements are carefully examined to ensure they are free from defects, scratches, and looseness. Any non-conformities are recorded, and corrective actions are taken promptly before final packaging.

This comprehensive quality control process, covering from product design to final packaging, is designed to maintain the high standards of product safety and quality as well as customer satisfaction.

	FY2024
Total number of incidents of non-compliance with regulations or voluntary codes concerning health and safety impacts of products	0
Number of recalls issued and total units recalled for health and safety reasons	0

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

Economic (cont'd)

Data Privacy and Security

Given the increasing concerns surrounding cyber security and personal data protection, we recognise the importance of protecting our customers' data and privacy and safeguarding our information technology (“IT”) systems in our business.

We engage third-party professional service providers to manage our IT system and security. In selecting these providers, we carefully evaluate their capacity and technical expertise to meet the Group's specific IT and security requirements. Additionally, we ensure that all employees are well-informed about data protection policies and their associated responsibilities.

	FY2024
Number of substantiated complaints concerning breaches of customer privacy and identified leaks, thefts, or loss of customer data	0

Social

Our people are the key driving force behind the Group's long-term success and growth. RKIB is dedicated to providing a conducive and safe work environment for our employees, offering professional and personal development opportunities for career advancement and fostering an inclusive work culture that prioritises the physical and mental well-being of our employees.

Occupational Safety and Health

The health and safety of our employees remain a priority in our operations. We have established safety protocols and procedures to ensure compliance with national safety laws and regulations and common industry practices. Our comprehensive safety measures include providing proper personal protective equipment for all production employees, performing daily housekeeping, conducting safety trainings on the operation of timber-cutting machines and regular maintenance of equipment.

In Malaysia, our Safety Officer ensures adherence to the rules and regulations of the Department of Safety and Health (“DOSH”). The DOSH conducts safety audits on a yearly basis. In compliance with the Malaysia's Occupational Safety and Health Act 1994, our Occupational Safety and Health Committee (“OSH Committee”) is responsible for overseeing safety and health of our operations. The OSH Committee is chaired by the factory manager and comprises members from production and human resources, ensuring fair and effective communication of on-the-ground safety concerns. The key functions of the OSH Committee include:

- formulating and implementing OSH policies and procedures;
- updating existing policies and procedures in line with the latest laws and regulations;
- managing accidents and incidents, ensuring they are reported to the OSH Secretary and OSH Chairman;
- ensuring safety training is conducted at least quarterly;
- ensuring factory fire systems such as pump house, fire extinguisher and hose reels are well-maintained and functional; and
- ensuring safety policies, procedures and awareness posters are well-displayed in the factory premises.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

Social (cont'd)

Occupational Safety and Health (cont'd)

In FY2024, the Group recorded zero cases of work-related fatalities. Our health and safety performance is summarised as follows:

	FY2024
Number of work-related fatalities	0
Number of hours worked	10,507,000
Lost Time Incident Rate (“LTIR”) per 200,000 hours worked	1.39

Safety and Health Training

To foster a strong occupational health and safety culture in the workplace, we provide our employees with regular and up-to-date safety and health training, informing them of their responsibilities. The Group has conducted various safety and health training sessions for our employees throughout the financial year under review, as summarised in the table below:

Country of operation	Training sessions provided in FY2024
Malaysia	<ul style="list-style-type: none"> Noise and Hearing Conservation Awareness Introduction to PPE (Personal Protective Equipment) and its Importance Machine Safety and Power Tools Scheduled Waste Management in Practice Hazard Identification, Risk Assessment and Risk Control (HIRARC)
Vietnam	<ul style="list-style-type: none"> Fire Safety Training First Aid Training Occupational Safety and Health Training
Thailand	<ul style="list-style-type: none"> Fire Safety Training

During the financial year, the Group provided 2,224 employees with health and safety related training.

	FY2024
Number of employees trained on health and safety standards	2,224

Employee Welfare and Development

The well-being and development of our employees are fundamental to driving the sustainable growth of our business. We aim to provide a work environment that promotes positive employee well-being and supports employees in reaching their full potential.

To attract and retain top talent, we offer competitive employee benefits and fair remuneration packages that aligned with market standards. These benefits include group personal accident insurance, social security and other allowances. We also ensure compliance with the local minimum wage in countries where we operate.

All our employees undergo annual performance appraisals, where their performance is assessed and training needs are identified. This process enables employees to raise their concerns or provide feedback directly to their supervisors, while also receiving support and constructive feedback on areas of improvement.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

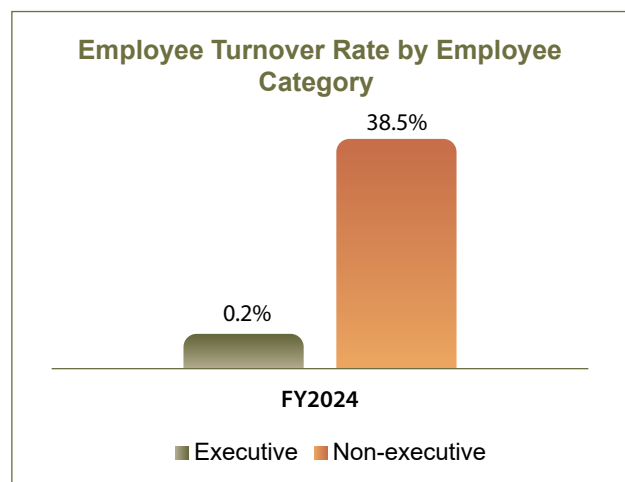
Social (cont'd)

Employee Welfare and Development (cont'd)

We believe that work-life balance is important to ensure the well-being of our employees, both physically and mentally. To this end, we have organised team-bonding and recreational activities, including football competitions and meal treats to commemorate all major festivities celebrated by our employees.

In FY2024, 100% of our workforce are permanent employees. Our new hire rate and turnover rate recorded are 31.4% and 38.7% respectively. Despite the manufacturing sector's vulnerability to market and economic fluctuations, we have kept attrition under control. We will continue monitoring our turnover rate to ensure it remains at manageable levels.

	FY2024
Number of permanent employees	3,949
Number of contract-based/temporary employees	0
Percentage of employees that are contractors or temporary staff (%)	0.0
Number of new hires by employee category	FY2024
Executive	4
Non-executive/Technical staff	1,237
Total	1,241
New hire rate (%)	31.4
Number of employee turnover by employee category	FY2024
Executive	10
Non-executive/Technical staff	1,519
Total	1,529
Employee turnover rate (%)	38.7



We are also pleased to report there has been zero substantiated complaints concerning human rights violations.

	FY2024
Number of substantiated complaints concerning human rights violations	0

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

Social (cont'd)

Employee Welfare and Development (cont'd)

In addressing the training needs of our employees, we have provided various internal training sessions and external courses on topics that are relevant to their job scope and the industry. The training topics cover both technical and soft skills, including cybersecurity awareness, machine safety and power tools, scheduled waste management, budget and tax invoicing. We have clocked in a total of 24,819 training hours, a substantial increase compared to 853 hours in FY2023 and 427 hours in FY2022.

Employee Category	FY2024	
	Hours of training attended	Average training hours
Executive	1,386	11.2
Non-executive/Technical staff	23,433	6.1
Total	24,819	6.3

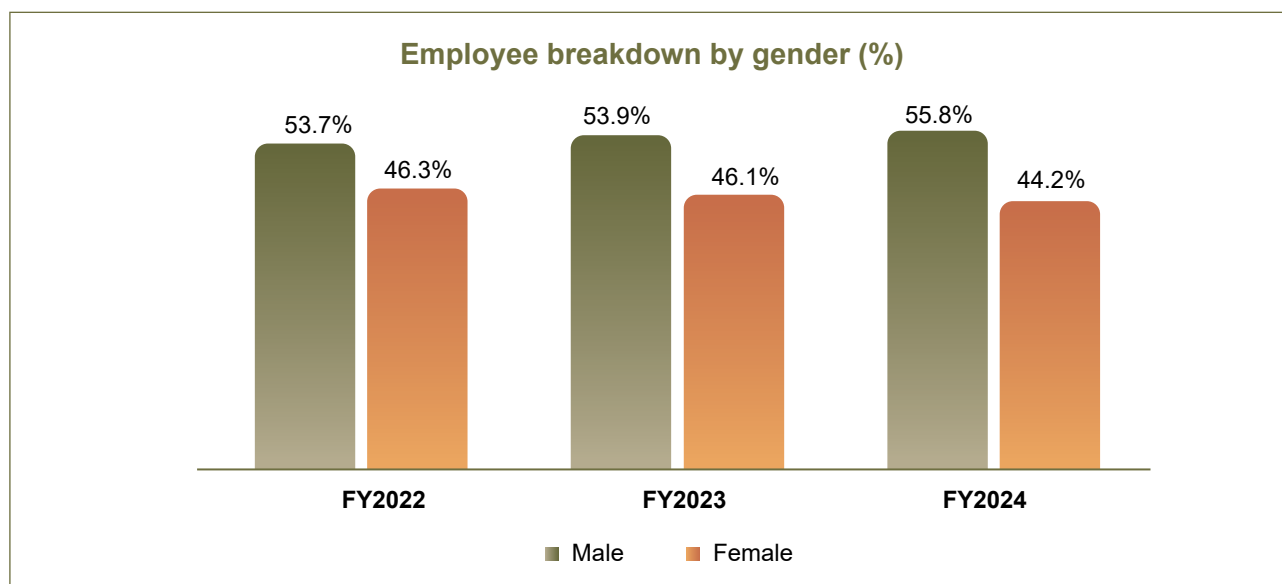
Diversity and Equal Opportunities

RKIB is committed to adopting fair and merit-based recruitment and employment practices, where all employees are treated respectfully with equal access to opportunities. We recognise the importance of providing a workplace free from any form of discrimination based on gender, age, race, religion, nationality or family background.

Workforce Profile

The Group had a total of 3,949 employees as of 30 June 2024.

Gender Diversity	FY2022	FY2023	FY2024
Male	3,144	2,257	2,203
Female	2,715	1,928	1,746
Total	5,859	4,185	3,949



SUSTAINABILITY STATEMENT (CONT'D)

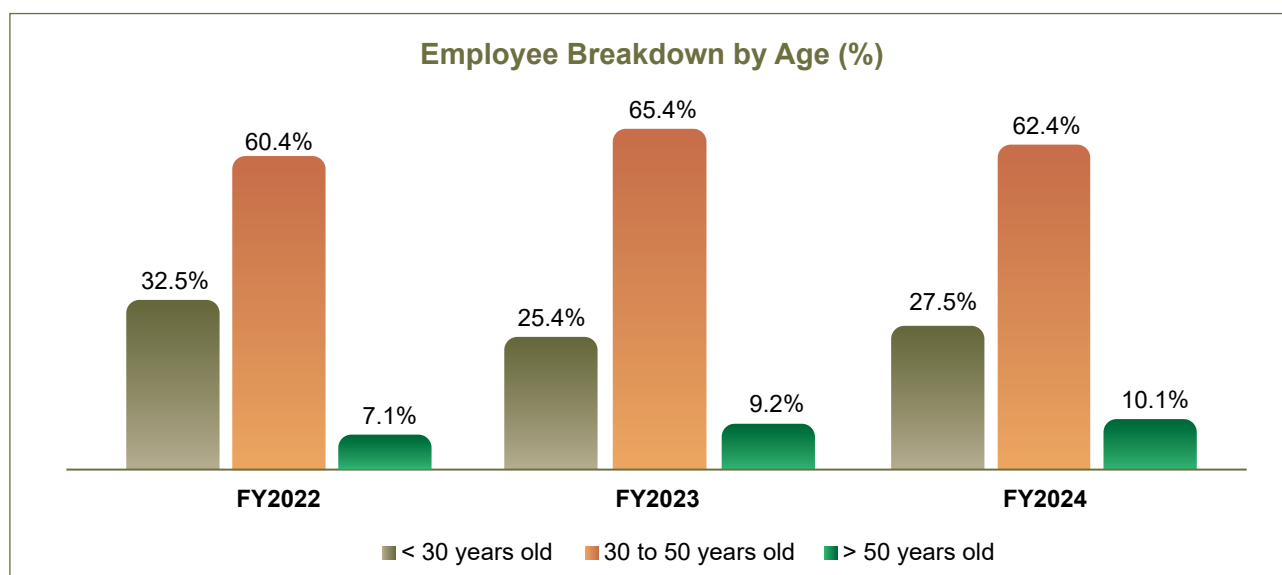
MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

Social (cont'd)

Diversity and Equal Opportunities (cont'd)

Workforce Profile (cont'd)

Age Diversity	FY2022	FY2023	FY2024
<30 years old	1,903	1,062	1,085
30 to 50 years old	3,539	2,737	2,463
>50 years old	417	386	401
Total	5,859	4,185	3,949



Ethnic Diversity	FY2022		FY2023		FY2024	
	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)
Bumiputera	337	5.8	260	6.2	270	6.8
Chinese	101	1.7	104	2.5	106	2.7
Indian	67	1.1	63	1.5	60	1.5
Others	5,354	91.4	3,758	89.8	3,513	89.0
Total	5,859	100.0	4,185	100.0	3,949	100.0

Gender and Age Diversity by Employee Category	FY2024				
	Gender		Age		
	Male	Female	<30	30 to 50	>50
Number					
Executive	81	43	4	81	39
Non-executive/Technical staff	2,122	1,703	1,081	2,382	362
Percentage (%)					
Executive	65.3	34.7	3.2	65.3	31.5
Non-executive/Technical staff	55.5	44.5	28.3	62.2	9.5

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

Social (cont'd)

Diversity and Equal Opportunities (cont'd)

Workforce Profile (cont'd)

RKIB's Board profile by gender and age group is illustrated as follows:

Board Diversity by Gender and Age	FY2024				
	Gender		Age		
	Male	Female	<30	30 to 50	>50
Number of Directors	4	2	0	1	5
Percentage of Directors (%)	66.7	33.3	0.0	16.7	83.3

Community Investment

We endeavour to actively contribute and support local communities through our CSR initiatives. Our Sustainability and CSR Policy sets out the selection process and criteria for embarking on a CSR activity or programme. The selection process includes evaluating the involvement of our employees and the potential impact of the activity on the community. Through this structured approach, we aim to make meaningful contributions to society while ensuring that our products, services and practices reflect our commitment to the community, environment and society at large.

During the financial year, we continued our industry-based internship recruitment programme in collaboration with public and private universities. Our specialised internship programme places interns under the supervision of the Production Manager to guide them through assigned projects and tasks, providing them with valuable hands-on work experience and early exposure to real-world industry practices. Additionally, we have contributed to educational institutions to support a conducive learning environment for students from low-income households. We have also continued to provide financial contributions to various charitable organisations assisting the less privileged.

The Group has contributed to 8 beneficiaries (groups) through monetary or asset donations. Our CSR activities carried out during the year include:

Date	Activity
September 2023	Cash donation to poor children in Binh Duong Province, Vietnam
September 2023	Donated 10 units of exercise equipment to police in Bau Bang District, Vietnam
September 2023	Cash donation to Disaster Prevention Fund of Binh Duong Province, Vietnam
November 2023	Cash donation to Disaster Prevention Fund of Bau Bang District, Vietnam
December 2023	Cash donation to poor children in Binh Duong Province, Vietnam
January 2024	Donated cash and gifts to poor families staying at Bau Bang District, Binh Duong Province, Vietnam
April 2024	Donated furniture to a school in Wakaf Tapai, Kuala Terengganu, Malaysia
May 2024	Donated furniture to an orphanage home in Selangor, Malaysia

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”) (cont'd)

Governance

Business Ethics

The Group upholds and maintains high standards of ethical behaviour in its business practices. We are committed to conducting our business in compliance with the Malaysian Code of Corporate Governance (“MCCG”), Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 and all relevant laws and regulations in the countries where we operate. Our Code of Conduct and Ethics (“Code”) provides principles and guidelines applicable to all Directors and employees on the appropriate standards of conduct and ethical behaviour in carrying out their responsibilities. The Code also sets out ethical expectations in various areas, including conflict of interest situations, corrupt practices, unethical or unlawful behaviour, improper use of company assets, insider trading, bribery, and handling gifts and gratuities. All Directors and employees are introduced to the Code upon their appointment or employment.

Anti-Bribery and Anti-Corruption (“ABAC”)

RKIB has zero-tolerance towards any form of corruption, bribery, or fraud. Guided by the principles of the Ministerial Guidelines and the MMLR in relation to anti-bribery, our ABAC Manual provides an overview of the key principles and the ‘Do’s and Don’ts’ when dealing with bribery and corruption matters, in line with the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the MACC Act 2009. All Directors, employees, business partners including vendors, contractors, sub-contractors, are required to understand and declare their compliance by completing the Personnel Integrity Pledge or Third-Party Integrity Pledge as appropriate.

Whistleblowing

We have implemented a Whistleblowing Policy that offers a secure platform for employees or members of the public to report any improprieties or concerns of misconduct without fear of retaliation or reprisal. This policy, which is communicated to all employees, outlines the reporting procedure, investigation process, and safeguards of whistleblowers, ensuring their protection and confidentiality throughout the process.

The abovementioned policies and manuals are accessible on our corporate website.

In FY2024, we have undertaken a bribery and corruption risk assessment that covers all our operations. There were zero cases of corruption across the Group and all our employees have completed the necessary anti-corruption training.

Employee category	FY2024	
	Number of employees received anti-corruption training	Percentage of employees received anti-corruption training (%)
Executive	124	100
Non-executive	3,825	100

	FY2024
Number of confirmed incidents of corruption	0

SUSTAINABILITY STATEMENT (CONT'D)

Performance Data Table (from Bursa ESG Reporting Platform)

Indicator	Measurement Unit	2022	2023	2024
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	-	-	34,532.60
Electricity consumed from solar energy	kWh	90,729.00	2,377,017.00	3,177,529.00
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	-	-	887.40
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	-	-	22,994.10
Scope 2 emissions avoided from renewable energy in tonnes of CO2e	Metric tonnes	-	-	2,408.60
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	1,112.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	314.30
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	797.70
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	-	-	160.221000
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	92.10	91.70	88.10
Product Quality and Safety				
Number of incidents of non-compliance with regulations or voluntary codes concerning health & safety impacts of products	Number	-	-	0
Number of recalls issued and units recalled for health and safety reasons	Number	-	-	0
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	-	-	0
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	-	-	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	-	-	1.39
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	-	2,224
Number of hours worked	Hours	-	-	10,507,000
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Executive	Hours	-	-	1,386
Non-executive/Technical Staff	Hours	-	-	23,433
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	-	0.00
Bursa C6(c) Total number of employee turnover by employee category				
Executive	Number	-	-	10
Non-executive/Technical Staff	Number	-	-	1,519
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	-	-	0
Turnover rate	Rate	-	-	38.70
New hire rate	Rate	-	-	31.40
Average training hours per employee	Hours (1d.p.)	-	-	6.3
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				

Internal assurance

External assurance

No assurance

(*) Restated

SUSTAINABILITY STATEMENT (CONT'D)

Performance Data Table (from Bursa ESG Reporting Platform) (cont'd)

Indicator	Measurement Unit	2022	2023	2024
Age Group by Employee Category				
Executive Under 30	Percentage	-	-	3.20
Executive Between 30-50	Percentage	-	-	65.30
Executive Above 50	Percentage	-	-	31.50
Non-executive/Technical Staff Under 30	Percentage	-	-	28.30
Non-executive/Technical Staff Between 30-50	Percentage	-	-	62.20
Non-executive/Technical Staff Above 50	Percentage	-	-	9.50
Gender Group by Employee Category				
Executive Male	Percentage	-	-	65.30
Executive Female	Percentage	-	-	34.70
Non-executive/Technical Staff Male	Percentage	-	-	55.50
Non-executive/Technical Staff Female	Percentage	-	-	44.50
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	-	-	66.70
Female	Percentage	-	-	33.30
Under 30	Percentage	-	-	0.00
Between 30-50	Percentage	-	-	16.70
Above 50	Percentage	-	-	83.30
Number of Board Directors	Number	-	-	6
Number of women on the board	Number	-	-	2
Percentage of employees by gender - Male	Percentage	53.70	53.90	55.80
Percentage of employees by gender - Female	Percentage	46.30	46.10	44.20
Percentage of employees by age group - Under 30	Percentage	32.50	25.40	27.50
Percentage of employees by age group - Between 30 to 50	Percentage	60.40	65.40	62.40
Percentage of employees by age group - Above 50	Percentage	7.10	9.20	10.10
Percentage of employees by ethnic group - Bumiputera	Percentage	5.80	6.20	6.80
Percentage of employees by ethnic group - Chinese	Percentage	1.70	2.50	2.70
Percentage of employees by ethnic group - Indian	Percentage	1.10	1.50	1.50
Percentage of employees by ethnic group - Others	Percentage	91.40	89.80	89.00
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	-	-	72,556.03
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	8
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Executive	Percentage	-	-	100.00
Non-executive/Technical Staff	Percentage	-	-	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	-	-	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	-	-	0

SUSTAINABILITY STATEMENT (CONT'D)

Assurance Statement

This Statement has not been subjected to internal review by the Group's internal auditors nor has it been subjected to external, independent assurance. Nonetheless, we have undertaken the necessary steps to perform internal verification to enhance the accuracy and completeness of the data disclosed in this Statement.

This Statement has been reviewed and approved by the Board of Directors on 11 October 2024.

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or Remark(s)
GRI 2: General Disclosures 2021	2-1	Organisational details	2, 10-11
	2-2	Entities included in the organisation's sustainability reporting	41
	2-3	Reporting period, frequency and contact point	41
	2-4	Restatements of information	No restatements have been made.
	2-5	External assurance	All data and information presented in this Statement have not been externally assured at present.
	2-6	Activities, value chain and other business relationships	4-11
	2-7	Employees	51-55
	2-8	Workers who are not employees	There are no workers who are not employees whose work is controlled by the Group.
	2-9	Governance structure and composition	2, 18-31
	2-10	Nomination and selection of the highest governance body	22-26
	2-11	Chair of the highest governance body	2, 12
	2-12	Role of the highest governance body in overseeing the management of impacts	18-22, 41
	2-13	Delegation of responsibility for managing impacts	18-22, 41
	2-14	Role of the highest governance body in sustainability reporting	41
	2-15	Conflicts of interest	40, 56
	2-16	Communication of critical concerns	56
	2-17	Collective knowledge of the highest governance body	26
	2-18	Evaluation of the performance of the highest governance body	24
	2-19	Remuneration policies	27-28
	2-20	Process to determine remuneration	27-28
	2-22	Statement on sustainable development strategy	41-44
	2-23	Policy commitments	45-56

SUSTAINABILITY STATEMENT (CONT'D)

GRI Content Index (cont'd)

GRI Standard	Disclosure		Page number(s) and/or Remark(s)
	2-24	Embedding policy commitments	45-56
	2-25	Processes to remediate negative impacts	45-56
	2-26	Mechanisms for seeking advice and raising concerns	51, 56
	2-27	Compliance with laws and regulations	49-50, 56
	2-28	Membership associations	Not applicable
	2-29	Approach to stakeholder engagement	42
	2-30	Collective bargaining agreements	RKIB does not restrict or curtail any constitutional right of association or unionisation permitted by the regulatory framework in Malaysia.
GRI 3: Material Topics 2021	3-1	Process to determine material topics	43-44
	3-2	List of material topics	44
	3-3	Management of material topics	45-56
GRI 204: Procurement Practices 2016	3-3	Management of material topics	49
	204-1	Proportion of spending on local suppliers	49
GRI 205: Anti-corruption 2016	3-3	Management of material topics	56
	205-1	Operations assessed for risks related to corruption	56
	205-2	Communication and training about anti-corruption policies and procedures	56
	205-3	Confirmed incidents of corruption and actions taken	56
GRI 302: Energy 2016	3-3	Management of material topics	45-46
	302-1	Energy consumption within the organisation	45-46
GRI 303: Water and Effluents 2018	3-3	Management of material topics	48
	303-5	Water consumption	48
GRI 305: Emissions 2016	3-3	Management of material topics	46-47
	305-1	Direct (Scope 1) GHG emissions	47
	305-2	Energy indirect (Scope 2) GHG emissions	47
GRI 306: Waste 2020	3-3	Management of material topics	47-48
	306-3	Waste generated	48
GRI 401: Employment 2016	3-3	Management of material topics	51-53
	401-1	New employee hires and employee turnover	52
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	51-52

SUSTAINABILITY STATEMENT (CONT'D)

GRI Content Index (cont'd)

GRI Standard	Disclosure		Page number(s) and/or Remark(s)
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	50-51
	403-1	Occupational health and safety management system	50-51
	403-2	Hazard identification, risk assessment, and incident investigation	50-51
	403-4	Worker participation, consultation, and communication on occupational health and safety	50-51
	403-5	Worker training on occupational health and safety	51
	403-6	Promotion of worker health	51
	403-9	Work-related injuries	51
GRI 404: Training and Education 2016	3-3	Management of material topics	53
	404-1	Average hours of training per year per employee	53
	404-2	Programmes for upgrading employee skills and transition assistance programmes	53
	404-3	Percentage of employees receiving regular performance and career development reviews	51
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	53-55
	405-1	Diversity of governance bodies and employees	53-55
GRI 413: Local Communities 2016	3-3	Management of material topics	55
	413-1	Operations with local community engagement, impact assessments, and development programmes	55
GRI 416: Customer Health and Safety 2016	3-3	Management of material topics	49
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	49
GRI 418: Customer Privacy 2016	3-3	Management of material topics	50
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	50

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 2024 as set out on pages 63 to 144 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



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83	Notes to the 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 2024.

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	11,232	5,008
Profit/(Loss) for the year, attributable to:		
Owners of the Company	12,449	5,008
Non-controlling interests	(1,217)	-
	11,232	5,008

There were no material transfer to or from reserves or provisions during the financial year.

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 2023 were as follows:

	RM'000
In respect of the financial year ended 30 June 2023:	
Final single-tier dividend of 3 sen per share on 194,962,300 ordinary shares, declared on 12 October 2023 and paid on 12 January 2024	5,849
In respect of the financial year ended 30 June 2024:	
First interim single-tier dividend of 1 sen per share on 194,962,300 ordinary shares, declared on 21 February 2024 and paid on 10 May 2024	1,949
	7,798

**DIRECTORS' REPORT
(CONT'D)****Dividends (cont'd)**

At the forthcoming Annual General Meeting, a final single-tier dividend of 3 sen per share on 194,962,300 ordinary shares, in respect of the financial year ended 30 June 2024, amounting RM5,848,869 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 2025.

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

* 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

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

Grob Holz Company Limited
Somjet Saeyang

Excite Group Sdn. Bhd.
Ng Yang Peng

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 benefits (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.

DIRECTORS' REPORT (CONT'D)

Directors' benefits (cont'd)

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Salaries and other emoluments	1,922	12
Fee	312	312
Employees' Share Scheme expenses	150	150
Defined contribution plan	90	-
Other benefits	35	35
	2,509	509

Directors' interest

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 1.7.2023	Acquired	Sold	At 30.6.2024

Ordinary shares of the Company

Direct interest:

Lin Chen, Jui-Fen #	49,738,036	60,000	-	49,798,036
Lin, Chin-Hung #	13,492,800	60,000	-	13,552,800

Deemed interest:

Yek Siew Liong *	29,804,400	-	-	29,804,400
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During the year, the Company issued 60,000 ordinary shares to these directors under the Employees' Share Scheme.

* 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.

DIRECTORS' REPORT (CONT'D)

Treasury shares

At the reporting date, the Company held as treasury shares a total of 110,200 of its 195,072,500 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM167,000. Further details on treasury shares are disclosed in Note 23 to the financial statements.

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

During the financial year, the Company increased its issued and paid-up ordinary shares from RM98,433,000 to RM99,323,000 by way of issuance of 710,000 ordinary shares at issue price of RM1.2535 per share for awarded to eligible senior executives and employees under the ESS. The total number of issued ordinary shares, including transaction costs, amounting to RM890,000 was recognised as an expense in the statements of comprehensive income.

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 satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values 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) the amount written off for 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.

DIRECTORS' REPORT (CONT'D)

Other statutory information (cont'd)

- (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 PLT	300	102
Member firm of Ernst & Young Global	261	-
Other auditor	20	-
	581	102

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 2024.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 October 2024.

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, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 75 to 144 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 2024 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 15 October 2024.

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, do solemnly and sincerely declare that the accompanying financial statements set out on pages 75 to 144 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 15 October 2024.

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 (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Rhong Khen International Berhad, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 75 to 144.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and 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 Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities 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 accounting policies in Note 2.22 and disclosure of revenue in Note 4 to the financial statements.

During the year, the sale of goods and services recorded by the Group amounted to RM520.0 million representing 99.7% of the Group's total revenue. We have identified sale of goods and services 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 (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 and services 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 services; 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 accounting policies in Note 2.15, significant accounting judgements and estimates in Note 3(b) and the disclosure of inventories in Note 19 to the financial statements.

As at 30 June 2024, the Group's inventories amounted to RM137.6 million, representing 16.9% 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 labour and overhead expenses to assess whether the apportionment basis is applied consistently across the Group.

Foreign income tax expenses

We draw your attention to the summary of accounting policies in Note 2.23, 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 2024, the Group recognised foreign income tax expense of RM5.4 million.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF RHONG KHEN INTERNATIONAL BERHAD (INCORPORATED IN MALAYSIA)

Key audit matters (cont'd)

Foreign income tax expenses (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 on the other information that we obtained prior to the date of this auditors' report, 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 (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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 (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. 03489/03/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia

15 October 2024

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	4	521,624	649,423	6,000	10,350
Cost of sales		(454,768)	(569,579)	-	-
Gross profit		66,856	79,844	6,000	10,350
Other income	5	9,512	7,025	659	626
Selling and distribution expenses		(17,849)	(20,695)	-	-
Administrative expenses		(28,808)	(26,841)	(1,649)	(1,592)
Other expenses		(9,043)	(8,245)	(2)	(2)
Finance costs	6	(1,354)	(3,232)	-	-
Profit before tax	7	19,314	27,856	5,008	9,382
Income tax expense	10	(8,082)	(6,001)	-	(3)
Profit for the year		11,232	21,855	5,008	9,379
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>					
Foreign currency translation, net of tax		4,237	19,776	-	-
Total comprehensive income for the year		15,469	41,631	5,008	9,379
Profit/(Loss) for the year, attributable to:					
Owners of the Company		12,449	22,587	5,008	9,379
Non-controlling interests		(1,217)	(732)	-	-
		11,232	21,855	5,008	9,379
Total comprehensive income/(loss) for the year, attributable to:					
Owners of the Company		16,686	42,363	5,008	9,379
Non-controlling interests		(1,217)	(732)	-	-
		15,469	41,631	5,008	9,379
Earnings per share attributable to owners of the Company					
Basic/diluted (sen)	11	6.4	11.6		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	255,199	267,840	-	-
Investment properties	14	44,380	52,724	-	-
Right-of-use assets	15	32,334	33,194	-	-
Investments in subsidiaries	16	-	-	218,929	218,929
Other investment	17	81	81	-	-
Deferred tax assets	18	903	843	-	-
		332,897	354,682	218,929	218,929
Current assets					
Inventories	19	137,563	151,433	-	-
Trade and other receivables	20	48,662	43,195	-	-
Prepayments		2,309	3,553	-	-
Tax recoverable		1,407	1,482	333	215
Derivative	30	12	-	-	-
Investment securities	21	75,221	63,438	15,692	17,644
Cash and bank balances	22	215,152	194,934	679	723
		480,326	458,035	16,704	18,582
Total assets		813,223	812,717	235,633	237,511
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	23	99,323	98,433	99,323	98,433
Treasury shares	23	(167)	(167)	(167)	(167)
Retained earnings	24	486,877	482,226	136,342	139,132
Foreign currency translation reserve	25	109,701	105,464	-	-
		695,734	685,956	235,498	237,398
Non-controlling interests		(1,459)	(242)	-	-
Total equity		694,275	685,714	235,498	237,398

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024 (CONT'D)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current liabilities					
Deferred tax liabilities	18	3,639	3,644	-	-
Loans and borrowings	26	14,574	17,328	-	-
Provision for severance allowance	27	233	232	-	-
Lease liabilities	28	4,975	5,091	-	-
Retirement benefit obligation	29	385	338	-	-
		23,806	26,633	-	-
Current liabilities					
Tax payable		31,129	32,134	-	-
Loans and borrowings	26	4,899	15,111	-	-
Trade and other payables	31	58,936	52,954	135	113
Lease liabilities	28	178	171	-	-
		95,142	100,370	135	113
Total liabilities		118,948	127,003	135	113
Total equity and liabilities		813,223	812,717	235,633	237,511

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 2024

2024	Note	← Distributable →			Foreign currency translation reserve RM'000 (Note 25)	Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000 (Note 23)	Treasury shares RM'000 (Note 23)	Retained earnings RM'000 (Note 24)				
		98,433	(167)	482,226	105,464	685,956	685,714	
		-	-	12,449	4,237	16,686	15,469	
	12	-	-	(7,798)	-	(7,798)	(7,798)	
	23,39	890	-	-	-	890	890	
		99,323	(167)	486,877	109,701	695,734	694,275	
		98,433	(155)	471,294	85,688	655,260	655,260	
		-	-	22,587	19,776	42,363	41,631	
	12	-	-	(11,655)	-	(11,655)	(11,655)	
	23	-	(874)	-	-	(874)	(874)	
	23,39	-	862	-	-	862	862	
		-	-	-	-	-	490	
		98,433	(167)	482,226	105,464	685,956	685,714	

2024

As at 1 July 2023

Total comprehensive income/(loss)

Dividends on ordinary shares

Issuance of Shares pursuant to
Employees' Share Scheme

As at 30 June 2024

2023

As at 1 July 2022

Total comprehensive income/(loss)

Dividends on ordinary shares

Purchase of treasury shares

Transfer to Employees' Share Scheme

Acquisition of a subsidiary

As at 30 June 2023

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 2024

	Note	Share capital RM'000 (Note 23)	← Distributable →		Total equity RM'000
			Treasury shares RM'000 (Note 23)	Retained earnings RM'000 (Note 24)	
2024					
As at 1 July 2023		98,433	(167)	139,132	237,398
Total comprehensive income		-	-	5,008	5,008
Dividends on ordinary shares	12	-	-	(7,798)	(7,798)
Issuance of Shares pursuant to Employees' Share Scheme	23,39	890	-	-	890
As at 30 June 2024		99,323	(167)	136,342	235,498
2023					
As at 1 July 2022		98,433	(155)	141,408	239,686
Total comprehensive income		-	-	9,379	9,379
Dividends on ordinary shares	12	-	-	(11,655)	(11,655)
Purchase of treasury shares	23	-	(874)	-	(874)
Transfer to Employees' Share Scheme	23,39	-	862	-	862
As at 30 June 2023		98,433	(167)	139,132	237,398

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 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities					
Profit before tax		19,314	27,856	5,008	9,382
Adjustments for:					
Reversal of allowance for expected credit losses on trade receivables	5	-	(57)	-	-
Distribution from investment securities	5	(1,833)	(1,401)	(354)	(378)
Net fair value gain on:					
- Investment securities	5	(732)	(999)	(294)	(239)
- Derivative	5	(12)	(407)	-	-
(Gain)/Loss on disposal of:					
- Property, plant and equipment	5,7	(351)	189	-	-
- Investment properties	5	(346)	-	-	-
Net unrealised loss/(gain) on foreign exchange	5,7	2,929	1,072	-	(1)
Finance costs	6	1,354	3,232	-	-
Retirement benefit expenses	8	56	35	-	-
Depreciation of:					
- Property, plant and equipment	7	18,227	17,718	-	-
- Investment properties	7	397	335	-	-
- Right-of-use assets	7	1,216	1,168	-	-
Allowance for expected credit losses on trade receivables	7	-	290	-	-
Property, plant and equipment written off	7	-	202	-	-
Provision for severance allowance	7	141	127	-	-
Inventories written down	7	1,317	476	-	-
Employees' Share Scheme expenses	8	890	862	890	862
Interest income	5	(4,315)	(2,998)	(11)	(8)
Operating profit before working capital changes		38,252	47,700	5,239	9,618
Changes in inventories		13,453	109,161	-	-
Changes in receivables		6,034	42,683	-	-
Changes in prepayments		1,244	639	-	-
Changes in payables		4,917	(67,536)	22	7
Cash generated from operations		63,900	132,647	5,261	9,625
Interest paid		(1,354)	(3,232)	-	-
Severance payments	27	(143)	(135)	-	-
Net taxes paid		(7,692)	(13,560)	(118)	(208)
Net cash flows generated from operating activities		54,711	115,720	5,143	9,417

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(8,832)	(21,875)	-	-
Purchase of investment properties	14	-	(1,800)	-	-
Interest received		4,315	2,998	11	8
Proceeds from disposal of:					
- Property, plant and equipment		786	328	-	-
- Investment properties		1,230	-	-	-
Net (purchase of)/proceeds from disposal of investment securities		(9,218)	24,053	2,600	3,350
Placement of deposits with licensed banks		(14,326)	(28,141)	-	-
Net cash flows (used in)/generated from investing activities		(26,045)	(24,437)	2,611	3,358
Cash flows from financing activities					
Repayments of loans and borrowings		(18,418)	(186,627)	-	-
Drawdown of loans and borrowings		5,269	86,494	-	-
Repayments for principal portion of lease liabilities	28	(172)	(161)	-	-
Treasury shares acquired	23	-	(874)	-	(874)
Dividends paid on ordinary shares	12	(7,798)	(11,655)	(7,798)	(11,655)
Net cash flows used in financing activities		(21,119)	(112,823)	(7,798)	(12,529)
Net changes in cash and cash equivalents		7,547	(21,540)	(44)	246
Effects of exchange rate changes		(1,655)	5,959	-	1
Cash and cash equivalents at beginning of the year		166,118	181,699	723	476
Cash and cash equivalents at end of the year	22	172,010	166,118	679	723

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

Reconciliation of liabilities arising from financing activities

	Loans and borrowings RM'000	Lease liabilities RM'000
Group		
As at 1 July 2022	129,311	5,133
Net changes from financing cash flows:		
- Repayments of loans and borrowings	(186,627)	-
- Drawdown of loans and borrowings	86,494	-
- Repayments for principal portion of lease liabilities	-	(161)
	(100,133)	(161)
Effects of exchange rate changes	3,261	290
As at 30 June 2023	32,439	5,262
As at 1 July 2023	32,439	5,262
Net changes from financing cash flows:		
- Repayments of loans and borrowings	(18,418)	-
- Drawdown of loans and borrowings	5,269	-
- Repayments for principal portion of lease liabilities	-	(172)
	(13,149)	(172)
Effects of exchange rate changes	183	63
As at 30 June 2024	19,473	5,153

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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 7 ¾, 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 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 October 2024.

2. Summary of 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 below accounting policies.

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 2023, the Group and the Company adopted the following amended standards which are mandatory for annual periods beginning on or after 1 January 2023.

Descriptions	Effective for annual periods beginning on or after	
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	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of 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 MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Presentation of Financial Statements (Non-Current Liabilities with Covenants)	1 January 2024
Amendments to MFRS 107	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 7 and MFRS 9	The Classification and Measurement of Financial Instrument	1 January 2026
Amendments to MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosure	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The initial application of the amendments to MFRSs are not expected to have any material financial impact to 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 Company controls an investee if, and only if, the Company 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting rights or similar rights of an investee, the Group considers all facts and circumstances in assessing whether the Group's voting rights in the investee are sufficient to give it power over the investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets and liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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 interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.5 Business combinations (cont'd)

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 loss, if any. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

The Company controls an investee if, and only if, the Company 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.

2.7 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the company.

Changes in the company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

Total comprehensive income of a subsidiary is attributable to the non-controlling interest even if it results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.8 Foreign currencies

(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 OCI 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.

(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 OCI. On disposal of a foreign operation, the cumulative amount recognised in OCI 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.9 Property, plant and equipment

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of 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 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 fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

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. 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 OCI. In this case, the impairment is also recognised in OCI up to the amount of any previous revaluation.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.12 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of the financial assets at initial recognition, and the categories include financial assets at amortised cost and financial assets at fair value through profit or loss.

(a) Financial assets at amortised cost

Financial assets at amortised cost are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(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 revenue in the 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 rate ("EIR") method.

The Group's and the Company's financial assets at fair value through profit or loss comprise of derivative and investment securities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.12 Financial assets (cont'd)

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 has 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.

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 EIR. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

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 deposits with licensed banks with tenure more than three months.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

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.

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 of 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

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.

2.19 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 expenses

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.20 Employee benefits expenses (cont'd)

(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.

(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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.21 Leases (cont'd)

Group as a lessee (cont'd)

Right-of-use assets (cont'd)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.21 Leases (cont'd)

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. Lease 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 lease income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for lease income is set out in Note 2.22(b).

2.22 Revenue

(a) Sale of goods and services

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

(b) Lease income

Lease 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 lease 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.

(d) Interest income

Interest income is recognised using the EIR method.

(e) Management fees

Management fees are recognised when services are rendered.

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities 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 by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in OCI or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.23 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 OCI 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 tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.24 Sales and Service Tax ("SST")

Legislation to implement Malaysia's new sales and service tax ("SST") and repeal the Goods and Services Tax ("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.

2.25 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.

2.26 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.

2.27 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

2. Summary of accounting policies (cont'd)

2.28 Fair value measurement

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 a 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.

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available 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; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

3. Significant accounting judgements and estimates

The preparation of the Group's and of the Company's financial statements require management to make judgement, 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 result in outcomes that could require a material adjustment to the carrying amount of the asset and liability affected in the future.

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 RM1,407,000 (2023: RM1,482,000) and RM31,129,000 (2023: RM32,134,000), respectively.

(b) 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% (2023: 1%) difference in the work-in-progress and finished goods balance would result in RM835,000 (2023: RM833,000) fluctuation in the Group's profit for the year.

At the reporting date, the carrying amount of inventories of the Group is disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

4. Revenue

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Sale of goods and services	520,000	647,815	-	-
Lease income	1,624	1,608	-	-
Dividend income from subsidiaries	-	-	6,000	10,350
	521,624	649,423	6,000	10,350
Geographical market:				
United States	452,817	579,836	-	-
Southeast Asia	51,512	49,954	6,000	10,350
Australia	6,567	8,594	-	-
Canada	3,038	6,104	-	-
Others	7,690	4,935	-	-
	521,624	649,423	6,000	10,350
Timing of revenue recognition:				
At a point in time	520,000	647,815	6,000	10,350
Over time	1,624	1,608	-	-
	521,624	649,423	6,000	10,350

5. Other income

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income	4,315	2,998	11	8
Gain on disposal of:				
- Property, plant and equipment	351	-	-	-
- Investment properties	346	-	-	-
Net unrealised gain on foreign exchange	-	-	-	1
Net fair value gain on:				
- Investment securities	732	999	294	239
- Derivative	12	407	-	-
Lease income	1,116	52	-	-
Reversal of allowance for expected credit losses on trade receivables	-	57	-	-
Distribution from investment securities	1,833	1,401	354	378
Miscellaneous income	807	1,111	-	-
	9,512	7,025	659	626

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

6. Finance costs

	Group	
	2024 RM'000	2023 RM'000
Interest expenses on:		
- Bankers' acceptances	82	87
- Term loans	1,095	958
- Trust receipts	19	1,959
- Lease liabilities	128	126
- Others	30	102
	1,354	3,232

7. Profit before tax

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Auditors' remuneration:				
- Statutory audit				
- Ernst & Young PLT	287	287	89	89
- Member firm of Ernst & Young Global	261	268	-	-
- Other auditor	20	19	-	-
- Other services				
- Ernst & Young PLT	13	13	13	13
Depreciation of:				
- Property, plant and equipment	18,227	17,718	-	-
- Investment properties	397	335	-	-
- Right-of-use assets	1,216	1,168	-	-
Allowance for expected credit losses on trade receivables	-	290	-	-
Loss on disposal of property, plant and equipment	-	189	-	-
Net realised loss on foreign exchange	2,236	2,479	-	-
Net unrealised loss on foreign exchange	2,929	1,072	-	-
Property, plant and equipment written off	-	202	-	-
Inventories written down	1,317	476	-	-
Provision for severance allowance	141	127	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

8. Employee benefits expenses

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Wages and salaries	114,472	118,175	-	-
Social security contributions	10,690	11,893	-	-
Defined contribution plan	1,772	1,830	-	-
Retirement benefit expenses (Note 29)	56	35	-	-
Employees' Share Scheme expenses (Note 23)	890	862	890	862
Other benefits	5,675	6,025	12	12
	133,555	138,820	902	874

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM2,162,000 (2023: RM2,098,000) and RM162,000 (2023: RM194,000), 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Executive:				
- Salaries and other emoluments	1,922	1,825	12	12
- Employees' Share Scheme expenses	150	182	150	182
- Defined contribution plan	90	91	-	-
Total executive directors' remuneration	2,162	2,098	162	194
Non-executive:				
- Fee	312	300	312	300
- Other benefits	35	33	35	33
Total non-executive directors' remuneration	347	333	347	333
Total directors' remuneration (Note 32(b))	2,509	2,431	509	527

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

10. Income tax expense

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current income tax:				
- Malaysian income tax				
- Current tax	2,660	2,200	-	2
- Under/(Over) provision in prior years	51	(141)	-	1
- Foreign income tax				
- Current tax	8,370	6,095	-	-
- Over provision in prior years	(2,945)	(2,961)	-	-
	8,136	5,193	-	3
Deferred tax: (Note 18)				
- (Reversal)/Origination of temporary differences	(29)	444	-	-
- (Over)/Under provision in prior years	(25)	364	-	-
	(54)	808	-	-
Income tax expense recognised in profit or loss	8,082	6,001	-	3

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 are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax	19,314	27,856	5,008	9,382
Tax at Malaysian statutory tax rate of 24% (2023: 24%)	4,635	6,685	1,202	2,252
Different tax rates in other countries	(2,736)	(3,197)	-	-
Non-taxable income	(570)	(910)	(1,596)	(2,632)
Non-deductible expenses	6,809	5,301	394	382
Utilisation of deferred tax assets previously not recognised	(165)	-	-	-
Deferred tax assets not recognised	3,028	860	-	-
Under/(Over) provision of income tax in prior years				
- Malaysian income tax	51	(141)	-	1
- Foreign income tax	(2,945)	(2,961)	-	-
(Over)/Under provision of deferred tax in prior years	(25)	364	-	-
	8,082	6,001	-	3

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

10. Income tax expense (cont'd)

Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 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% (2023: 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unutilised reinvestment allowances	9,564	9,564	-	-
Unutilised tax losses	32,187	21,701	772	772
Unabsorbed capital allowances	25,761	24,318	-	-
	67,512	55,583	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:

Utilisation period	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Indefinite	25,761	24,318	-	-
Expiring in 2026	8,782	8,818	-	-
Expiring in 2028	13,383	13,383	-	-
Expiring in 2029	772	772	772	772
Expiring in 2030	2,589	2,589	-	-
Expiring in 2032	3,909	3,909	-	-
Expiring in 2033	1,794	1,794	-	-
Expiring in 2034	10,522	-	-	-
	67,512	55,583	772	772

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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 Company by the weighted average number of ordinary shares, excluding treasury shares, during the financial year.

	Group													
	2024	2023												
	RM'000	RM'000												
Profit for the year, net of tax, attributable to owners of the Company	12,449	22,587												
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Group</th> </tr> <tr> <th></th> <th style="text-align: center;">2024</th> <th style="text-align: center;">2023</th> </tr> <tr> <th></th> <th style="text-align: center;">Number of shares '000</th> <th style="text-align: center;">Number of shares '000</th> </tr> </thead> <tbody> <tr> <td style="padding-top: 10px;">Weighted average number of ordinary shares, excluding treasury shares</td> <td style="text-align: right; vertical-align: bottom;">194,654</td> <td style="text-align: right; vertical-align: bottom;">194,151</td> </tr> </tbody> </table>				Group			2024	2023		Number of shares '000	Number of shares '000	Weighted average number of ordinary shares, excluding treasury shares	194,654	194,151
	Group													
	2024	2023												
	Number of shares '000	Number of shares '000												
Weighted average number of ordinary shares, excluding treasury shares	194,654	194,151												
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Group</th> </tr> <tr> <th></th> <th style="text-align: center;">2024</th> <th style="text-align: center;">2023</th> </tr> <tr> <th></th> <th style="text-align: center;">Sen</th> <th style="text-align: center;">Sen</th> </tr> </thead> <tbody> <tr> <td style="padding-top: 10px;">Basic earnings per share</td> <td style="text-align: right; vertical-align: bottom;">6.4</td> <td style="text-align: right; vertical-align: bottom;">11.6</td> </tr> </tbody> </table>				Group			2024	2023		Sen	Sen	Basic earnings per share	6.4	11.6
	Group													
	2024	2023												
	Sen	Sen												
Basic earnings per share	6.4	11.6												

(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 2024 (CONT'D)

12. Dividends

	Group and Company	
	2024	2023
	RM'000	RM'000
Recognised during the financial year:		
In respect of the financial year ended 30 June 2022:		
Final single-tier dividend of 5 sen per share on 194,252,300 ordinary shares	-	9,713
In respect of the financial year ended 30 June 2023:		
First interim single-tier dividend of 1 sen per share on 194,252,300 ordinary shares	-	1,942
Final single-tier dividend of 3 sen per share on 194,962,300 ordinary shares	5,849	-
In respect of the financial year ended 30 June 2024:		
First interim single-tier dividend of 1 sen per share on 194,962,300 ordinary shares	1,949	-
	7,798	11,655

At the forthcoming Annual General Meeting, a final single-tier dividend of 3 sen per share on 194,962,300 ordinary shares, in respect of the financial year ended 30 June 2024, amounting RM5,848,869 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 2025.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

13. Property, plant and equipment

Group	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
2024										
Cost										
At beginning of the year	22,652	254,099	306,780	3,839	613	5,310	4,429	2,251	9,672	609,645
Additions	463	-	3,560	-	5	1,678	224	74	2,828	8,832
Disposals	-	-	(761)	-	-	(1,038)	(19)	-	-	(1,818)
Write-off	-	-	(190)	(70)	-	-	(43)	-	-	(303)
Transferred to investment properties (Note 14)	(2,009)	(3,131)	-	-	-	-	-	-	-	(5,140)
Reclassification	-	-	335	-	-	-	-	-	(335)	-
Exchange differences	(56)	1,559	1,609	(75)	(13)	29	45	(47)	79	3,130
At end of the year	21,050	252,527	311,333	3,694	605	5,979	4,636	2,278	12,244	614,346
Accumulated depreciation										
At beginning of the year	-	85,468	242,052	3,588	529	4,146	3,930	2,092	-	341,805
Charge for the year	-	6,579	10,983	58	13	370	181	43	-	18,227
Disposals	-	-	(336)	-	-	(1,028)	(19)	-	-	(1,383)
Write-off	-	-	(190)	(70)	-	-	(43)	-	-	(303)
Transferred to investment properties (Note 14)	-	(1,121)	-	-	-	-	-	-	-	(1,121)
Exchange differences	-	571	1,423	(75)	(13)	15	44	(43)	-	1,922
At end of the year	-	91,497	253,932	3,501	529	3,503	4,093	2,092	-	359,147
Net carrying amount										
At 30 June 2024	21,050	161,030	57,401	193	76	2,476	543	186	12,244	255,199

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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

Group	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 construction RM'000	Buildings under construction RM'000	Total RM'000
2023										
Cost										
At beginning of the year	22,536	241,501	286,579	3,683	523	5,344	3,916	2,154	1,081	567,317
Additions	-	3,076	9,226	-	64	13	321	-	9,175	21,875
Disposals	-	-	(940)	-	-	(222)	(2)	-	-	(1,164)
Write-off	-	-	(345)	-	(1)	-	(10)	-	(177)	(533)
Reclassification	-	-	702	-	-	-	-	-	(702)	-
Exchange differences	116	9,522	11,558	156	27	175	204	97	295	22,150
At end of the year	22,652	254,099	306,780	3,839	613	5,310	4,429	2,251	9,672	609,645
Accumulated depreciation										
At beginning of the year	-	75,806	222,669	3,370	494	3,888	3,604	1,966	-	311,797
Charge for the year	-	6,422	10,740	62	9	306	142	37	-	17,718
Disposals	-	-	(478)	-	-	(169)	-	-	-	(647)
Write-off	-	-	(320)	-	(1)	-	(10)	-	-	(331)
Exchange differences	-	3,240	9,441	156	27	121	194	89	-	13,268
At end of the year	-	85,468	242,052	3,588	529	4,146	3,930	2,092	-	341,805
Net carrying amount										
At 30 June 2023	22,652	168,631	64,728	251	84	1,164	499	159	9,672	267,840

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

14. Investment properties

	Group	
	2024	2023
	RM'000	RM'000
Freehold land and buildings		
Cost		
At beginning of the year	55,243	53,417
Additions	-	1,800
Disposals	(11,954)	-
Transferred from property, plant and equipment (Note 13)	5,140	-
Exchange differences	(12)	26
	48,417	55,243
Accumulated depreciation		
At beginning of the year	2,519	2,184
Charge for the year	397	335
Transferred from property, plant and equipment (Note 13)	1,121	-
	4,037	2,519
	44,380	52,724

The investment properties with net carrying amount of RM38,086,000 (2023: RM50,337,000) are pledged as securities for loans and borrowings as disclosed in Note 26.

At the reporting date, the directors have estimated the fair value of investment properties of the Group to be RM93,262,000 (2023: RM79,256,000). The fair value has been determined by reference to market evidence of transaction prices for similar properties.

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

	Group	
	2024	2023
	RM'000	RM'000
Lease income	1,624	1,608
Depreciation of investment properties	397	335
Quit rent and assessment	128	147

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

15. Right-of-use assets

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

Group	Building RM'000	Leasehold land RM'000	Land use rights RM'000	Total RM'000
2024				
Cost				
At beginning of the year	2,598	5,734	45,426	53,758
Exchange differences	31	12	546	589
At end of the year	2,629	5,746	45,972	54,347
Accumulated depreciation				
At beginning of the year	2,598	2,089	15,877	20,564
Charge for the year	-	99	1,117	1,216
Exchange differences	31	5	197	233
At end of the year	2,629	2,193	17,191	22,013
Net carrying amount				
At 30 June 2024	-	3,553	28,781	32,334
2023				
Cost				
At beginning of the year	2,456	5,678	42,941	51,075
Exchange differences	142	56	2,485	2,683
At end of the year	2,598	5,734	45,426	53,758
Accumulated depreciation				
At beginning of the year	2,456	1,967	13,961	18,384
Charge for the year	-	98	1,070	1,168
Exchange differences	142	24	846	1,012
At end of the year	2,598	2,089	15,877	20,564
Net carrying amount				
At 30 June 2023	-	3,645	29,549	33,194

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

16. Investments in subsidiaries

	Company	
	2024 RM'000	2023 RM'000
Unquoted shares, at cost	218,929	218,929

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Proportion of ownership interest	
			2024 %	2023 %
<i>Held by the Company:</i>				
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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	
			2024 %	2023 %
<i>Held through Latitude Tree Sdn. Bhd.:</i>				
Latitude Tree Vietnam Joint Stock Company *	Vietnam	Manufacture and sale of wooden furniture and components	100	100
<i>Held through Grob Holz Sdn. Bhd.:</i>				
Grob Holz Company Limited #	Thailand	Manufacture and sale of wooden furniture parts and components	100	100
<i>Held through L-Tree Resources Sdn. Bhd.:</i>				
RT Industries Co., Ltd. *	Vietnam	Manufacture and sale of upholstery furniture	100	100
<i>Held through Rhong Khen Industries Sdn. Bhd.:</i>				
Excite Group Sdn. Bhd.	Malaysia	Manufacture and sale of furniture, panel board furniture and components	51	51
<i>Held through Latitude Tree Vietnam Joint Stock Company:</i>				
RK Resources Co., Ltd. *	Vietnam	Manufacture and sale of wooden furniture and components	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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

16. Investments in subsidiaries (cont'd)

Summarised financial information for non-controlling interests have not been disclosed as the carrying amount of these non-controlling interests is not material to the Group's consolidated statement of financial position.

17. Other investment

	Group	
	2024	2023
	RM'000	RM'000
Transferable golf club membership, at cost	81	81

18. Deferred tax assets/(liabilities)

	Group	
	2024	2023
	RM'000	RM'000
At beginning of the year	(2,801)	(2,203)
Recognised in profit or loss (Note 10)	54	(808)
Exchange differences	11	210
At end of the year	(2,736)	(2,801)
Presented after appropriate offsetting as follows:		
Deferred tax assets	903	843
Deferred tax liabilities	(3,639)	(3,644)
	(2,736)	(2,801)

Deferred tax assets/(liabilities) provided in financial statements are in respect of the following temporary differences:

	Group	
	2024	2023
	RM'000	RM'000
Property, plant and equipment	(5,384)	(6,784)
Right-of-use assets	(257)	(161)
Unutilised tax losses and unabsorbed capital allowances	847	2,235
Provisions	1,969	1,814
Investment properties	89	95
	(2,736)	(2,801)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

19. Inventories

	Group	
	2024	2023
	RM'000	RM'000
Cost		
Raw materials	54,105	68,118
Work-in-progress	24,907	27,495
Finished goods	56,753	55,582
	135,765	151,195
Net realisable value		
Finished goods	1,798	238
	137,563	151,433

The cost of inventories recognised as expenses in cost of sales of the Group is RM454,768,000 (2023: RM569,579,000).

20. Trade and other receivables

	Group	
	2024	2023
	RM'000	RM'000
Trade receivables		
Third parties	29,090	36,288
Less: Allowance for expected credit losses	(773)	(6,319)
Trade receivables, net	28,317	29,969
Other receivables		
Other indirect taxes	6,536	10,119
Sundry receivables	13,696	2,683
Deposits	389	706
	20,621	13,508
Less: Allowance for expected credit losses	(276)	(282)
Other receivables, net	20,345	13,226
Total trade and other receivables	48,662	43,195

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

20. Trade and other receivables (cont'd)

(a) Trade receivables

The Group's normal trade credit terms range from 7 to 90 days (2023: 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	
	2024 RM'000	2023 RM'000
Neither past due nor impaired	20,844	23,582
1 to 30 days past due not impaired	4,302	5,256
31 to 60 days past due not impaired	2,076	242
61 to 90 days past due not impaired	204	59
91 to 120 days past due not impaired	224	110
More than 121 days past due not impaired	667	720
Impaired	7,473	6,387
	773	6,319
	29,090	36,288

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 RM7,473,000 (2023: RM6,387,000) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

20. 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	
	2024	2023
	RM'000	RM'000
Trade receivables - nominal amounts	773	6,319
Less: Allowance for expected credit losses	(773)	(6,319)
	<hr/> -	<hr/> -

Movement in allowance accounts:

	Group	
	2024	2023
	RM'000	RM'000
At beginning of the year	6,319	5,780
Charge for the year	-	290
Reversal during the year	-	(57)
Written off during the year	(5,582)	-
Exchange differences	36	306
At end of the year	<hr/> 773	<hr/> 6,319

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

20. Trade and other receivables (cont'd)

(b) Other receivables

Other receivables that are impaired

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	
	2024	2023
	RM'000	RM'000
Other receivables - nominal amounts	276	282
Less: Allowance for expected credit losses	(276)	(282)
	-	-

Movement in allowance accounts:

	Group	
	2024	2023
	RM'000	RM'000
At beginning of the year	282	268
Exchange differences	(6)	14
At end of the year	276	282

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	
	2024	2023
	RM'000	RM'000
Ringgit Malaysia	19,443	5,363
United States Dollar	19,790	23,998
Vietnam Dong	7,955	12,611
Thai Baht	1,474	1,223
	48,662	43,195

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

21. Investment securities

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fair value through profit or loss				
Funds placed with licensed financial institutions in Malaysia	75,221	63,438	15,692	17,644

22. Cash and bank balances

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash at banks and in hand	149,374	97,867	679	723
Deposits with licensed banks	65,778	97,067	-	-
	215,152	194,934	679	723

Deposits with licensed banks are made for varying periods of between 1 day to 368 days (2023: 7 days to 365 days) depending on the immediate cash requirements of the Group and earn interests at the rates ranging from 0.80% to 5.00% (2023: 0.68% to 6.50%) per annum.

Deposits with licensed banks of the Group amounting RM3,575,000 (2023: RM12,974,000) 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Total cash and bank balances	215,152	194,934	679	723
Deposits with licensed banks with tenure more than three months	(43,142)	(28,816)	-	-
	172,010	166,118	679	723

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

22. Cash and bank balances (cont'd)

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Ringgit Malaysia	39,858	55,277	659	703
United States Dollar	102,654	89,848	20	20
Singapore Dollar	459	409	-	-
Vietnam Dong	71,734	49,309	-	-
Thai Baht	447	91	-	-
	215,152	194,934	679	723

23. Share capital and treasury shares

	Group and Company			
	2024		2023	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid-up ordinary shares				
At beginning of the year	194,363	98,433	194,363	98,433
Issuance of Shares pursuant to Employees' Share Scheme	710	890	-	-
At end of the year	195,073	99,323	194,363	98,433
Treasury shares				
At beginning of the year	(110)	(167)	(53)	(155)
Purchase of treasury shares	-	-	(627)	(874)
Transfer to Employees' Share Scheme	-	-	570	862
At end of the year	(110)	(167)	(110)	(167)
Total shares	194,963	99,156	194,253	98,266

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.

During the financial year, the Company increased its issued and paid-up ordinary shares from RM98,433,000 to RM99,323,000 by way of issuance of 710,000 ordinary shares at issue price of RM1.2535 per share for awarded to eligible senior executives and employees under the ESS. The total number of issued ordinary shares, including transaction costs, amounting to RM890,000 was recognised as an expense in the statements of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

24. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 30 June 2024 and 30 June 2023 under the single-tier system.

25. Foreign currency translation reserve

	Group	
	2024	2023
	RM'000	RM'000
At beginning of the year	105,464	85,688
Foreign currency translation, net of tax, recognised in other comprehensive income	4,237	19,776
At end of the year	109,701	105,464

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	
	2024	2023
	RM'000	RM'000
Non-current		
Secured:		
Term loans	14,574	17,328
Current		
Secured:		
Bankers' acceptances	1,937	1,215
Term loans	2,962	2,907
Trust receipts	-	3,950
Unsecured:		
Debenture	-	7,039
	4,899	15,111
Total loans and borrowings	19,473	32,439

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

26. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings are as follows:

	Group	
	2024 RM'000	2023 RM'000
On demand or within one year	4,899	15,111
More than 1 year and less than 2 years	2,937	2,874
More than 2 years and less than 5 years	9,064	8,863
5 years or more	2,573	5,591
	19,473	32,439

The currency profiles of the loans and borrowings are as follows:

	Group	
	2024 RM'000	2023 RM'000
Ringgit Malaysia	7,309	7,417
United States Dollar	12,164	25,022
	19,473	32,439

Term loans

The term loans are secured by the following:

- (a) Fixed charges over freehold land of RM25,992,000 (2023: RM37,946,000) and freehold buildings of RM12,094,000 (2023: RM12,391,000) of a subsidiary, as disclosed in Note 14; and
- (b) A corporate guarantee from the Company.

The term loans bear interest rates of 4.42% to 6.49% (2023: 2.73% to 6.12%) per annum.

Bankers' acceptances

The weighted average effective interest rate of bankers' acceptances is 4.03% (2023: 4.09%) per annum. The bankers' acceptances are secured by short term deposits of RM3,575,000 (2023: RM7,820,000) with licensed banks of the subsidiaries, negative pledges over the assets of certain subsidiary and a corporate guarantee from the Company.

Trust receipts

In prior year, the weighted average effective interest rate of trust receipts was 4.50% per annum. Trust receipts of the Group were guaranteed by certain subsidiaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

26. Loans and borrowings (cont'd)

Revolving credit

In prior year, the revolving credit was secured by the short term deposits amounted to RM5,154,000 with a licensed bank of a subsidiary.

Debenture

In prior year, the debenture bore interest rate of 1.20% per annum.

27. Provision for severance allowance

	Group	
	2024 RM'000	2023 RM'000
At beginning of the year	232	227
Provision during the year	141	127
Payment during the year	(143)	(135)
Exchange differences	3	13
At end of the year	233	232

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	
	2024 RM'000	2023 RM'000
At beginning of the year	5,262	5,133
Interest expense	128	126
Payments during the year:		
- Principal	(172)	(161)
- Interest	(128)	(126)
Exchange differences	63	290
At end of the year	5,153	5,262

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

28. Lease liabilities (cont'd)

(a) Lease liabilities (cont'd)

Lease liabilities are analysed as follows:

	Group	
	2024	2023
	RM'000	RM'000
Current	178	171
Non-current	4,975	5,091
	5,153	5,262

Lease liabilities are calculated using discount rate of 2.75% (2023: 2.75%).

The following are recognised in profit or loss in respect of leases:

	Group	
	2024	2023
	RM'000	RM'000
Depreciation of right-of-use assets	1,216	1,168
Interest expense on lease liabilities	128	126
	1,344	1,294

(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	
	2024	2023
	RM'000	RM'000
Expenses relating to short-term leases and leases of low-value assets	241	264
	241	264

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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	
	2024	2023
	RM'000	RM'000
Retirement benefit obligation	385	338

(b) Movement in retirement benefit obligation is as follows:

	Group	
	2024	2023
	RM'000	RM'000
At beginning of the year	338	287
Current service cost (Note 8)	56	35
Exchange differences	(9)	16
At end of the year	385	338

30. Derivative

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 derivative does not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's bank balance denominated in United States Dollar ("USD"). The fair value changes are attributable to changes in foreign exchange closing and forward rate.

The notional amount, fair values and maturity tenure of the outstanding forward currency contracts as at 30 June 2024 and 30 June 2023 are disclosed as follows:

	← Group →			
	2024		2023	
	Contract/ Notional amount RM'000	Assets RM'000	Contract/ Notional amount RM'000	Assets RM'000
Non-hedging derivative:				
Forward currency contracts	3,290	12	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

30. Derivative (cont'd)

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The model incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

The fair value hierarchy of derivative financial asset is disclosed in Note 34.

31. Trade and other payables

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade payables				
Third parties	40,926	33,465	-	-
Other payables				
Sundry payables	8,925	10,214	16	1
Accruals	8,976	9,174	119	112
Sales and services tax	109	101	-	-
	18,010	19,489	135	113
Total trade and other payables	58,936	52,954	135	113

(a) Trade payables

Trade payables are normally settled on 2 to 90 (2023: 3 to 90) days terms.

(b) Other payables

Sundry payables are non-interest bearing and are normally settled on an average term of 30 (2023: 30) days.

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Ringgit Malaysia	12,852	11,676	135	113
United States Dollar	3,853	4,269	-	-
Vietnam Dong	39,236	33,950	-	-
Thai Baht	2,995	3,059	-	-
	58,936	52,954	135	113

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

32. Related party disclosures

(a) Significant related party transactions

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	
	2024 RM'000	2023 RM'000
Dividend income from subsidiaries	6,000	10,350

(b) Compensation of key management personnel

The remuneration of key management personnel during the year were as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries and other emoluments	6,582	6,394	359	346
Employees' Share Scheme expenses	890	635	890	635
Defined contribution plan	191	189	-	-
	7,663	7,218	1,249	981

Included in the remuneration of key management personnel are:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors' remuneration (Note 9)	2,509	2,431	509	527

33. Capital commitments

At the reporting date, the capital commitment is as follows:

	Group	
	2024 RM'000	2023 RM'000
Approved and contracted for: Property, plant and equipment	2,789	3,169

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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	20
Cash and bank balances	22
Loans and borrowings	26
Lease liabilities	28
Trade and other payables	31

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 carried at fair value by level of fair value hierarchy:

	Note	Significant observable inputs (Level 1)	
		2024 RM'000	2023 RM'000
Group			
Financial asset:			
Investment securities	21	75,221	63,438
<hr/>			
Company			
Financial asset:			
Investment securities	21	15,692	17,644
<hr/>			

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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 carried at fair value by level of fair value hierarchy: (cont'd)

	Note	Significant observable inputs	
		(Level 2)	
		2024 RM'000	2023 RM'000
Group			
Financial asset:			
Derivative	30	12	-

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)	
		2024 RM'000	2023 RM'000
Group			
Non-current asset:			
Investment properties	14	93,262	79,256

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 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 derivative 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

35. Financial risk management objectives and policies (cont'd)

(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.

Exposure to credit risk

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 RM19,473,000 (2023: RM25,400,000) relating to corporate guarantees provided by the Company to financial institutions for credit facilities granted to subsidiaries as disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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			
	2024		2023	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	7,734	27%	4,958	16%
United States	18,925	67%	23,334	78%
Thailand	853	3%	856	3%
Others	805	3%	821	3%
	28,317	100%	29,969	100%

At the reporting date, approximately 54% (2023: 68%) of the trade receivables were due from 5 major overseas customers (2023: 5 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 20. 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 past due but not impaired

Information regarding trade and other receivables that are past due but not impaired is disclosed in Note 20. The amounts are due from creditworthy customers and based on past experience, the directors believe that no allowance for expected credit losses is necessary. The management is closely monitoring the recoverability of these debts.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

35. Financial risk management objectives and policies (cont'd)

(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.

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				
2024				
Financial assets				
Trade and other receivables, excluding other indirect taxes	42,126	-	-	42,126
Derivative	12	-	-	12
Investment securities	75,221	-	-	75,221
Cash and bank balances	215,152	-	-	215,152
Total undiscounted financial assets	332,511	-	-	332,511
Financial liabilities				
Trade and other payables, excluding sales and services tax	58,827	-	-	58,827
Loans and borrowings	5,786	14,022	2,640	22,448
Lease liabilities	302	1,206	5,139	6,647
Total undiscounted financial liabilities	64,915	15,228	7,779	87,922
Total net undiscounted financial assets/(liabilities)	267,596	(15,228)	(7,779)	244,589

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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				
2024				
Financial assets				
Investment securities	15,692	-	-	15,692
Cash and bank balances	679	-	-	679
	<hr/>			
Total undiscounted financial assets	16,371	-	-	16,371
	<hr/>			
Financial liabilities				
Trade and other payables	135	-	-	135
Financial guarantees	19,473	-	-	19,473
	<hr/>			
Total undiscounted financial liabilities	19,608	-	-	19,608
	<hr/>			
Total net undiscounted financial liabilities	(3,237)	-	-	(3,237)
	<hr/>			
Group				
2023				
Financial assets				
Trade and other receivables, excluding other indirect taxes	33,076	-	-	33,076
Investment securities	63,438	-	-	63,438
Cash and bank balances	194,934	-	-	194,934
	<hr/>			
Total undiscounted financial assets	291,448	-	-	291,448
	<hr/>			

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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)				
2023				
Financial liabilities				
Trade and other payables, excluding sales and services tax	52,853	-	-	52,853
Loans and borrowings	16,341	14,385	5,908	36,634
Lease liabilities	298	1,192	5,376	6,866
Total undiscounted financial liabilities	69,492	15,577	11,284	96,353
Total net undiscounted financial assets/(liabilities)	221,956	(15,577)	(11,284)	195,095
Company				
2023				
Financial assets				
Investment securities	17,644	-	-	17,644
Cash and bank balances	723	-	-	723
Total undiscounted financial assets	18,367	-	-	18,367
Financial liabilities				
Trade and other payables	113	-	-	113
Financial guarantees	25,400	-	-	25,400
Total undiscounted financial liabilities	25,513	-	-	25,513
Total net undiscounted financial liabilities	(7,146)	-	-	(7,146)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

At the reporting date, the financial guarantee contract provided by the Company is RM19,473,000 (2023: RM25,400,000). The counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred.

(c) 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") and Singapore Dollar ("SGD").

	VND RM'000	USD RM'000	SGD RM'000
30 June 2024			
Trade and other receivables	7,955	898	-
Cash and bank balances	71,734	26,419	459
Loans and borrowings	-	12,164	-
Trade and other payables	39,236	113	-
<hr/>			
30 June 2023			
Trade and other receivables	12,611	2,608	-
Cash and bank balances	49,309	15,356	409
Loans and borrowings	-	21,072	-
Trade and other payables	33,950	609	-
<hr/>			

The following table demonstrates the sensitivity of the Group's profit for the year to a reasonably possible change in VND, USD and SGD exchange rates against the functional currency of the respective companies within the Group with all other variables held constant.

Sensitivity analysis for foreign currency risk

	Profit for the year		
	VND RM'000	USD RM'000	SGD RM'000
30 June 2024			
- strengthened 10%	3,074	1,143	35
- weakened 10%	(3,074)	(1,143)	(35)
<hr/>			
30 June 2023			
- strengthened 10%	2,126	(283)	31
- weakened 10%	(2,126)	283	(31)
<hr/>			

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 2024 and 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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 2024			
Trade and other receivables, excluding other indirect taxes	20	42,126	-
Derivative	30	-	12
Investment securities	21	-	75,221
Cash and bank balances	22	215,152	-
		257,278	75,233
At 30 June 2023			
Trade and other receivables, excluding other indirect taxes	20	33,076	-
Investment securities	21	-	63,438
Cash and bank balances	22	194,934	-
		228,010	63,438
Financial liabilities			
At 30 June 2024			
Trade and other payables, excluding sales and services tax	31	58,827	-
Lease liabilities	28	5,153	-
Loans and borrowings	26	19,473	-
		83,453	-
At 30 June 2023			
Trade and other payables, excluding sales and services tax	31	52,853	-
Lease liabilities	28	5,262	-
Loans and borrowings	26	32,439	-
		90,554	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

36. Categories of financial instruments (cont'd)

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: (cont'd)

	Note	At amortised cost RM'000	At fair value through profit or loss RM'000
Company			
Financial assets			
At 30 June 2024			
Investment securities	21	-	15,692
Cash and bank balances	22	679	-
		679	15,692
At 30 June 2023			
Investment securities	21	-	17,644
Cash and bank balances	22	723	-
		723	17,644
Financial liability			
At 30 June 2024			
Trade and other payables	31	135	-
At 30 June 2023			
Trade and other payables	31	113	-

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 2024 and 2023.

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 2024 (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 2024						
Revenue:						
External	517,886	1,624	2,114	-		521,624
Inter-segment	-	-	29,782	(29,782)	A	-
Total revenue	517,886	1,624	31,896	(29,782)		521,624
Results:						
Interest income	3,050	413	852	-		4,315
Depreciation	20,731	333	346	(1,570)		19,840
Other non-cash net expenses/(income)	9,618	(299)	326	(6,643)	B	3,002
Segment profit before tax	20,682	594	27,826	(29,788)	C	19,314
Assets:						
Additions to property, plant and equipment	8,832	-	-	-	D	8,832
Segment assets	684,036	61,695	487,511	(422,329)	E	810,913
Liabilities:						
Segment liabilities	60,880	17,913	412	4,975	F	84,180

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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 2023						
Revenue:						
External	646,325	1,608	1,490	-		649,423
Inter-segment	-	-	24,023	(24,023)	A	-
Total revenue	646,325	1,608	25,513	(24,023)		649,423
Results:						
Interest income	2,087	5	906	-		2,998
Depreciation	20,317	333	332	(1,761)		19,221
Other non-cash net expenses/(income)	2,382	692	(1,842)	(304)	B	928
Segment profit before tax	29,526	(734)	23,096	(24,032)	C	27,856
Assets:						
Additions to property, plant and equipment	21,875	-	-	-	D	21,875
Additions to investment properties	-	1,800	-	-	D	1,800
Segment assets	685,626	53,700	493,664	(422,598)	E	810,392
Liabilities:						
Segment liabilities	65,066	20,622	274	5,263	F	91,225

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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	2024 RM'000	2023 RM'000
Net unrealised loss on foreign exchange	7	2,929	1,072
Net fair value gain on:			
- Investment securities	5	(732)	(999)
- Derivative	5	(12)	(407)
(Gain)/Loss on disposal of:			
- Property, plant and equipment	5,7	(351)	189
- Investment properties	5	(346)	-
Allowance for expected credit losses on trade receivables	7	-	290
Reversal of allowance for expected credit losses on trade receivables	5	-	(57)
Property, plant and equipment written off	7	-	202
Provision for severance allowance	7	141	127
Inventories written down	7	1,317	476
Retirement benefit expenses	8	56	35
		3,002	928

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:

	2024 RM'000	2023 RM'000
Revenue from inter-segment	(29,782)	(24,023)
Cost of sales from inter-segment	(588)	(655)
Other income from inter-segment	(3,420)	(3,947)
Other expenses from inter-segment	4,002	4,593
	(29,788)	(24,032)

D Additions to non-current assets consist of:

	2024 RM'000	2023 RM'000
Property, plant and equipment	8,832	21,875
Investment properties	-	1,800
	8,832	23,675

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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:

	2024 RM'000	2023 RM'000
Tax recoverable and deferred tax assets	2,310	2,325

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2024 RM'000	2023 RM'000
Tax payable and deferred tax liabilities	34,768	35,778

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysia	121,433	128,922	145,913	158,735
Vietnam	384,671	504,439	166,821	174,253
Thailand	15,520	16,062	20,163	21,694
	521,624	649,423	332,897	354,682

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2024 RM'000	2023 RM'000
Property, plant and equipment	255,199	267,840
Investment properties	44,380	52,724
Right-of-use assets	32,334	33,194
Other investment	81	81
Deferred tax assets	903	843
	332,897	354,682

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

38. Segment information (cont'd)

Information about major customers

Revenue from major customers amounting to RM312,700,000 (2023: RM375,801,000), arising from sales by the top 5 major customers (2023: top 5 major customers) which accounted for 60% (2023: 58%) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONT'D)

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 financial year, the Company increased its issued and paid-up ordinary shares from RM98,433,000 to RM99,323,000 by way of issuance of 710,000 ordinary shares at issue price of RM1.2535 per share for awarded to eligible senior executives and employees under the ESS. The total number of issued ordinary shares, including transaction costs, amounting to RM890,000 was recognised as an expense in the statements of comprehensive income.

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES AS AT 30 JUNE 2024

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 ¼, 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	31	167,433	7,753	25 September 2002 (R)
Lot 3358, Batu 7 ¼, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Industrial land with a three-storey office building and 1 block of factory building	Freehold	N/A	24	168,800	9,696	27 January 2010 (A)
Lot 3360, Batu 7 ¼, Jalan Kapar, 42200 Kapar, Selangor Darul Ehsan, Malaysia	Industrial land with 1 block of factory building	Freehold	N/A	26	171,518	7,486	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	26	674,879	9,006	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	24	671,345	10,920	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	132	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	21/32	332,939	18,858	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	30	103,727	345	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	17	59,890	6,135	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	18	869,024	10,751	21 January 2005 (A)

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES AS AT 30 JUNE 2024 (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	523	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	718	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	23	637,869	18,623	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	24	140,243	3,801	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	23	111,008	4,164	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	19	780,082	21,903	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	17	1,011,043	20,888	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	16	1,035,962	18,648	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	17	1,116,670	26,793	November 2006 (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	11,064	Feb 2020 (A)

**PROPERTIES HELD BY
THE COMPANY AND ITS SUBSIDIARIES
AS AT 30 JUNE 2024 (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 765, Jalan Haji Sirat, off Jalan Meru, 42100 Klang, Selangor Darul Ehsan, Malaysia	Industrial land with a three-storey office building and 1 block of factory building	Freehold	N/A	30	190,757	19,454	8 October 2014 (A)
H.S.(D) 169727, PT87823, Jalan Haji Abdul Manan, Kawasan Perindustrian Meru Selatan, 41050 Klang, Selangor Darul Ehsan, Malaysia	Vacant industrial land	Freehold	N/A	N/A	210,854	18,632	25 November 2019 (A)
No. 6, Jalan Sungai Burung Y 32/Y, Bukit Rimau, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia	Two-storey shop	Freehold	N/A	13	1,647	1,728	24 May 2022 (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	7	175,226	4,694	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	7	199,100	4,503	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	161	13 July 2014 (A)

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2024

Total Number of Issued Shares	: 195,072,500 (including shares held as Treasury Shares)
Treasury Shares	: 110,200 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	393	15.53	14,593	0.01
100 - 1,000	334	13.20	137,570	0.07
1,001 - 10,000	1,240	49.01	5,348,259	2.74
10,001 - 100,000	497	19.65	12,862,748	6.60
100,001 - 9,748,114	60	2.37	60,334,516	30.95
9,748,115 (5% of Issued Shares) and above	6	0.24	116,264,614	59.63
TOTAL	2,530	100.00	194,962,300	100.00

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 30 SEPTEMBER 2024

Name of Shareholders/Depositors	No. of Shares	%
1. LIN CHEN, JUI-FEN	31,178,800	15.99
2. KONSORTIUM KONTREK SDN. BHD.	29,804,400	15.29
3. LIN CHEN, JUI-FEN	18,445,326	9.46
4. HSBC NOMINEES (ASING) SDN. BHD. QUINTET LUXEMBOURG FOR SAMARANG UCITS - SAMARANG ASIAN PROSPERITY	14,888,088	7.64
5. LIN, CHIN-HUNG	11,748,000	6.03
6. LIN, CHENG-HUNG	10,200,000	5.23
7. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EONPLUS INDUSTRY SDN. BHD.	9,700,786	4.98
8. KENANGA NOMINEES (ASING) SDN. BHD. LIU, HSU-CHOU	8,348,060	4.28
9. CHEN, CHIU-CHIN	8,081,456	4.15
10. AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LI, YI-PING	4,815,828	2.47
11. KENANGA NOMINEES (ASING) SDN. BHD. LIU, CHIA-HSING	3,255,660	1.67
12. LIM PEI TIAM @ LIAM AHAT KIAT	3,000,000	1.54
13. HO SUE BIA	2,361,242	1.21
14. CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	2,100,800	1.08
15. LIN SHIN NI	1,928,148	0.99
16. AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIN, CHIN-HUNG	1,804,800	0.93
17. TAN JIAN JONG	1,408,884	0.72
18. LIU, CHIA-HSING	1,313,760	0.67
19. LIU, HSU-CHOU	1,144,440	0.59
20. KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR LIM CHIN SOON	1,049,900	0.54
21. ANG SIEW SIANG	900,000	0.46

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2024 (CONT'D)

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 30 SEPTEMBER 2024 (CONT'D)

Name of Shareholders/Depositors	No. of Shares	%
22. AU YONG MUN YUE	489,800	0.25
23. AFFIN HWANG NOMINEES (ASING) SDN. BHD. PHILLIP SECURITIES PTE LTD FOR TOH ONG TIAM	454,300	0.23
24. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM	408,184	0.21
25. RHB NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITES ACCOUNT FOR YONG LOY HUAT	408,000	0.21
26. CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR GOALKEY SYSTEM SDN. BHD.	400,000	0.21
27. THONG THYE SIANG SDN. BHD.	390,000	0.20
28. LOH KOK WAI	294,504	0.15
29. CHEE SAI MUN	271,860	0.14
30. CHING SOON YEW	250,000	0.13
TOTAL	170,845,026	87.63

LIST OF SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2024

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Lin Chen, Jui-Fen	49,798,036	25.54	-	-
Konsortium Kontrek Sdn. Bhd.	29,804,400	15.29	-	-
Samarang UCITS – Samarang Asian Prosperity	14,888,088	7.64	-	-
Lin, Chin-Hung	13,552,800	6.95	-	-
Lin, Cheng-Hung	10,200,000	5.23	-	-
Yek Siew Liong	-	-	29,804,400 ⁽¹⁾	15.29

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 AS AT 30 SEPTEMBER 2024

Name of Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Dr Norraesah Binti Haji Mohamad	-	-	-	-
Lin Chen, Jui-Fen	49,798,036	25.54	-	-
Lin, Chin-Hung	13,552,800	6.95	-	-
Sandra Segaran A/L Muniandy @ Krishnan	-	-	-	-
Toh Seng Thong	-	-	-	-
Yek Siew Liong	-	-	29,804,400 ⁽¹⁾	15.29

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 Thirtieth (“30th”) 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 Thursday, 28 November 2024 at 12.00 noon to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note A)
2. To approve a final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2024. **Resolution 1**
(Please refer to Explanatory Note B)
3. To approve the payment of Directors’ fees and Directors’ benefits up to RM350,000.00 for the period from 29 November 2024 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) Dato’ Dr Norraesah Binti Haji Mohamad **Resolution 3**
 - (b) Madam Lin Chen, Jui-Fen **Resolution 4**
 (Please refer to Explanatory Note D)
5. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**
(Please refer to Explanatory Note E)

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

6. **ORDINARY RESOLUTION** **Resolution 6**
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY (Please refer to Explanatory Note F)
TO PURCHASE ITS OWN ORDINARY SHARES

“THAT subject to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) 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;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

SPECIAL BUSINESS (CONT'D)

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 30th 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; or
- (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 of the Company at 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."

7. ORDINARY RESOLUTION

AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT SHARES IN THE COMPANY PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016

Resolution 7

(Please refer to Explanatory Note G)

"THAT subject to Section 76 of the Act, the Directors be and are hereby empowered to issue and allot 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 capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

SPECIAL BUSINESS (CONT'D)

THAT in connection with the above, pursuant to Section 85 and Clause 59 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

8. To transact any other business of which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD

YEOH JOE SON (MIA 9238)
(SSM PC No.: 202008004222)
TAI YIT CHAN (MAICSA 7009143)
(SSM PC No.: 202008001023)
TIA HWEI PING (MAICSA 7057636)
(SSM PC No.: 202008001687)
Company Secretaries

Selangor Darul Ehsan
Dated: 30 October 2024

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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES: (CONT'D)

- (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, 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 21 November 2024 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) Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 30th AGM will be put to vote by way of poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

EXPLANATORY NOTES:

(A) Audited Financial Statements for Financial Year Ended 30 June 2024

Agenda item no. 1 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.

(B) Ordinary Resolution 1: Final Single-tier Dividend

The Board of Directors ("Board") had on 27 August 2024 proposed a final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2024, subject to the shareholders' approval at the forthcoming 30th AGM of the Company.

(C) Ordinary Resolution 2: Directors' Fees and Benefits Payable

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of the Company and its subsidiaries shall be approved at a general meeting.

The Proposed Ordinary Resolution 2 is to facilitate the payment of Directors' fees and Directors' benefits for the period from 29 November 2024 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.

(D) Ordinary Resolutions 3 and 4: Re-election of Directors

Dato' Dr Norraesah Binti Haji Mohamad and Madam Lin Chen, Jui-Fen, who retire in accordance with Clause 96 of the Constitution of the Company, are eligible for re-election and hence, they have offered themselves for re-election as the Directors of the Company at the 30th AGM.

Each of the Directors standing for re-election had undergone a performance evaluation and had provided their annual declaration on their fitness and propriety to continue acting as Directors of the Company in accordance with the Fit and Proper Policy of the Group.

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 their commitment to the role and continues to be the effective and valuable members of the Board.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES: (CONT'D)

(D) Ordinary Resolutions 3 and 4: Re-election of Directors (cont'd)

Based on the above premise, the NC had recommended for the retiring Directors to be re-elected at the 30th 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 12 and 13 of the Annual Report 2024.

(E) Ordinary Resolution 5: Re-appointment of Messrs Ernst & Young PLT

The Audit Committee and the Board have considered the re-appointment of Messrs 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.

(F) Ordinary Resolution 6: Proposed Renewal of Share Buy-Back Authority

Ordinary Resolution 6 is to seek the renewal of the share buy-back authority granted by the shareholders to the Company at the Twenty-Ninth ("29th") AGM of the Company held on 29 November 2023, which will lapse at the conclusion of the 30th AGM to be held on 28 November 2024. 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 30th 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.

(G) Ordinary Resolution 7: Authority for Directors to Issue and Allot Shares in the Company pursuant to Section 76 of the Companies Act 2016

The Company had, during its 29th AGM held on 29 November 2023, 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.

Ordinary Resolution 7 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 best 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 conclusion of the next AGM.

With this renewed General Mandate, the Company will be able to carry any fund-raising activities, including but not limit to further placing of shares, for purpose of funding investment project(s) and/or working capital.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES: (CONT'D)

(G) Ordinary Resolution 7: Authority for Directors to Issue and Allot Shares in the Company pursuant to Section 76 of the Companies Act 2016 (cont'd)

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 59 of the Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

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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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, 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 21 November 2024 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) Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 30th AGM will be put to vote by way of poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

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 30 October 2024.

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AFFIX STAMP

RHONG KHEN INTERNATIONAL BERHAD
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights, 50490 Kuala Lumpur
Malaysia

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RHONG KHEN INTERNATIONAL BERHAD

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

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