

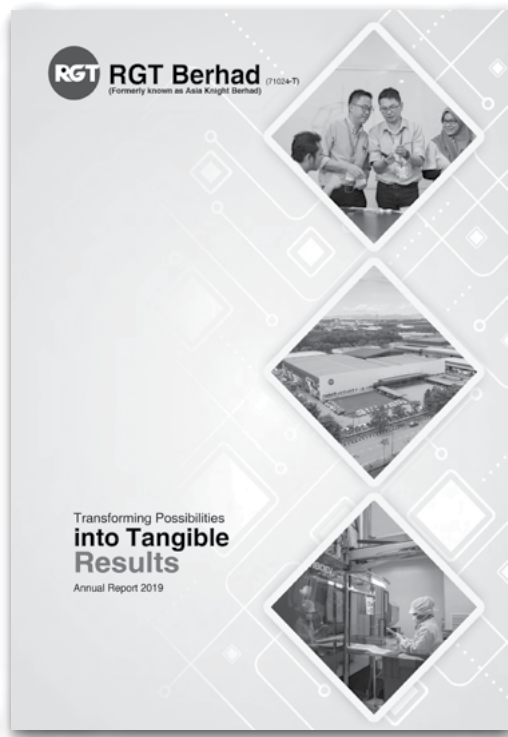


RGT Berhad (71024-T)
(Formerly known as Asia Knight Berhad)



Transforming Possibilities
**into Tangible
Results**

Annual Report 2019



Transforming Possibilities into Tangible Results

We strive to continue in strengthening our growth through the field of Research and Development in delivering quality products, designs and services to meet the ever changing customer demands.

Venturing into the medical industry will mark another milestone for the Group as we push our capabilities beyond the boundaries to meet the stringent medical industry requirements while continuing to invest in our manufacturing capabilities.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 38th Annual General Meeting of the Company will be held at Pangkor Room, Hotel Jen Penang, Jalan Magazine, 10300 George Town, Pulau Pinang on Thursday, 21 November 2019 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 30 June 2019 together with the reports of the Directors and Auditors thereon. *(Please refer to Note A)*
2. To approve an increase of the Directors' Fee from RM157,500 to RM170,000 for the period from 1 July 2019 until the next Annual General Meeting ("AGM") of the Company. *(Resolution 1)*
(Please refer to Note B)
3. To re-elect the following directors retiring under the respective provision of the Articles of Association of the Company, and who being eligible, offered themselves for re-election:-
 - a) Lee Soo Ching Article 78 *(Resolution 2)*
 - b) Ong Choon Heng Article 85 *(Resolution 3)*
 - c) Dr. Ooi Hun Pin Article 85 *(Resolution 4)*
 - d) Ng Choon Keat Article 85 *(Resolution 5)*

Mr. Seah Cheong Wei who also retires by rotation in accordance with Article 78 of the Articles of Association of the Company, has expressed his intention not to seek for re-election. Hence, he will retain office until the close of the 38th AGM.

4. To approve the benefits payable (excluding Directors' Fees) to the Independent Directors up to an amount of RM17,500 from 1 December 2019 until the next AGM of the Company. *(Resolution 6)*
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Resolution 7)*
6. AS SPECIAL BUSINESSES

To consider and if thought fit, to pass the following resolution:-

ORDINARY RESOLUTION

- a) Authority to Issue Shares *(Resolution 8)*

"That pursuant to Companies Act 2016 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

Notice of Annual General Meeting *(Cont'd)*

6. AS SPECIAL BUSINESSES *(Cont'd)*

SPECIAL RESOLUTION

b) Proposed Adoption of new Constitution of the Company

(Resolution 9)

“THAT approval be and is hereby given to alter or amend the whole of the existing Memorandum and Articles of Association (M&A) by the replacement thereof with a new Constitution of the Company as set out in Appendix A with immediate effect AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board
HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang
Date : 23 October 2019

NOTES:-

- A. *This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.*
- B. *The proposed increase in Director's Fee was additional RM500/month to each Independent Director (except for the Chairman of the Board) and RM500/month to each Chairman of the Board Committees. Upon which, the Director's Fee will become RM2,000/month for each Independent Director (except for the Chairman of the Board). Save for such proposed fee increment, the total amount of the Directors' Fee of RM170,000 was calculated based on 18-month provision.*

Proxy

- For the purpose of determining a member who shall be entitled to attend and vote at the 38th AGM, the Company shall be requesting the Record of Depositors as at 13 November 2019. Only a depositor whose name appears on the Record of Depositors as at 13 November 2019 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.*
- A member shall be entitled to appoint at least (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.*
- The instrument appointing a proxy shall be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, Penang, by Wednesday, 20 November 2019 at 10.00 a.m. or any adjournments thereof. Proxy Form transmitted by facsimile or electronic mail will not be accepted unless the original copy is received at the Registered Office.*

Notice of Annual General Meeting *(Cont'd)*

Explanatory Note On Special Business:-

1. Resolution 8 - the Authority to issue Shares

The proposed Resolution No. 8, if passed, will grant a renewed general mandate (Mandate 2019) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

The Mandate 2019 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the 37th AGM. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

2. Resolution 9 - Adoption of new Constitution

The proposed amendments to the M&A (Proposed Amendments) are made mainly for the following purposes:-

- (a) To ensure compliance with the amended Main Market Listing Requirements of Bursa Securities which was issued on 29 November 2017; and
- (b) To provide clarity and consistency with the amendments that arise from the Companies Act 2016 effective 31 January 2017.

The Board proposed that the existing M&A be altered or amended by the Company in its entirety by the replacement thereof with a new Constitution which incorporated all the Proposed Amendments as set out in Appendix A, circulated together with the Notice of 38th AGM. Such Proposed Resolution 9, shall take effect once it has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 38th AGM.

Corporate Information

BOARD OF DIRECTORS

DATO' IR. LOW KENG KOK

Independent Non-Executive Chairman

SEAH CHEONG WEI

Independent Non-Executive Director

ONG CHOON HENG

Independent Non-Executive Director
(Appointed on 3 May 2019)

NG CHOON KEAT

Executive Director
(Appointed on 1 August 2019)

SEE TECK WAH

Managing Director
(Re-designated to Non-Independent Non-Executive Director on 1 April 2019)/
Non-Independent Non-Executive Director
(Resigned on 1 July 2019)

LIM SEAT HOE

Executive Director/Chief Executive Officer

LEE SOO CHING

Executive Director

DR. OOI HUN PIN

Independent Non-Executive Director
(Appointed on 1 August 2019)

LIM HENG GAUL

Independent Non-Executive Director
(Resigned on 1 April 2019)

SEE HAN LIONG

Executive Director
(Resigned on 1 August 2019)

AUDIT COMMITTEE

SEAH CHEONG WEI	Chairman
DATO' IR. LOW KENG KOK	Member
ONG CHOON HENG	Member (Appointed on 3 May 2019)
DR. OOI HUN PIN	Member (Appointed on 1 September 2019)
LIM HENG GAUL	Member (Resigned on 1 April 2019)

NOMINATION COMMITTEE

DATO' IR. LOW KENG KOK	Chairman
SEAH CHEONG WEI	Member
ONG CHOON HENG	Member (Appointed on 3 May 2019)
DR. OOI HUN PIN	Member (Appointed on 1 September 2019)
LIM HENG GAUL	Member (Resigned on 1 April 2019)

REMUNERATION COMMITTEE

DATO' IR. LOW KENG KOK	Chairman
SEAH CHEONG WEI	Member
ONG CHOON HENG	Member (Appointed on 3 May 2019)
DR. OOI HUN PIN	Member (Appointed on 1 September 2019)
LIM HENG GAUL	Member (Resigned on 1 April 2019)

RISK MANAGEMENT COMMITTEE

ONG CHOON HENG	Chairman (Appointed on 1 July 2019)
SEAH CHEONG WEI	Chairman (Resigned on 1 July 2019)
LEE SOO CHING	Member
LAM KIM GOON	Member
ONG ENG KEONG	Member
SEHU TOONG LIN	Member

COMPANY SECRETARIES

HOW WEE LING	(MAICSA 7033850)
OOI EAN HOON	(MAICSA 7057078)

REGISTERED OFFICE

57-G Persiaran Bayan Indah,
Bayan Bay, Sungai Nibong,
11900 Bayan Lepas, Penang
Tel: 604 640 8933
Fax: 604 643 8911

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(Formerly known as Symphony Share Registrars Sdn Bhd)
(Company No. 378993-D)
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan
Tel: 603 7890 4700
Fax: 603 7890 4670

AUDITORS

Crowe Malaysia PLT (LLP0018817-LCA & AF 1018)
Chartered Accountants
Level 6, Wisma Penang Garden,
42 Jalan Sultan Ahmad Shah,
10050 Penang
Tel: 604 227 7061
Fax: 604 229 8011

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Alliance Bank Malaysia Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: RGTBHD
Stock Code: 9954

WEBSITE

www.rgtberhad.com

Group Structure



Profile of Directors

DATO' IR. LOW KENG KOK

*Independent Non-Executive Chairman
Malaysian, aged 65, Male*

Dato' Ir. Low Keng Kok, was appointed as an Independent Non-Executive Director on 30 May 2018. He is also the Chairman of Board of Directors, Nomination Committee and Remuneration Committee and a member of the Audit Committee.

Dato' Ir. Low graduated from the University of Malaya with a Bachelor of Engineering (Hons) Degree in Civil Engineering. He is a Chartered Engineer and Chartered Environmentalist (U.K.). He is a Fellow of the Institution of Engineers, Malaysia and the Institution of Highways and Transportation, U.K.

He is a corporate member of The Institution of Water and Environmental Management, U.K. (M.C.I.W.E.M.) and the Institution of Civil Engineers, U.K. (M.I.C.E.). Dato' Ir. Low has more than 40 years of experience in management of building, infrastructural and privatization projects. Dato' Ir. Low is also the Chairman of Fajarbaru Builder Group Berhad, a Director of Fitters Diversified Berhad, a Director of Universiti Teknologi Malaysia (UTM) and an Advisor for Contractors Intelligence and Contract Variation Committee (CICVC) of Penang Development Corporation (PDC). He was the Joint Managing Director of Road Builder (M) Holdings Berhad from 1998 to 2007.

LIM SEAT HOE

*Executive Director/Chief Executive Officer ("CEO")
Malaysian, aged 70, Male*

Mr. Lim Seat Hoe was appointed to the Board of Directors on 30 May 2018 and further appointed as CEO of the Company on 24 August 2018.

Mr. Lim graduated from Chung Ling High School with O-Level certificate in 1966.

He started his career as a Sales Representative in 1967 and joined various companies before joining Teo Guan Lee Sdn Bhd as General Manager in 1988. He left for Hong Kong in 1992 and joined Mizuno Corporation HK Ltd holding the position as President of the Company.

During his tenure with Mizuno Corporation, he had to oversee the operations of Mizuno Group of Companies in China ranging from sales & marketing, supply chain management and research & development. He was the CEO and President of Mizuno Corporation China Ltd before returning to Malaysia to join Rapid Growth Technology Sdn Bhd ("RGTSB") in 2012 as CEO.

He is currently in-charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies for RGT Berhad ("RGTBHD" or "the Company").

SEAH CHEONG WEI

*Independent Non-Executive Director
Malaysian, aged 46, Male*

Mr. Seah Cheong Wei, was appointed as an Independent Non-Executive Director of the Company on 18 November 2010. He is also the Chairman of the Audit Committee, a member of the Nomination Committee and Remuneration Committee.

He completed Master of Business Administration (MBA) and Bachelor of Commerce in Accounting. He obtained his Chartered Accountant membership from Malaysian Institute of Accountants and Institute of Chartered Accountants of New Zealand. Currently he managed his firm of Chartered Accountants which provides services in auditing, accounting, company secretarial and consultancy works.

Currently, he is also an Independent Non-Executive Director of Metro Healthcare Berhad.

Profile of Directors *(Cont'd)*

LEE SOO CHING

*Executive Director
Malaysian, aged 42, Female*

Ms. Lee Soo Ching, was appointed to the Board of Directors of the Company on 30 May 2018. She is a member of the Risk Management Committee.

She graduated from Deakin University in Australia with a Bachelor of Commerce, majoring in Marketing and Business Systems Management in 2003.

Upon graduation, she joined I.Bor (M) Sdn Bhd, a company that specialises in plastic injection moulding, as a Factory Manager. I.Bor (M) Sdn Bhd has ceased operations as at 3 September 2016. In 2010, she joined RGTSB as a Key Account Manager and in 2012, she was promoted to Executive Director of RGTSB where she is responsible for overseeing the overall strategic business development and supply chain management of RGTSB.

She is the daughter of Hor Lim Chee, a major shareholder of the Company.

ONG CHOON HENG

*Independent Non-Executive Director
Malaysian, aged 43, Male*

Mr. Ong Choon Heng, was appointed as an Independent Non-Executive Director of the Company on 3 May 2019. He is also the Chairman of Risk Management Committee and member of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated from University of Malaya with Bachelor of Accounting with First Class Honours in 2000. He is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA).

He started his career as Staff Assistant with an international audit firm, Arthur Andersen & Co. in 2000 and Ernst & Young, Penang after the merger of these two firms in 2002. He left the firm as a Senior Associate in the Assurance and Advisory Business Services in 2004 and joined a plastic recycling company as the Financial Controller. He then left the company in 2006 to set up a business entity with his siblings which mainly involved in general trading as the Finance Manager. The family business expanded and it was subsequently converted to a private limited company where he was appointed as a Director until 2008.

In 2009, he left the family business to his siblings and focus on his new business venture. He was also an Independent Non-Executive Director of Dufu Technology Corp Berhad, a company listed on the Main Market of Bursa Malaysia from May 2013 to March 2016. He was also served as the Non-Executive Director of AsakaRiken (M) Sdn Bhd, a subsidiary company of Asaka Riken Co. Ltd., a company listed on the JASDAQ, Japan from March 2014 to March 2019. Currently he is the Executive Director and Chief Executive Officer of FoundPac Group Berhad, a company listed on the Main Market of Bursa Malaysia.

DR. OOI HUN PIN

*Independent Non-Executive Director
Malaysian, aged 56, Male*

Dr. Ooi Hun Pin, was appointed as an Independent Non-Executive Director of the Company on 1 August 2019. He is also the member of the Audit Committee, Nomination Committee and Remuneration Committee.

Dr. Ooi obtained a Master in Business Administration from University of Strathclyde (United Kingdom) in 2002 and a Doctorate in Business Administration in 2005 from University of South Australia (UniSA). He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and also a member of Malaysian Institute of Accountants (MIA).

He started his career with Price Waterhouse in 1983. Upon leaving Price Waterhouse, he joined Datuk Keramat Holdings Berhad as an accountant. He left in 1988 and joined Universal Furniture Limited in Hong Kong as its Internal Auditor.

His stock broking career started in 1990 when he joined CIMB Securities Sdn Bhd as its Assistant Finance Manager before moving to join SJ Securities Sdn Bhd. He left SJ Securities Sdn Bhd as a General Manager and he moved on to join a few organisations before joining Avenue Securities Sdn Bhd. He left Avenue Securities Sdn Bhd in 2004 as a Deputy Chief Executive Officer to start his own business. In 2010, he joined Corton-Smith Asset Management Sdn Bhd as the Head of Investment Research before retiring in 2017 to manage his own portfolio of investments.

He was the Independent Non-Executive Director, Chairman of the Audit Committee and a member of both the Remuneration and Nomination Committee of Pentamaster Corporation Berhad from 2002 until 2014.

Profile of Directors *(Cont'd)*

NG CHOON KEAT

*Executive Director
Malaysian, aged 52, Male*

Mr. Ng Choon Keat, was appointed as an Executive Director of the Company on 1 August 2019.

He completed his studies in Mechanical Engineering from Chiba University in Japan in 1992.

He started his career as an engineer in Yano Electronics (M) Sdn Bhd where he was involved in the metal stamping and assembly processes for video players and car stereos. In 1997, he joined Promooi Plastic Industries Sdn Bhd as a Manager and his responsibilities include overseeing the overall production activities and business development of the company. He co-founded RGTSB with his other partners on 25 July 1997, and he was appointed as the Non-Executive Director of RGTSB. He assumed the position of Executive Director of RGTSB in 2004 and was promoted to Managing Director in 2010. He is responsible for overseeing the overall operations of RGTSB.

Additional information on Directors

Family relationship with any director and/or major shareholder

Save for the undermentioned, the above Directors have no family relationship with any other Directors and/or major shareholders of RGTBHD:-

- (i) Lee Soo Ching (a daughter of Hor Lim Chee, a major shareholder of the Company)

Convictions for offences (within the past 5 years other than traffic offences, if any)

None of the Directors have any convictions for offences other than traffic offences within the past 5 years.

Particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None of the Directors were penalized or sanctioned by any regulatory bodies during the financial year.

Conflict of interest

The Directors have not entered into any transaction, whether directly and indirectly, which has a conflict of interest with the Company.

Securities held in the Company

The details are disclosed on page 90 of this Annual Report.

Key Senior Management Information

LAM KIM GOON

*Chief Financial Controller
Malaysian, aged 48, Male*

Mr. Lam Kim Goon, was appointed as the Chief Financial Controller on 1 March 2019. He joined RGTSB on May 2018 as the Finance Director. He is also a member of the Risk Management Committee.

He graduated with a Bachelor of Business (Accounting) from Deakin University, Australia. He is currently a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA) and a Certified Practising Accountant registered with the CPA Australia.

He started his career as an audit assistant with Arthur Andersen & Co. in 1994 and subsequently joined Ernst & Young. He left Ernst & Young as an Audit Manager in 2003.

In 2004, he joined Texchem Corporation Sdn Bhd as a Group Finance Manager where he was in charge of the financial matters for Texchem Resources Berhad and was promoted to Head of Group Finance of Texchem-Pack Holdings (S) Ltd, a company listed on the Main Board of Singapore Stock Exchange.

In 2008, he left Texchem Group and joined D'nonce Technology Bhd as its Chief Finance Officer before leaving to join RGTSB in May 2018. Both D'nonce Technology Bhd and Texchem Resources Bhd are listed on the Main Board of Bursa Malaysia Securities Berhad.

ONG ENG KEONG

*Deputy Operations Director
Malaysian, aged 46, Male*

Mr. Ong Eng Keong, was appointed as a Deputy Operations Director in 2016 and is responsible for overseeing the engineering facilities of RGTSB. He is also a member of the Risk Management Committee.

He graduated from Politeknik Sultan Abdul Halim Mu'adzam Shah with a Diploma in Electro-Mechanical Engineering in 1995.

Mr. Ong started his career as an Assistant Engineer with Nikko Electronics Sdn Bhd in 1996. He joined TC (Malaysia) Sdn Bhd in 1999 as a Mechanical Engineer and he was promoted to various positions and his last position was Senior Research and Development Manager in-charge of Asia Pacific Region before joining RGTSB.

He joined RGTSB as a Senior Engineering Manager in 2013 but left in 2014 to join Ban Seng Plastic Industries & Assembly Sdn Bhd as a General Manager. In 2016, he returned to RGTSB to assume his present role until to date.

SEHU TOONG LIN

*General Manager
Malaysian, aged 44, Male*

Mr. Sehu Toong Lin, was appointed as a General Manager of T-Venture Industries (M) Sdn Bhd ("TVISB") on 1 March 2019. He joined RGTSB on May 2018 as the Senior Manager of Corporate Planning Department. He is also a member of the Risk Management Committee.

He graduated with a Bachelor of Business (Accounting & Economics) from Deakin University, Australia in 1999.

He started his career in 2000 as an account executive with DiGi Telecommunication Sdn Bhd and subsequently joined Intel Technology Sdn Bhd as an Accountant. He left Intel as a Senior Accountant in 2012 before joining Robert Bosch (M) Sdn Bhd as a Section Manager. In Robert Bosch, he was in-charge of project and product management where his main functions include project feasibility studies, forecast, planning and cost monitoring for the progress of the projects and products.

Additional information on the Key Senior Management

None of the Key Senior Management has:-

- any family relationship with any Director and/or major shareholder of RGTBHD.
- any conflict interest with RGTBHD.
- any conviction for offences within the past five (5) years other than traffic offences.
- any directorship in public company and listed issuer.
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Chairman's Statement

On behalf of the Board of Directors ("the Board"), I am pleased to present the Annual Report and Audited Financial Statements, RGT Berhad (Formerly known as Asia Knight Berhad) ("RGTBHD" or "the Group") for the financial year ended 30 June 2019 ("FYE 2019").

PERFORMANCE AND OPERATIONAL REVIEW

The Group's performance during the current year has improved as the overall revenue has increased by RM68.09 million from RM26.43 million to RM94.52 million. This significant growth in revenue has resulted the Group to report a profit before tax of RM14.73 million. This is a good turnaround for the Group since it has been reporting losses for the past few years. With this good result, the Group made a basic earning per share of 1.05 sen for this year compared to a loss per share of 1.47 sen for the financial year ended 2018.

The financial position of the Group is even stronger with an improved Net Current Assets of RM38.60 million from RM29.46 million the year before and having a cash and cash equivalents of RM24.96 million and borrowings of only RM5.94 million as at 30 June 2019. The shareholder's funds stands at RM62.04 million compared to RM55.95 million last year.

The good result reported in this year is mainly due to the 60% investment in Rapid Growth Technology Sdn Bhd ("RGTSB"). RGTSB not only contributed positively to the Group's results but the Group is also able to leverage on RGTSB's existing expertise in manufacturing of moulded plastic products to improve the Group's capabilities.

On the operations side, we focused on improving our production efficiency and productivity, as well as reducing our cost and incorporating more automation in our operations. At the same time, we continue to strengthen our Research & Development Team to enhance the support of our existing and new products by coming out with new designs and improvement on the existing products. The Group is also diversifying its products offering and customer base to the medical device industry. We continue to invest and develop human capital to nurture our workforce whom are dedicated and passionate in working with us here in RGTBHD.

CORPORATE DEVELOPMENT

RGTBHD had completed the regularisation plan to rectify its PN17 status in May 2018 and on 25 February 2019, RGTBHD was uplifted from PN17 status by Bursa Malaysia Securities Berhad.

On 21 August 2019, RGTBHD announced to acquire the remaining 40% shareholdings of RGTSB for a total consideration of RM48 million through a share-swap exercise. In that announcement, we also proposed an application of exemption from a mandatory offer obligation under Rules on Take-Overs, Mergers and Compulsory Acquisition.

The Board took into the consideration of RGTSB's historical profit track records, future prospects and also to fully consolidate the results of RGTSB after this acquisition. We have appointed UOB Kay Hian Securities (M) Sdn Bhd as our main advisor and Inter-Pacific Securities Sdn Bhd as our independent adviser to evaluate, assess and advise the independent/non-interested directors and non-interested shareholders of RGTBHD on the terms, conditions, rationale and financial implications of the Proposals. They will advise the non-interested shareholders on whether they should vote in favour of the Proposals.

ECONOMIC OUTLOOK AND PROSPECTS

According to Bank Negara Report: BNM Quarterly Bulletin, the global economy grew at a more moderate pace in the second quarter of 2019. In the US, GDP growth moderated in the second quarter of 2019. The latest data release was accompanied by a revision to the back series to indicate stronger growth from 2017 to the third quarter of 2018, but slower growth in the fourth quarter of 2018 and first quarter of 2019.

This suggests that growth peaked in the first half of 2018, and has slowed more than previously anticipated, due mainly to weaker investment activity. Meanwhile, growth in the European area moderated to its weakest level since the fourth quarter of 2013. Besides softer consumption demand, industrial production remained in contraction, weighed by sluggish global trade activity and supply constraints in the automotive sector. Growth in the UK moderated due mainly to a drawdown of inventories amid sustained private consumption.

In Asia, growth in China continued to moderate, as weaker private consumption was only partially offset by an improvement in policy driven investments. Growth in the rest of the Asian region also slowed, mainly affected by weaker external demand amid the ongoing trade dispute between the US and PR China.

Exports in all Asian economies contracted in the second quarter, indicating weaknesses in external demand and effects from the ongoing trade tensions between the US and China. China's exports declined by 1.0% in the second quarter as shipments to the US, particularly for electrical parts and equipment, continued to contract. Similarly, across Asian economies, the contraction in exports was contributed mainly by a slowdown in exports of electronic equipment and parts.

Chairman's Statement *(Cont'd)*

ECONOMIC OUTLOOK AND PROSPECTS *(Cont'd)*

Market volatility rose during the quarter. This was triggered by an escalation in trade tensions when the US raised tariffs on USD200 billion of imports from China from 10% to 25% in May 2019, and placed sanctions on a Chinese telecommunications company. Nevertheless, market volatility gradually receded as the increased downside risks from trade tensions and a subdued inflation outlook prompted the US Federal Reserve to signal a higher probability of a cut in interest rates. This shift to a dovish policy stance helped ease overall market anxiety.

We have the confidence to address these risks and have also taken steps by setting out appropriate business strategies to mitigate these risks. The Company will continue to remain prudent and exercise discipline in carrying out its functions whilst enhancing its own competency to achieve sustainable growth in the coming years and will continue to improve its businesses to gain market share against the backdrop of continued volatility and uncertainty in the world economy.

CORPORATE GOVERNANCE

The Board recognises the importance of Corporate Governance and is committed in ensuring that good corporate governance is practised throughout the Group by adopting the principles set out in the Malaysian Code of Corporate Governance.

SUSTAINABILITY

The Board is committed in building a sustainable business that delivers value for all shareholders and stakeholders especially employees, our business partners, society and our environment. In ensuring long term sustainability of our businesses and the creation of greater public trust in our Company, the Board continuously ensures that sound principles of sustainable governance are integrated into the work environment and business processes of our Group.

During the year, RGTSB has also celebrated their 20th Anniversary. We have also taken the opportunity to reward our long service employees with long service awards for employees ranging from 5 years to 20 years service with the company. Awards were also given to our suppliers for their dedication and relentless support.

DIVIDENDS

The Board has not approved any dividend payout as at the date of this Annual Report.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our appreciation to Mr. See Teck Wah, Mr. See Han Liong and Mr. Lim Heng Gaul who have resigned from the Board for their valuable contribution and guidance during their tenure as Board members.

The Board would also like to take this opportunity to welcome Mr. Ong Choon Heng and Dr. Ooi Hun Pin to the Board of Directors as Independent Non-Executive Director and Mr. Ng Choon Keat as an Executive Director. These gentlemen will bring in valuable experiences from their respective fields to our Group.

I would like to take this opportunity to extend my admiration and sincere thanks to my fellow Board members for their valuable input and contribution and to our CEO, Mr. Lim Seat Hoe for his commitment in leading and motivating the Group in achieving a good set of results for the Group and ability for the Company to be uplifted from PN17 status.

Lastly, the Board would also like to thank our shareholders, valued customers, business partners for your continuous and overwhelming support and to our dedicated management team and staffs for their commitment and hard work.

DATO' IR. LOW KENG KOK
CHAIRMAN

Management Discussion & Analysis

REVIEW OF FINANCIAL RESULTS

For the financial year ended 30 June 2019 (“FYE 2019”), RGT Berhad (Formerly known as Asia Knight Berhad) (“RGTBHD” or the “Group”) recorded revenue of RM94.52 million and profit before taxation of RM14.73 million.

This increase in revenue for the FYE 2019 by RM68.09 million to RM94.52 million as compared to revenue of RM26.43 million recorded in the previous financial year was mainly attributable to the revenue contributed by our 60% owned subsidiary, Rapid Growth Technology Sdn Bhd (“RGTSB”) which was acquired in May 2018. The increase in total revenue is mainly contributed from air care and hygiene care products from customers in United States of America and Switzerland.

The Group reported a profit before taxation of RM14.73 million is due to the increase in revenue compared to a loss before taxation of RM0.85 million in the previous year.

The Group’s cash and cash equivalent stood at RM24.96 million as at 30 June 2019 (FYE 2018: RM23.71 million) with a net current assets of RM38.60 million (FYE 2018: RM29.46 million). During the year, RGTBHD generated a positive net operating cash flow of RM7.14 million. The Group’s gearing ratio is very healthy at 0.10 times.

The current liabilities have also dropped from RM26.90 million as at 30 June 2018 to RM12.52 million in this current year. The drop is mainly due to the contract liabilities of RM8.66 million which was recorded in last year’s consolidated financial statement. This was advance payment received from the customer prior to delivery of the goods.

BUSINESS OVERVIEW

The Group is expanding its services as an Original Design Manufacturer (“ODM”) for moulded plastic products while still manufactures products based on the product design, and specifications provided by their customers. This will increase its industry standing in the plastics manufacturing industry as this would enable the Group to provide value-added services, in the form of product design to its existing customers and also new markets such as the medical device industry.

With its internal R&D division, the Group is leveraging on its accumulated technical expertise to collaborate with its customers in the product design and development stage. These experiences in product design and development provides the Group with the knowledge base in expanding further in providing ODM services.

FUTURE DIRECTION

The Group’s vision is to be a Leading Global One-Stop Solution Business Partner.

The Group’s main focus and aim are to realise and deliver the Group’s potentials and enhance our shareholders’ values through innovation, development and production of top quality products and services to our customers.

RISK MANAGEMENT

Foreign Exchange Risks

The Group is exposed to foreign exchange risk arising mainly from US Dollar which is the main currency used for export/import of goods. The Group is subject to currency risks as it is dominantly an export based entity. Any adverse movements in US Dollar against Ringgit Malaysia may affect the financial performance of the Group. To mitigate this risk, the Group uses forward exchange contract to hedge its foreign currency risk and the remaining is being monitored closely to ensure that the net exposure is at an acceptable level.

Competition Risk

The Group’s business faces intense global and local competition on the emergence of new players penetrating into this business segment. We rely on our customer’s demand and it may fluctuate periodically and this may result in the Group not able to enjoy the optimum capacity and this will result us not being able to enjoy the optimum cost benefits in certain period. The Management seeks to limit the risk through, amongst others, prudent financial policies and continuous review of operation to improve efficiency.

Management Discussion & Analysis *(Cont'd)*

FUTURE OUTLOOK AND PROSPECTS

The Group faces challenges such as the intense competition from existing and new players and the volatile prices of raw materials. The Group will continue to embark on the development of new and innovative products and giving emphasis on product quality in order to stay competitive in the market.

The Group has a team with many years of experience collectively in the plastic industry and has expanded its services to include ODM services for moulded plastic product. To remain competitive in the market and to meet the expectation to be a market leader in this business, the Group will reinforce its positioning in the ODM sector by increasing its production capacity and innovating and enhancing its design capabilities by applying new technology to its customers.

The Group is expected to improve further, in light of the growing demand for companies to provide value-added services to the end customers.

The Group is expecting a healthy growth in financial year 2020 and beyond.

DIVIDENDS

The Board has not approved any dividend payout as at the date of this Annual Report.

CONCLUSION

The Management is pleased to provide their knowledge and prospect towards the Group's objectives in order to help investors in making informed investment decisions and to give shareholders a better understanding on the Group's business operations and financial performance.

The Management Discussion & Analysis was made in accordance with a Board resolution dated 25 September 2019.

Sustainability Statement

We are presenting our Sustainability Statement (“this Statement”) to include disclosures on the governance structure which we have put in place to manage the Economic, Environmental and Social programmes.

It is the Board of Directors’ (“Board”) commitment in building a sustainable business that delivers value for all shareholders and stakeholders especially employees, our business partners, society and our environment. In ensuring long term sustainability of our businesses and the creation of greater public trust in our Company, the Board continuously ensures that sound principles of sustainable governance are integrated into the work environment and business processes of our Group.

We are committed to be transparent in our sustainability performance, which is based upon the following principles:-

- (i) To observe and comply with all relevant legislation, regulations and code of practice,
- (ii) To consider sustainability issues and integrate these considerations into our business decisions,
- (iii) To promote and ensure all employees are aware of, and are committed to implement and measure sustainability activities as part of the Group’s strategy, taking into consideration of Economic Performance, Environment and Social; and
- (iv) To strive for governance aspects.

This statement was prepared in accordance with the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Sustainability Reporting Guide and Toolkits issued by Bursa Securities.

SCOPE AND BASIS

The scope on this Statement covers our activities for the financial year ended 30 June 2019 (“FYE 2019”) by embedding sustainability considerations into the Group’s business strategy.

The disclosure in this Statement covers its subsidiary, Rapid Growth Technology Sdn Bhd (“RGTSB”) as the activities relating to Economic, Environment and Social are more substantial compared to the other subsidiary companies in the Group. The information disclosed in this Statement encompasses our activities related to manufacturing of plastic parts and filling and assembly of finished products for our customers.

SUSTAINABILITY GOVERNANCE

Our Board leads the Group in embedding sustainability into our business strategies by establishing the Enterprise Risk Management Framework (“ERM”) to ensure that the Group deals with the constantly changing global environment. The Board is supported by, amongst others, the newly formed Risk Management Committee (“RMC”) in providing guidance and implementing policies to ensure the Group’s assets are protected and the sustainability and risk governance issues are addressed. The Head of Departments from various functions within the Group, such as, human resources, finance, research & development, supply chain, warehouse, quality control, business development and productions, are responsible for monitoring of sustainability initiatives and reporting on the performance of processes and controls associated with managing the sustainability matters. The Group has a Sustainability Policy in place to govern the way we do business and a copy of the Sustainability Policy is available for reference at our website, www.rgtberhad.com.

STAKEHOLDER ENGAGEMENT

We value our stakeholders contribution in our business strategy by engaging an open communication and understanding their expectations. We have identified and will continue to use the following platforms to engage with all our different stakeholders as indicated in the table below:-

Stakeholders	Engagement	Frequency
Customers	Feedback survey	On going
	Customer Audits	On going
	Face-to-face interaction	On going
	Conference Calls	On going
	Customer site visit	On going
	Regular meetings	On going
Employees	Health and Safety briefing	On going
	In-house Trainings	On going
	Corporate/Staff memo	On going
	Performance evaluations	Annually
	Regular meetings	On going

Sustainability Statement *(Cont'd)*

Stakeholders	Engagement	Frequency
Management	Monthly operation review	Monthly
	Half yearly operation review	Half yearly
	Preparation of Budget	Annually
	Round table discussion	Monthly
	Regular meetings	On going
Suppliers	Evaluation of suppliers	On going
	Face-to-face interaction	On going
	Supplier audit	On going
Investors	Quarterly Bursa Announcements	Quarterly
	Annual General Meeting	Annually
	Press releases	As requested
	Corporate websites	On going
Government and regulators	Site visit and meeting	As requested
	Participation of Government/Regulator organised events	On going
Community	Donations	On going
	Sponsorship	On going

A. ECONOMIC

The sustainability of our business depends on the quality of our products as we have placed extensive and substantiate emphasis on our stringent quality control at every station of our manufacturing processes. At the same time, we also have to innovate our manufacturing processes to keep in pace with the technological advancements.

Another important sustainability point is knowing, understanding and responding to customers' needs. We view the relationships with our customers as one of our main priorities. We pay particular attention to our customers' needs and continuously improving our supply chain to effectively meet all their demands.

Economic Performance

We understand that a good financial performance is vital for the success of the sustainability of the Group. The Group has continuously evolved to fit and meet the everchanging requirements of the customers due to the robust business environment.

After acquiring 60% shareholdings in RGTSB, we are glad to be able to report that we are profitable for this year and we would strive to continue to be profitable on a yearly basis. The enlarged Group are now involved in a more comprehensive range of plastic manufacturing services and this enhanced our competitiveness.

The acquisition managed to streamline its supply chain and gain better bargaining power through bulk purchases, provided cross selling services to existing and new customers and created knowledge that was shared across T-Venture Industries (M) Sdn Bhd.

The acquisition also strengthened the Group's financial position and contributed positively to the Group's earnings. RGTSB is expected to remain profitable and provide the Group with a steady stream of future cash flows.

Business Ethics

We are committed to ensure that the highest standards of good corporate governance and ethical conduct is practised in the group in the way we conduct our business matters. We have our Employee Handbook – Code of Conduct which outlines the code of conduct components such as compliance with laws, rules and regulations in the workplace, protection of Company's property, professionalism in all business practices and etc. which promotes integrity and ethical behaviour in all aspect of the Group's operations.

Sustainability Statement *(Cont'd)*

A. ECONOMIC *(Cont'd)*

Business Ethics *(Cont'd)*

Our Group has also adopted a Whistleblowing Policy emphasizing on carrying out its business in accordance to the highest standards of professionalism, honesty, integrity and ethics.

The Policy is:-

- (i) To help develop a culture of accountability and integrity within the Group,
- (ii) To provide a safe and confidential avenue for all stakeholders to raise concerns about any poor or unacceptable practise or misconduct,
- (iii) To reassure whistleblowers that they will be protected from detrimental action or unfair treatment for disclosing concerns in good faith; and
- (iv) To deter misconduct and promote standards of good corporate practices.

For more information on the Whistleblowing Policy, please refer to our website at www.rgtberhad.com.

Product and Service Quality

We strive to deliver quality products and services to our customers. We have the following certifications and subject to stringent audits by the following boards:-

- (i) ISO 9001:2015 (Quality Management Systems)

This ISO specifies requirements for a quality management system where our organization:-

- has the ability to consistently provide product design, development and assembly of electronics, mechanicals and plastic products that meets customer and applicable statutory and regulatory requirements; and
- enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

- (ii) ISO 13485:2016, Medical devices (Quality Management Systems)

This is an internationally agreed standard that sets out the requirements for a quality management system where our organisation has the ability to provide product design, development and assembly of electronics, mechanicals and plastic products for medical devices and related services that consistently meet customer and applicable regulatory requirements.

- (iii) C-TPAT (Customs – Trade Partnership against Terrorism)

Our organization complies to supply chain security audits against all Customs-Trade Partnership against Terrorism (C-TPAT global and regional requirements) ensuring the followings:-

- Outside Barriers and Physical Security
- Factory Internal Security
- Factory Employee Security
- Shipping Dock Security
- Key and Seal Controls
- Security Processes
- Container and Merchandise Movement
- Computer Systems Security and Controls

- (iv) SEDEX Members Ethical Trade Audit (SMETA) – 4 Pillars

We are a partner to SEDEX (Supplier Ethical Data Exchange) where they help organizations manage data on labour practices on their supply chain. SEDEX members have agreed the Best Practice Guide, a common methodology to improve audit standards and promote mutual acceptance of audit reports. SMETA also review performance against the right to work of migrant workers, management systems and implementation, sub-contracting and home working and environmental issues.

Sustainability Statement *(Cont'd)*

A. ECONOMIC *(Cont'd)*

Product and Service Quality *(Cont'd)*

(iv) SEDEX Members Ethical Trade Audit (SMETA) – 4 Pillars *(Cont'd)*

SMETA 4-pillars was developed in order to meet the changing needs of consumer goods organisations and focuses on the four pillars of Labour Standards, Environmental Management, Health and Safety, and Business Integrity.

(v) NSF International Certified

NSF International is an independent public health and safety organization whose influence and stringent standards in standardising food safety and sanitation protocols to promote public health.

NSF International is accredited as an independent, third-party certification company that tests and analyses products to make sure that they meet high safety standards.

B. ENVIRONMENT MANAGEMENT

Our Company is also committed to manage environmental impact as an integral part of our operations. Our Company has established a Safety, Health & Environmental Committee (“SHE Committee”) which is tasked to take into consideration the environmental integrity of our operations and facilities at all times.

We are also complying to the Environmental Quality Act and adhering to the following principles:-

- (i) A Scheduled Waste Competent subcontractor to handle all the scheduled waste as per legal requirements.
- (ii) Changing to LED lights to reduce carbon emission and reduce electricity usage.
- (iii) Monitoring of discharge of industrial effluent to ensure below the Permissible Exposure Limit.
- (iv) Reuse, Reduce and Recycling and to minimise the amount of waste we produce and reduce our carbon footprint.
- (v) Continually seek opportunities to improve our environmental performance including but not limited to energy, water, paper and etc.

C. SOCIAL

We are committed to provide a safe and healthy working environment to all employees as our success relies on a motivated workforce and to provide the best we can to our employees.

Our Company has implemented many programmes and activities and we have been registered under SEDEX Members Ethical Trade Audit (SMETA) compliance. SMETA is a compilation of best practices in ethical audit. SMETA audits use the ETI Base Code and is founded on the conventions of the International Labour Organisation (ILO) which is an internationally recognised code of labour practice. SMETA audits can be conducted against 2 or 4 auditing pillars but our Company is audited using the 4 pillars compliance. The two pillars mandatory for any SMETA audit are Labour Standards and Health & Safety. We have added 2 additional pillars to a 4-pillar audit to further deepen the social responsibility aspect of SMETA audits to include Environmental assessment (extended) and Business Ethics.

In short, SMETA is one of the largest collaborative platform in the world to help its members to take control of the information to do business in an increasingly transparent world. Our Company is subjected to be audited by an independent party on an annual basis. This gives assurance to our stakeholders that we respect Labour and Human Rights.

Employee’s Welfare and Workplace

Our Company offers competitive compensation & fringe benefits to our staff and our Discrimination Policy, Sexual Harassment Policy, Grievance Policy and Business Code of Conduct is established for us to apply fair practice in our organisation.

These are some of the benefits we provide:-

- (i) The working condition in our Group is fully air-conditioned and production workers are seated.
- (ii) All employees are fully trained before being assigned to any new engagements.
- (iii) Subsequent trainings will be conducted for improvement to increase competency.
- (iv) Opportunity will be opened to undergraduates for internship training.
- (v) All employees irrespective of permanent or temporary will be given opportunity to participate in any sports events organized by our internal Sports Committee. This is to foster a closer relationship and get-to-know each other amongst all department; and

Sustainability Statement *(Cont'd)*

C. SOCIAL *(Cont'd)*

Employee's Welfare and Workplace *(Cont'd)*

(vi) All our employees are covered under the Social Security Act (SOCSO) and also additional insurance coverage under our company's Group Hospitalisation & Surgical and Group Personal Accident Plans.

During the year, RGTSB celebrated its 20 years Anniversary on 18 January 2019. Service Awards and cash incentives were duly presented to the long service employees recognising their commitment, dedication and invaluable contributions.

Safety and Health

The safety and health of our employees is our company's main priority. We continuously improve to provide a safe working environment to all employees and instilling awareness of a safe work culture.

The Company complies with the Occupational Safety & Health Act, 1994 ("OSHA") for workplace safety & health requirements and maintain occupational safety and health standards that equal or exceed the best practices.

The SHE Committee, consisting of Committee Chairman, management and employee representatives, whose responsibility includes identifying hazards and unsafe work practices, removing obstacles to prevent accidents, and helping evaluate the company's effort to achieve an accident-and-injury-free workplace.

Our Company are carrying out the followings:-

- Identification of chemicals hazardous to health by conducting Chemical Health Risk Assessment (CHRA).
- Complying with permissible exposure limits.
- Taking action in Hazard Identification, Risk Assessment and Risk Control (HIRARC).
- Labelling and relabelling chemicals hazardous to health.
- Providing information, instructions and training.
- Monitoring employee exposure and clean air at the place of work.
- Conducting health surveillance and audiometric test recommended in CHRA.
- Posting warning signage at chemical storage areas and work hazard areas.
- Provide mechanical and physical safeguards wherever they are necessary.
- Our 5S + Safety audit team will conduct routine cleanliness, safety and health inspections to find and eliminate unsafe working conditions and control health hazards.
- Provide employees with necessary personal protective equipment and train them to use and care for it properly.
- Strive to prevent accident from happening and target zero-accident in our Key Performance Index ("KPI").
- Investigate accidents to determine the cause and prevent similar accidents.
- Conducting Fire Drill twice a year.
- Carry out maintenance on all fire-fighting equipment as per schedule.

We also have in-house Emergency Response Team (ERT) who are ready to respond in emergency situations. They are trained to provide the followings:-

- (i) Safe and efficient evacuation of all personnel;
- (ii) First Aid;
- (iii) Responding to Chemical Spills; and
- (iv) Fire-fighting trainings

Human Right Assessment and Child Labour

RGTBHD Group is committed to uphold the human rights of workers, and to treat them with caring and respect as per stated in the Employee Handbook which applies to all workers.

Our policy is aimed to:-

- (i) Attain the highest standard of employment practice in compliance with the enacted laws;
- (ii) Uphold the culture and principles of equal opportunities in employment; and
- (iii) Create a working environment where every member of our team is treated fairly and without fear of reprisal, intimidation or harassment.

Besides the human rights of workers, RGTBHD Group also upholds restriction on child labour. Our Human Resources team follows a very strict screening process during recruitment to ensure that no child labour are hired. We are committed to respecting the labour and human rights of all our staff through the principles, which are clearly stated in our policy and also comply with all applicable labour laws, rules and regulations in Malaysia.

Sustainability Statement *(Cont'd)*

C. SOCIAL *(Cont'd)*

Training and Development

We understand that the career development of our employees is essential for the employees' future career advancement. Therefore, we encourage continuous learning and development by providing relevant training and seminar courses to keep our employees equipped with new emerging skills and technologies. At the beginning of the year, the management reviews and evaluate the training or seminar courses for each staff. We even have a KPI for the Human Resource Department to ensure each department's employees in the company has to attend a minimum number of training hours for each staff in a year.

Donation and Charity

We have the social responsibility and not forgotten the less fortunate, we are aware of the importance to build up the local community and giving back to the society for those in need. Our charitable activities not only focus for the young generation - our future leaders, but also the senior citizen too. We always encourage our employees to do what they can for the welfare of our society. During the year, RGTBHD had also contributed RM5,000 each to the followings for FYE 2019:-

- (i) Little Sisters of the Poor
- (ii) One Hope Charity & Welfare Berhad
- (iii) Persatuan Kebajikan Shammah
- (iv) Persatuan Kebajikan Sinar Ceria.

This Statement was made in accordance with a Board resolution dated 25 September 2019.

Corporate Governance Overview Statement

The Board of Directors (“the Board”) of RGT Berhad (Formerly known as Asia Knight Berhad) (“RGTBHD”) is committed in ensuring that good corporate governance is practised throughout the Group by adopting the principles set out in the Malaysian Code of Corporate Governance which took effect on 26 April 2017 (“MCCG” or the “Code”). The Corporate Governance are applied herewith to safeguard the stakeholder’s interest and enhancing its shareholders’ value. A good corporate governance adopted by the Group is important for the long-term success and sustainability of the Group.

The Corporate Governance Overview Statement (“The Statement”) is prepared in compliance with Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it is to be read together with the CG Report 2019 of the Company (“CG Report”) which is available on RGTBHD’s website at www.rgtberhad.com.

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year ended 30 June 2019 (“FYE 2019”).

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board has an important role in setting directions through strategic planning by leading and directing the Group’s business operations to enhance the shareholders’ value. The Board discharges its responsibilities by promoting good corporate governance, ensuring shareholders are kept informed of the Group’s performance and major developments, monitors implementation plans, ensuring the systems of risk management and internal control are in place and effective. The Board has delegated specific responsibilities to the main committees namely the Audit Committee (“AC”), Remuneration Committee (“RC”), Nomination Committee (“NC”) and Risk Management Committee (“RMC”). These committees operate within the defined terms of reference approved by the Board.

The management is accountable to the Board for the execution of the Board’s strategic plans and directions. The management carries out and executes the day-to-day business and operational matters or such other matters to meet the Board’s directions and eventually to achieve the Board’s goals of enhancing the shareholder’s value.

The Board ensures that the Senior Management has the necessary skills and experience to manage the financial and non-financial risk, ensures there are orderly succession plans of Board and Senior Management and ensuring integrity of the Company’s financial and non-financial reporting. The Board has also direct access to Senior Management and has unrestricted and immediate access to information relating to the Group’s business and affairs in the discharge of their duties. The Board will consider inviting the Senior Management to attend meetings for reporting on major issues relating to their respective responsibility.

The Chairman, Managing Director and CEO are held by different individuals. There is a clear division of responsibilities between the Chairman, Managing Director and CEO. Mr. See Teck Wah has resigned as Managing Director with effect from 1 April 2019.

Key responsibilities of the Chairman are ensuring the Board’s effectiveness and conduct. He also promotes an open environment for debate and ensures effective contributions from the Non-Executive Directors. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.

The Managing Director’s role is to exercise control over the quality, quantity and timeliness of information flow between the Board and Management whereas, the CEO, who is also an Executive Director, is in charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies. Following the resignation of Mr. See Teck Wah as aforesaid, Mr. Lim Seat Hoe has assumed such role therefrom.

The roles of the Chairman, Managing Director and CEO are mentioned in the Board Charter which is made available in the Company’s website at www.rgtberhad.com.

The Company’s Board Charter set out the duties, responsibility and functions of the Board in accordance with the principles of good corporate governance. The Board Charter serves as a reference for the operation of the Board and is subject to periodically review to ensure that it remains consistent with the Board’s roles and responsibility. The Board reviewed its Charter on 21 August 2019 and the revised Board Charter is published in the Company’s website.

During the financial year, all Board committees have held meetings on a regular basis or as and when required to discuss various issues that came within the Term of Reference of each Board committee. Their findings or recommendation are then tabled to the Board for deliberations for further actions. The Board meets on a quarterly basis with additional meetings convened if there are urgent issues or matters that require attention from the Board.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *(Cont'd)*

I. Board Responsibilities *(Cont'd)*

The Board has formalised a Code of Conduct and Ethics for Directors and Employees in discharging its roles and responsibilities effectively. The Code of Ethics require all Directors to observe high ethical business standards, to always act and must not have any conflict of interest situation with the Company and must ensure ethical behaviour in compliance with law and regulations.

The Company has a Whistleblowing Policy to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrong doings in the Company can be addressed promptly. This policy underlines its protection and reporting channels.

All Directors have direct access to the advisory services of the Company Secretaries who are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 ("CA"). In addition to the administrative matters, Company Secretaries also advised the Board on CG issues, compliance with the relevant policies and procedures, laws and regulatory requirements.

Further details relating to the Board Charter, Code of Ethics and the Whistleblowing Policy are available at the Company's website at www.rgtberhad.com.

II. Board Composition

The Board acknowledges that an appropriate mix of knowledge, skills, industry experience, gender, ethnicity and age is fundamental to the right board composition to ensure that diverse perspectives and insights are expressed in the decision making process for the best interest of the Company.

The Board is assisted by NC which is chaired by an Independent Director to review, amongst other, the size and composition of the Board. NC reviews the effectiveness of the Board and performance of each individual director and assess the independence of Non-Executive Directors of the Company on an annual basis to determine if the Board has the right size and sufficient diversity with independence elements that meet the Company's objectives and strategic goal.

On 21 August 2019, an assessment of the effectiveness of the Board, respective Board Committee and Independence were carried out in respect of the FYE 2019. Appraisal form which comprising quantitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were being circulated at the Meeting for assessment. The NC reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other necessary qualities to serve effectively.

Notwithstanding the recommendation of the Code, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for Independent Non-Executive Directors as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs.

The Board is supportive of the gender boardroom diversity. The Board shall endeavour to maintain at least one female director to possibility provide alternative views where applicable.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *(Cont'd)*

II. **Board Composition** *(Cont'd)*

The diversity in the age, ethnicity and gender of the Board were as follows:-

FYE 2019

Directorate			Gender		Nationality		Ethnicity		Age		
Executive	Independent Non-Executive	Non-Independent Non-Executive	Male	Female	Malaysian	Foreigner	Bumiputra	Chinese	40-49	50-59	60 and above
3	3	1	6	1	7	0	0	7	4	0	3

As at date of the Annual Report

Directorate			Gender		Nationality		Ethnicity		Age		
Executive	Independent Non-Executive	Non-Independent Non-Executive	Male	Female	Malaysian	Foreigner	Bumiputra	Chinese	40-49	50-59	60 and above
3	4	0	6	1	7	0	0	7	3	2	2

During FYE 2019, the Company complied with Paragraph 15.02 of the MMLR as:-

- there were three (3) Independent Directors out of the total of seven (7) members in the Board; and
- The resignation of Mr. Lim Heng Gaul (Independent Non-Executive Director) on 1 April 2019 and the appointment of Mr. Ong Choon Heng (Independent Non-Executive Director) on 3 May 2019 i.e. the vacancy fill within 3 months, is in compliance with Paragraph 15.02 (3) of the MMLR.

The Board size has been maintained at seven (7) members as at 30 June 2019 (7 members as at 30 June 2018). The percentage of women representation on the Board of RGTBHD still remain unchanged at 14% as of date of this Annual Report if compare to previous year. The Independence elements of the Board was increased from 43% (FYE 2019) to 57% as of 1 August 2019 which is in line with Practice 4.1 of the Code.

Attendance in Board Meetings

The number of Board meeting attended by the respective Directors during the financial year are as follows:-

Name of Directors	Designation	Number of Board Meetings Attended/Held	Percentage of Attendance
Dato' Ir. Low Keng Kok	Independent Non-Executive Chairman	5 / 5	100%
Lim Seat Hoe	Executive Director/CEO	5 / 5	100%
Seah Cheong Wei	Independent Non-Executive Director	5 / 5	100%
Lee Soo Ching	Executive Director	5 / 5	100%
Ong Choon Heng	Independent Non-Executive Director (Appointed on 3/5/2019)	-	-
Dr. Ooi Hun Pin	Independent Non-Executive Director (Appointed on 1/8/2019)	-	-
Ng Choon Keat	Executive Director (Appointed on 1/8/2019)	-	-
Lim Heng Gaul	Independent Non-Executive Director (Resigned on 1/4/2019)	4 / 4	100%
See Teck Wah	Non-Independent Non-Executive Director (Resigned on 1/7/2019)	5 / 5	100%
See Han Liong	Executive Director (Resigned on 1/8/19)	5 / 5	100%

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *(Cont'd)*

II. Board Composition *(Cont'd)*

Directors' Training

The training programmes or seminars attended by the Directors during FYE 2019 are as follows:-

Name of Director	Training Programmes / Seminars attended	No. of Hours / Day spent
Dato' Ir. Low Keng Kok	(i) "Talk on Managing Construction Projects" in Master Builders Association Malaysia (MBAM), Penang Development Corporation (PDC) and The Institution of Engineers Malaysia	11 hours
	(ii) Fajarbaru Builder Group Berhad's Board Training - Enhancing leadership in organisation using emotional intelligence	8 hours
Lim Seat Hoe	2019 Budget tax seminar	8 hours
Lee Soo Ching	Introduction to Malaysian Business Reporting System (MBRS)	8 hours
Seah Cheong Wei	(i) Modernising ISA 315 : Identifying & Assessing the Risk of Material Misstatement	2 hours
	(ii) MBRS for prepares : Financial Statements	2 days
	(iii) Risk Based Audit : Audit Completion	1 day
	(iv) Risk Based Audit : Audit reporting	1 day
Ong Choon Heng (Appointed on 3/5/2019)	(i) Advocacy Programme on CG Assessment Using the Revised Asean CG Scorecard Methodology by Minority Shareholders Watch Group (MSWG) with the support of Bursa Malaysia Securities Berhad	3 hours
	(ii) 2019 Budget Tax Conference	1 day

III. Remuneration

It is the Company's policy to remunerate Directors adequately to attract and retain the Directors of the necessary calibre to manage its business in promoting business stability and growth. The determination of the remuneration of each Independent Non-Executive Director is decided by the Board as a whole. The Board reimburses any reasonable expense incurred by these Directors in the course of their duties as Directors.

The RC is responsible to recommend to the Board on the remuneration framework as well as the remuneration package of Executive Directors to ensure that rewards commensurate with their contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The RC also ensures the level of remuneration for Non-Executive Directors and Executive Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.

The current Board Remuneration was approved by the shareholders at the 37th Annual General Meeting of the Company ("AGM") held on 20 December 2018.

On 21 August 2019, the RC undertake a review of the Board Remuneration with the view to determine its competitiveness and sufficiency to attract, retain and motivate individuals with strong credentials, high calibre and astute insights to serve on the Board. The Board approved the recommendation by RC in respect to the revisions to the Board Remuneration which will be put forth to the shareholders for approval at the 38th AGM, in accordance with Sections 230 and 340 (1)(c) of the CA.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *(Cont'd)*

III. Remuneration *(Cont'd)*

A summary of the Directors' remuneration paid or payable to all Directors of the Company and the Group is set out below:-

	Fees (RM)	Salaries (RM)	Bonuses, Allowances* and Other Emoluments (RM)	Statutory Contributions (RM)	Total (RM)
The Company					
Dato' Ir. Low Keng Kok	37,500	-	3,500	-	41,000
Lim Seat Hoe	19,500	-	-	-	19,500
Seah Cheong Wei	24,000	-	3,500	-	27,500
Lee Soo Ching	19,500	-	-	-	19,500
Ong Choon Heng (Appointed on 3 May 2019)	3,000	-	-	-	3,000
Dr. Ooi Hun Pin (Appointed on 1 August 2019)	-	-	-	-	-
Ng Choon Keat (Appointed on 1 August 2019)	-	-	-	-	-
Tan Teng Cheok (Resigned on 1 August 2018)	1,500	-	-	-	1,500
See Seng Hong (Resigned on 23 August 2018)	3,000	9,300	-	-	12,300
Lim Heng Gaul (Resigned on 1 April 2019)	13,500	-	2,500	-	16,000
See Teck Wah (Resigned on 1 July 2019)	18,000	135,000	500	9,900	163,400
See Han Liong (Resigned on 1 August 2019)	18,000	-	-	-	18,000
TOTAL	157,500	144,300	10,000	9,900	321,700

*Including working allowance paid to Executive Directors

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS *(Cont'd)*

III. **Remuneration** *(Cont'd)*

	Fees	Salaries	Bonuses, Allowances* and Other Emoluments	Statutory Contributions	Total
	(RM)	(RM)	(RM)	(RM)	(RM)
The Group					
Dato' Ir. Low Keng Kok	37,500	-	3,500	-	41,000
Lim Seat Hoe	19,500	396,000	200,899	27,547	643,946
Seah Cheong Wei	24,000	-	3,500	-	27,500
Lee Soo Ching	19,500	264,000	116,484	45,547	445,531
Ong Choon Heng (Appointed on 3 May 2019)	3,000	-	-	-	3,000
Dr. Ooi Hun Pin (Appointed on 1 August 2019)	-	-	-	-	-
Ng Choon Keat (Appointed on 1 August 2019)	-	-	-	-	-
Tan Teng Cheok (Resigned on 1 August 2018)	1,500	-	-	-	1,500
See Seng Hong (Resigned on 23 August 2018)	3,000	9,300	-	-	12,300
Lim Heng Gaul (Resigned on 1 April 2019)	13,500	-	2,500	-	16,000
See Teck Wah (Resigned on 1 July 2019)	18,000	135,000	500	9,900	163,400
See Han Liong (Resigned on 1 August 2019)	18,000	168,000	923	20,160	207,083
TOTAL	157,500	972,300	328,306	103,154	1,561,260

*Including working allowance paid to Executive Directors

The Board is of the view that disclosure of Top 3 Key management personnel's remuneration on a named basis and in bands of RM50,000.00 each may not be in the best interest of the Group due to confidentiality and sensitivity of the information. Thus, the Board has opted not to disclose it.

Terms of reference of RC are available at the Company's website at www.rgtberhad.com.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. **Audit Committee**

The AC comprises three (3) members, all of whom are Independent Directors and is chaired by an Independent Non-Executive Director. The Chairman of the AC is not the Chairman of the Board and this is to ensure the effectiveness and independence of the Committee. The number of members has increased to four (4) following the appointment of Dr. Ooi Hun Pin as a member of the AC on 1 September 2019.

Seah Cheong Wei is a member of the Malaysian Institute of Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c)(i) of the MMLR. All of the AC members have an accounting qualification or experience in the field of finance to enable them to understand and ask probing questions on the Company's financial reporting process, financial information and transactions.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT *(Cont'd)*

I. Audit Committee *(Cont'd)*

The Terms of Reference of the AC has incorporated the recommendation of Practice 8.2 of the MCCG i.e. requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC. Nonetheless, there was no former key audit partner being appointed as an Independent Director nor member of AC.

The Company has established a policy to assess the suitability, objectivity and independence of the External Auditor. In the annual assessment on the suitability, objectivity and independence of the External Auditors, the AC is also guided by, amongst others, External Auditors Evaluation Form recommended by MCCG Guide 3rd Edition and Paragraph 15.21 of the MMLR.

II. Risk Management and Internal Control Framework

During FYE 2019, the Board met its responsibilities in the risk governance and oversight functions in order to manage the overall risk exposure of the Group. The Board has on 24 August 2018, formed a RMC and is currently chaired by Mr. Ong Choon Heng.

During FYE 2019, the Company has engaged BDO Governance Advisory Sdn Bhd, an independent professional accounting and consulting firm to carry internal audit function and provide independent assurance on the adequacy and effectiveness of the risk management and internal control of the Group. The AC reviewed and deliberated on the findings together with the recommendation and management action plan from Internal Auditors.

On 21 August 2019, the Board received assurance from the Chief Executive Officer and an Executive Director who is responsible for the financial affairs that the Group's risk management and internal control system is operating adequately and effectively to safeguard the Group's assets, as well as shareholders' investments, and the interests of other stakeholders. The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C : INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

RGTBHD recognised the importance of timely and thorough dissemination to shareholders and stakeholders. The Company provides relevant and timely information regarding the release of quarterly financial results, annual report and circular to shareholders on our website or through Bursa Securities' website. The Company's website also serves as communication channel between the Company and its shareholders and stakeholders.

II. Conduct of General Meetings

The Board acknowledges that AGM is an important means of communicating with its shareholders. Therefore, RGTBHD dispatched its notice of the 37th AGM to shareholders at least 28-days before the AGM, which is in line with Practice 12.1 of the Code. Shareholders are given sufficient time to make arrangement to attend the general meeting either in person or by corporate representatives, proxies or attorneys.

At the 37th AGM of the Company held on 20 December 2018, all members of the Board, representatives of the Management and External Auditors attended the meeting to respond to the question raised by shareholders or proxies.

The voting at the 37th AGM was conducted by way of manual poll-voting. The Company continues to explore the leveraging of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at general meetings of the Company. Announcement of the detailed results of the poll voting had been made to the public accordingly.

This Statement was made in accordance with a Board resolution dated 25 September 2019.

Statement on Risk Management and Internal Control

INTRODUCTION

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), the Board of Directors (“Board”) is pleased to present the Statement on Risk Management and Internal Control (“this Statement”) for the financial year ended 30 June 2019 (“FYE 2019”) which was prepared in accordance with Practice 9.1 and 9.2 of the Malaysian Code on Corporate Governance (“MCCG” or the “Code”) and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”) which in compliance with the MMLR.

BOARD AND MANAGEMENT RESPONSIBILITIES IN RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises the importance of maintaining a sound risk management framework and internal control system to cover controls relating to risk management, financial, operational and compliance to achieve the following objectives:-

- (a) Safeguard the shareholders’ interest and assets of the Group;
- (b) Identify and manage risk affecting the Group;
- (c) Ensure compliance with regulatory requirements;
- (d) Ensure the effectiveness and efficiency of operations to achieve objectives of the Group; and
- (e) Ensure the integrity and reliability of financial information.

Functionally, risk management is the responsibility of all Executive Directors and Management staff members. The Executive Directors and Senior Management organise informal meetings and discussions to discuss and manage business risks of the Group to ensure that businesses are under control.

The Board has instituted the Audit Committee (“AC”) to review the adequacy and effectiveness of internal controls through the internal audits conducted by the Internal Auditors. The audit findings/weaknesses, audit recommendations and management responses are tabled by the Internal Auditors during the AC meetings and thereafter escalated to the Board. In addition, the AC obtained feedback from the External Auditors on the audit risk and control issues highlighted by them in the course of their statutory audit.

On 24 August 2018, the Board has formed a new committee namely Risk Management Committee (“RMC”) which is headed by Ong Choon Heng (previously headed by Seah Cheong Wei) to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic and operational risks. The RMC has an overall responsibility for monitoring and approving the risk management framework and ensure that risk management is embedded in all key processes implemented by the Group, evaluating the potential impact and likelihood of the risks identified and mitigating controls.

Management from accounts and finance function supplement the AC’s review on control and risk when presenting their quarterly financial performance and results to the AC. With management’s consultation, the AC reviews the interim financial results in corroboration with the business development and the performance of its subsidiary companies as well as the integrity of the financial results and audited financial statements.

The Board has implemented Enterprise Risk Management (“ERM”) framework which assisted by BDO Governance Advisory Sdn Bhd (“BDO”) to identify and evaluate all key risks faced by the Group and report to RMC. The Group is adopting the COSO Enterprise Risk Management framework which is the internationally recognised risk management framework presently. The Board will review and embed it into its risk management processes going forward. The Group also has risk management tools to support the risk management process and reporting.

The Group’s system of risk management presently focuses on operational risks, particularly pertaining to quality of manufacturing; credit risks which are the regular subject matters of meetings of Management and the Board.

KEY ELEMENTS OF INTERNAL CONTROL

The Group has put in place the following key elements of internal controls processes to manage the risk to achieve the established goals and provide reasonable assurance to safeguard the Group’s assets against losses:-

- **Group Organisation Structure**

The Board has established a clear organisation structure with defined lines of responsibilities and accountability aligned to the Group’s business and operation requirements.

- **Oversight by Respective Board Committee**

The Board has delegated specific duties, roles and responsibilities to respective Board Committee, namely AC, Nomination Committee, Remuneration Committee and RMC. These Committees have the authority to examine all matters within the scope defined in their respective terms of reference and report their recommendations to the Board.

Statement on Risk Management and Internal Control *(Cont'd)*

KEY ELEMENTS OF INTERNAL CONTROL *(Cont'd)*

- **Limit of Authorities**

Limit of authorities is imposed on Executive Directors and Management within the Group in respect of the day-to-day operation, investment, acquisitions and disposal of assets.

- **Standard Operating Policies and Procedures**

Policies and procedures are set out in operations manuals, guidelines and directives issued by the Group that govern the key business processes such as production, business development, procurement, finance, information technology and etc. which are updated from time to time to ensure compliance with internal controls and the relevant laws and regulation.

- **Human Resource Guidelines**

There are guidelines within the Group for hiring and termination of staff, formal training and development programmes for staff and annual performance appraisals to ensure that the staff are kept up to date with the necessary competencies in carrying out their duties and responsibilities.

- **Code of Ethics and Employee Handbook**

Code of ethics are established and adopted for the Directors while the employee handbook where employment issues are dealt with fairly and consistently to ensure standards of good practice and ethical values in all business practices to be observed by all employees of the Group.

- **Whistleblowing Policy**

Whistleblowing policy is to provide an avenue for employees to report any suspected fraud, unethical behaviour and improper conduct in the workplace in a safe and confidential manner.

- **Periodical Meetings**

Executive Directors together with senior management hold monthly management meetings to discuss and monitor each business unit's financial performance, business overview, direction and development and resolve any major issues arising from operations, change of business environment and plan for corrective actions.

The Board conducts regular visits to the generating units.

- **Audits**

(a) The Board has outsourced the internal audit function to BDO, an independent professional firm of consultants. Internal Audit is responsible for the evaluation of the adequacy and effectiveness of risk management and internal control system.

During the year under review, BDO has total conducted three (3) core auditable areas as follows:-

- Procure to pay;
- Inventory management; and
- Conversion and production.

The Internal Audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on the risk profile which has been updated from time to time. The audit focuses on high risk areas to assess if adequate action plans has been put in place to address the risks associated with audit findings. The audit ascertains that the risks are effectively mitigated by the existing controls or the internal auditors will recommend further controls to mitigate the risks. The internal auditor conducts their reviews and the findings, recommendations for improvements and management responses are reported with periodic follow-up on the implementation of action plans.

All recommendations for improvement over the internal control procedures are tabled on a quarterly basis to the AC. The internal auditors will also perform necessary follow up and review on the corrective actions plans as agreed by the respective management teams.

Statement on Risk Management and Internal Control *(Cont'd)*

KEY ELEMENTS OF INTERNAL CONTROL *(Cont'd)*

- **Audits** *(Cont'd)*

- (b) The Internal Audit team is required to conduct assessments of the internal control system pertaining to the processes of the relevant business/functional units which have a bearing on the financial information of the Group, to ensure the reliability and integrity of such information.
- (c) The External Auditors annual planning memorandum and audit review memorandum are tabled annually to the AC for deliberation and approval.

- **Insurance**

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken by Management to review the coverage of the assets as recorded in the current fixed asset register and their respective net book values and "replacement values", that is the prevailing market price for the same or similar item, where applicable.

- **Compliance Management**

The compliance management covers compliance to all legal obligations imposed on the Group, in particular laws, regulations, rules and major identified guidelines or legal requirements. It also covers risk-based compliance to internal policies and procedures, code of ethics and business conduct.

In FYE 2019, there were no major non-compliance issues encountered.

BOARD ASSURANCE AND LIMITATION

The Board has received assurance from the Chief Executive Officer and an Executive Director who is responsible the financial affairs of the Group that the Group's risk management and internal control system are operating adequately and effectively in all material aspect, based on the risk management and internal control system of the Group.

The Board is satisfied that the existing level of risk management and internal control system are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require separate disclosure in the Annual Report.

The Board is committed to continuously strengthen the Group's risk management and internal control systems with the evolving business development. Nonetheless, it should be noted that all risk management and of internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control of the Group can only provide reasonable but not absolute assurance material misstatements, frauds and losses.

In summary, the system of risk management and internal control which has been put in place could only provide reasonable but would not be an absolute assurance against any material misstatement, fraud and/or financial loss.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for the inclusion in the 2019 Annual Report. As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide 3 issued by Malaysian Institute of Accountants ("MIA"). Based on their procedure performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines and Practice 9.1 and 9.2 of the MCCG, nor is it factually inaccurate.

CONCLUSION

The Board is of the view that the system of risk management and internal control is in place for FYE 2019, and up to the date of approval of this Statement, accords with the guidelines and that it is adequate to achieve the Group's objectives stated above is sound and sufficient to safeguard the Group's assets, as well as the shareholders investments, and the interests of customers, regulators, employees and other stakeholders.

This Statement was made in accordance with a Board resolution dated 25 September 2019.

Audit Committee Report

The Board of Directors (“Board”) of RGT Berhad (Formerly known as Asia Knight Berhad) (“RGTBHD”) is pleased to present the Audit Committee (“AC” or “Committee”) Report for the financial year ended 30 June 2019 (“FYE 2019”).

The AC was established with the primary objective of assisting the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices and internal control system of the Group.

COMPOSITION AND DESIGNATION

The members of the Audit Committee comprises the following Directors:-

Chairman : **Seah Cheong Wei**
(Independent Non-Executive Director)

Member : **Dato’ Ir. Low Keng Kok**
(Independent Non-Executive Director)

Ong Choon Heng
(Independent Non-Executive Director)
(Appointed on 3 May 2019)

Dr. Ooi Hun Pin
(Independent Non-Executive Director)
(Appointed on 1 September 2019)

Lim Heng Gaul
(Independent Non-Executive Director)
(Resigned on 1 April 2019)

This composition meets the requirement of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) [“MMLR”].

Mr. Seah Cheong Wei (the Chairman of AC), Mr. Ong Choon Heng and Dr. Ooi Hun Pin are members of the Malaysian Institute of Accountants (“MIA”) and this meets the requirements of Paragraph 15.09(1)(c)(i) of the MMLR which stipulates that at least one member of the AC must be qualified Accountant.

TERMS OF REFERENCE

The AC discharged their duties in accordance with its terms of reference which is available in the Company’s website at www.rgtberhad.com.

ATTENDANCE OF MEMBERS

The AC held five (5) meetings in the FYE 2019. The meetings were convened in a structured manner by formal notice of meeting with meeting agenda and reports being sent to Committee members at least 7 days before the meeting date. Minutes of each AC meetings were recorded and tabled for confirmation at the next following AC meeting and subsequently presented to the Board for information. As and when necessary, the Senior Management, Internal Auditors and External Auditors or relevant personnel are invited to attend its meetings, to brief the AC on specific issues, to provide insights and advice on report discussed. Details of the attendance of each member are as follows:-

Name of Committee Members	Number of Meetings Attended/ Total Number of Meetings Held	Percentage of Attendance
Seah Cheong Wei	5/5	100%
Dato’ Ir. Low Keng Kok	5/5	100%
Ong Choon Heng (Appointed w.e.f. 3/5/2019)	-	-
Lim Heng Gaul (Resigned w.e.f. 1/4/2019)	4/4	100%

The meetings were held on 24 August 2018, 5 October 2018, 31 October 2018, 20 February 2019 and 3 May 2019.

Audit Committee Report *(cont'd)*

SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE

In line with the Terms of Reference of AC, the activities carried out by the AC during the FYE 2019 in the discharge of its duties and responsibilities are as follows:-

1. Financial Reporting

The AC reviewed the quarterly financial statements and draft audited financial statements, prior to making recommendations to the Board for approval and release the Group's financial results to Bursa Securities, as follows:-

Date of AC Meeting	Quarterly Results/Financial Statements Review
24 August 2018	Unaudited fourth quarter results of the Group for financial year ended 2018
5 October 2018	Draft Audited Financial Statements for financial year ended 2018
31 October 2018	Unaudited first quarter results for the period ended 30 September 2018
20 February 2019	Unaudited second quarter results for the period ended 31 December 2018
3 May 2019	Unaudited third quarter results for the period ended 31 March 2019

The quarterly financial statements for the 1st, 2nd and 3rd quarters of FYE 2019, which were prepared in accordance with the requirements as set out in Appendix 9B of the MMLR and in compliance with Malaysian Financial Reporting Standards ("MFRSs") 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board, were reviewed at the AC at its respectively meeting.

On 21 August 2019, the AC had also reviewed the draft unaudited 4th quarter financial results of FYE 2019 and the draft audited financial statements of the Company and the Group for the FYE 2019. The Committee's recommendations were presented to the subsequent Board's meeting for approval.

2. External Audit

During FYE 2019, the Committee had on 24 August 2018, 5 October 2018 and 3 May 2019 respectively met with the External Auditors without the presence of the Executive Members.

On 24 August 2018, the AC received and reviewed the Audit Review Memorandum for financial year ended 30 June 2018 and Messrs. Crowe Malaysia PLT ("CM") briefed the Committee on the status of audit completion of the Group and outstanding audit areas as summarised in the Audit Review Memorandum.

On 5 October 2018, the AC reviewed and discussed with CM for the draft Audited Financial Statements for the financial year ended 30 June 2018 and to recommend for the Board's approval before presentation and receipt by shareholders of the Company at the 37th AGM.

On 3 May 2019, CM tabled the Audit Planning Memorandum prior to the commencement of audit of financial statements for FYE 2019, more particularly, outlined the audit approach, Areas of Audit Emphasis and Accounting Standards Update to the Committee.

During the meeting held on 21 August 2019, CM tabled its Audit Review Memorandum FYE 2019 and briefed the Committee on their findings, amongst others, 3 accounting and audit issues identified and 3 Key audit matters. At the same meeting, copies of the External Auditors Evaluation Form (as recommended by the 3rd Edition of Corporate Governance Guide) in respect for the FYE 2019 were being distributed at the Meeting for review ("the Assessment"). The Committee concluded that based on the Assessment, amongst others as set out below, the External Auditors Performance for year 2019 was found adequate and thereby recommended the re-appointment of CM as the External Auditors of the Group to the Board for approval by its shareholders at the forthcoming 38th AGM:-

- after having satisfied with its audit independence and the performance of CM throughout its course of audit FYE 2019;
- satisfied that the quality processes/performance of External Auditors;
- able to give adequate technical support when audit issue arise; and
- adequate experience and resources of CM and audit engagements.

Audit Committee Report *(Cont'd)*

SUMMARY OF WORK PERFORMED BY INTERNAL AUDIT (“IA”) FUNCTION

The Group currently doesn't have in-house internal audit department. The IA function has been outsourced to an independent professional consulting firm, BDO Governancy Advisory Sdn Bhd (“BDO”) since August 2018, to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes. BDO reports directly to the AC on its activities based on the approved annual Internal Audit Plan. The cost incurred for the IA function for FYE 2019 was RM33,000.00.

The Internal Auditors presented its findings together with recommendation and management action plan to the Committee for review on 24 August 2018 (tabled by IA Essential Sdn Bhd, the former Internal Auditors), 20 February 2019 and 3 May 2019 respectively. On 5 October 2018, the Committee reviewed and approved the IA Plan FYE 2019 for adoption. Besides, the Committee also followed up from time to time the updates and corrective actions by the Management on audited areas reported in the prior quarters.

The core auditable areas undertaken by the Internal Auditors during the FYE 2019 are as follows:-

- Procure to pay;
- Inventory management; and
- Conversion and production.

The Committee had assessed the adequacy and effectiveness of IA Function for FYE 2019 at its meeting held on 21 August 2019 (“IA Assessment”). The AC concluded that based on the IA Assessment, the IA Function was found to be adequate.

Additional Compliance Information

UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposals during the financial year ended 30 June 2019 ("FYE 2019").

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the FYE 2019 by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follows:-

Category	Audit Fee (RM)	Non-Audit [^] Fees (RM)
Company	87,000	65,000
Subsidiaries	60,000	32,020
Total	<u>147,000</u>	<u>97,020</u>

[^] Non-audit fees consists of review of interim financial information and consolidation worksheet, special audit for Rapid Growth Technology Sdn Bhd ("RGTSB") for the purpose of profit guarantee and taxation fees.

EMPLOYEES SHARE OPTION SCHEME

There was no Employees Share Option Scheme implemented by the Company during the financial year.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary companies involving the interest of the directors', chief executive's (who is not a director or major shareholders) and major shareholders' interest either still subsisting as at 30 June 2019.

RGTBHD had on 21 August 2019 entered into a conditional share sale agreement ("SSA") with Hor Lim Chee, Ng Choon Keat, Tan Song Chai, Lim Seat Hoe and Tan Ann Chee (collectively referred to as the "Vendors") for the acquisition of the remaining 6,000,000 ordinary shares in RGTSB, representing 40% equity interest in RGTSB, for a purchase consideration of RM48,000,000 to be satisfied entirely via issuance of 282,352,941 new ordinary shares in RGTBHD ("Consideration Share(s)") at an issue price of RM0.17 per Consideration Share to RGT Equity Holdings Sdn Bhd, being a nominee company owned by the Vendors, subject to the terms and conditions contained in the SSA.

RECURRENT RELATED PARTY TRANSACTION DURING THE FINANCIAL YEAR

There were no recurrent related party transactions during the financial year.

Statement of Directors' Responsibilities

Pursuant to Paragraph 15.26(a) of Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the Board of Directors ("Board") is required to issue a statement explaining their responsibilities for preparing the annual audited financial statements.

The Board has prepared the audited financial statements which gave a true and fair view of the state of affairs, its results and cash flows, of the Group and the Company. In preparing the financial statements, the Board has considered the following:-

- That the Group and the Company have used appropriate accounting policies, and these are applied consistently;
- That reasonable and prudent judgements and estimates were made;
- That the approved accounting standards in Malaysia have been adopted; and
- That the financial statements have been prepared on a going concern basis.

The Board is responsible for ensuring that the Company and subsidiary companies maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Group and the Company.

The Board has general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This Statement was made in accordance with a Board resolution dated 25 September 2019.

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 June 2019.

Change of name

The Company changed its name from Asia Knight Berhad to RGT Berhad with effect from 20 December 2018.

Principal activities

The principal activity of the Company is investment holding. The principal activities and other details of the subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM	Company RM
Profit for the financial year attributable to:-		
- Owners of the Company	6,086,158	6,058,288
- Non-controlling interests	4,797,296	0
	<u>10,883,454</u>	<u>6,058,288</u>

Dividends

No dividends were recommended, declared or paid by the Company since the end of the previous financial year.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Issue of shares or debentures

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

Share options

The Company did not grant any share options during the financial year.

Bad and doubtful debts

Before the financial statements were prepared, the directors took reasonable steps to ascertain that 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.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

Current assets

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements misleading.

Valuation methods

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 or the Company misleading or inappropriate.

Directors' Report *(Cont'd)*

Contingent and other liabilities

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

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

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

Change of circumstances

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 which would render any amount stated in the financial statements misleading.

Items of an unusual nature

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

Directors

The directors in office since the beginning of the financial year are:-

Directors of the Company

Dato' Ir. Low Keng Kok	
Lim Seat Hoe	
Lee Soo Ching	
Seah Cheong Wei	
Ong Choon Heng	(appointed on 3.5.2019)
Dr. Ooi Hun Pin	(appointed on 1.8.2019)
Ng Choon Keat	(appointed on 1.8.2019)
Tan Teng Cheok	(resigned on 1.8.2018)
See Seng Hong, PJK	(resigned on 23.8.2018)
Lim Heng Gaul	(resigned on 1.4.2019)
See Teck Wah	(resigned on 1.7.2019)
See Han Liong	(resigned on 1.8.2019)

Directors of subsidiaries (other than directors of the Company)

Hor Lim Chee	
See Han Liong	
Tan Song Chai	
Lam Kim Goon	(appointed on 29.3.2019)

Directors' Report *(Cont'd)*

Directors' interests

According to the Register of Directors' Shareholdings, the interests in shares in the Company and a subsidiary of the directors in office at the end of the financial year are as follows:-

Name of director	Number of ordinary shares in the Company					
	Direct interest			Deemed interest		
	Balance at 1.7.2018/*	Bought	(Sold)	Balance at 30.6.2019	Balance at 1.7.2018/*	Balance at 30.6.2019
See Teck Wah	24,358,684	11,444,000	(20,878,872)	14,923,812	198,600,031	75,146,779
See Han Liong	7,828,100	0	0	7,828,100	198,600,031	75,146,779
Lim Seat Hoe	17,000,000	0	0	17,000,000	0	0
Ong Choon Heng	*4,100,000	0	0	4,100,000	*0	0

Name of director	Number of warrants over ordinary shares in the Company					
	Direct interest			Deemed interest		
	Balance at 1.7.2018/*	Bought	(Sold)	Balance at 30.6.2019	Balance at 1.7.2018/*	Balance at 30.6.2019
See Teck Wah	10,439,436	4,168,500	(10,439,436)	4,168,500	85,114,299	23,387,673
See Han Liong	3,354,900	0	0	3,354,900	85,114,299	23,387,673
Ong Choon Heng	*800,800	0	0	800,800	*0	0

* *Date of appointment*

Name of director	Number of ordinary shares in a subsidiary, Rapid Growth Technology Sdn. Bhd.					
	Direct interest			Deemed interest		
	Balance at 1.7.2018	Bought	(Sold)	Balance at 30.6.2019	Balance at 1.7.2018	Balance at 30.6.2019
Lim Seat Hoe	600,000	0	0	600,000	0	0

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 22 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of certain related party transactions as disclosed in Note 26 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report *(Cont'd)*

Indemnity and insurance for directors and officers

There was no indemnity given to any director or officer of the Group or the Company during the financial year. The Group maintains a liability insurance for its directors and officers and the annual insurance costs incurred for 2019/2020 amounted to approximately RM6,000.

Auditors

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 21 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

Signed in accordance with a resolution of the directors dated 21 August 2019

Lim Seat Hoe

Lee Soo Ching

Statement by Directors

In the opinion of the directors, the financial statements set out on pages 45 to 85 give a true and fair view of the financial position of the Group and the Company as at 30 June 2019 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed in accordance with a resolution of the directors dated 21 August 2019

Lim Seat Hoe

Lee Soo Ching

Statutory Declaration

I, Lim Seat Hoe, being the director primarily responsible for the financial management of RGT Berhad (formerly known as Asia Knight Berhad), do solemnly and sincerely declare that the financial statements set out on pages 45 to 85 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Lim Seat Hoe at George Town in the State of Penang on this 21 August 2019

Lim Seat Hoe

Before me

Shamini A/P M Shanmugam

No : P157

Commissioner for Oaths

Independent Auditors' Report

to the members of RGT Berhad (Formerly known as Asia Knight Berhad)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of RGT Berhad (formerly known as Asia Knight Berhad), which comprise the statements of financial position as at 30 June 2019 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 85.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<u>Impairment of goodwill (Refer to Notes 3 and 5 to the financial statements)</u> The Group carries significant goodwill. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.	Our audit procedures included, among others:- <ul style="list-style-type: none">• Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances.• Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method.• Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.• Performing stress tests and sensitivity analyses to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.

Independent Auditors' Report

to the members of RGT Berhad (Formerly known as Asia Knight Berhad) (Cont'd)

Report on the audit of the financial statements (Cont'd)

Key audit matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
<p><u>Valuation of inventories (Refer to Notes 3 and 7 to the financial statements)</u></p> <p>The Group carries significant inventories. The assessment of inventory write-downs due to excess quantities, obsolescence and decline in net realisable value below cost involves judgements and estimation uncertainty in forming expectations about future sales and demands.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none">• Obtaining an understanding of:-<ul style="list-style-type: none">• the Group's inventory management process;• how the Group identifies and assesses inventory write-downs; and• how the Group makes the accounting estimates for inventory write-downs.• Reviewing the ageing analysis of inventories and testing the reliability thereof.• Examining the perpetual records for inventory movements and to identify slow moving aged items.• Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories.• Reviewing the net realisable value of major inventories.• Evaluating the reasonableness and adequacy of the allowance for inventories recognised for identified exposures.
<p><u>Impairment of receivables (Refer to Notes 3 and 8 to the financial statements)</u></p> <p>The Group carries significant receivables and is subject to major credit risk exposure. The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none">• Obtaining an understanding of:-<ul style="list-style-type: none">• the Group's control over the receivable collection process;• how the Group identifies and assesses the impairment of receivables; and• how the Group makes the accounting estimates for impairment.• Reviewing the ageing analysis and past due status of receivables and testing the reliability thereof.• Reviewing the subsequent cash collections for major receivables and overdue amounts.• Making inquiries of management regarding the action plans to recover overdue amounts.• Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.• Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix.• Evaluating the reasonableness and adequacy of the resulting loss allowance recognised.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report (but does not include the financial statements of the Group and 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 that date.

Independent Auditors' Report

to the members of RGT Berhad (Formerly known as Asia Knight Berhad) (Cont'd)

Report on the audit of the financial statements (Cont'd)

Information other than the financial statements and auditors' report thereon (Cont'd)

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

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and 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 request that a correction be made. If the directors refuse to make the correction, we shall take appropriate action considering our legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom our auditors' report is prepared.

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 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 the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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.

Independent Auditors' Report

to the members of RGT Berhad (Formerly known as Asia Knight Berhad) (Cont'd)

Report on the audit of the financial statements (Cont'd)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and 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 the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and the Company of the current period 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.

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.

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Eddy Chan Wai Hun
02182/10/2019 J
Chartered Accountant

Date: 21 August 2019

Penang

Consolidated Statement of Financial Position

as at 30 June 2019

	Note	2019 RM	2018 RM
Non-current assets			
Property, plant and equipment	4	41,856,363	44,486,258
Goodwill	5	17,147,367	17,147,367
		<u>59,003,730</u>	<u>61,633,625</u>
Current assets			
Inventories	7	9,327,188	9,566,672
Receivables	8	15,341,136	20,317,688
Prepayments		542,416	672,080
Current tax assets		953,583	2,103,654
Cash and cash equivalents	9	24,956,580	23,705,401
		<u>51,120,903</u>	<u>56,365,495</u>
Current liabilities			
Payables	10	10,715,209	14,848,891
Loans and borrowings - secured	11	1,747,276	2,018,937
Derivatives	12	13,379	324,123
Provisions	13	0	1,007,340
Contract liabilities	14	45,452	8,660,696
Current tax liabilities		948	43,000
		<u>12,522,264</u>	<u>26,902,987</u>
Net current assets		38,598,639	29,462,508
Non-current liabilities			
Loans and borrowings - secured	11	4,197,248	6,101,766
Deferred tax liabilities	15	5,003,311	5,050,311
		<u>9,200,559</u>	<u>11,152,077</u>
Net assets		88,401,810	79,944,056
Equity			
Share capital	16	49,351,705	49,351,705
Warrant reserve	17	8,818,511	8,818,511
Retained profits/(Accumulated losses)		3,870,284	(2,215,874)
Equity attributable to owners of the Company		<u>62,040,500</u>	<u>55,954,342</u>
Non-controlling interests	18	26,361,310	23,989,714
Total equity		88,401,810	79,944,056

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

Consolidated Statement of Comprehensive Income

for the Financial Year Ended 30 June 2019

	Note	2019 RM	2018 RM
Revenue	19	94,521,847	26,425,761
Cost of goods sold		(68,311,764)	(21,849,938)
Gross profit		<u>26,210,083</u>	<u>4,575,823</u>
Interest income		639,721	102,616
Other income		1,273,118	1,602,076
Impairment losses on financial assets	20	0	(11,361)
Administrative and general expenses		(12,992,114)	(7,050,336)
Finance costs		(399,541)	(67,809)
Profit/(Loss) before tax	21	<u>14,731,267</u>	<u>(848,991)</u>
Tax expense	23	(3,847,813)	(184,119)
Profit/(Loss) for the financial year		<u>10,883,454</u>	<u>(1,033,110)</u>
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		<u>10,883,454</u>	<u>(1,033,110)</u>
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		6,086,158	(1,831,295)
- Non-controlling interests	18	4,797,296	798,185
		<u>10,883,454</u>	<u>(1,033,110)</u>
Comprehensive income for the financial year attributable to:-			
- Owners of the Company		6,086,158	(1,831,295)
- Non-controlling interests		4,797,296	798,185
		<u>10,883,454</u>	<u>(1,033,110)</u>
Earnings/(Loss) per share:-	24		
- Basic (sen)		<u>1.05</u>	<u>(1.47)</u>
- Diluted (sen)		<u>0.94</u>	<u>(1.47)</u>

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

Consolidated Statement of Changes in Equity

for the Financial Year Ended 30 June 2019

	Share capital RM	Non-distributable Warrant reserve RM	(Accumulated losses)/ Retained profits RM	Equity attributable to owners of the Company RM	Non- controlling interests RM	Total equity RM
Balance at 1 July 2017	60,596,851	0	(57,384,579)	3,212,272	(448,226)	2,764,046
Capital reduction	(57,000,000)	0	57,000,000	0	0	0
Issue of shares and warrants	47,359,051	9,127,694	0	56,486,745	0	56,486,745
Equity issue transaction costs	(1,604,197)	(309,183)	0	(1,913,380)	0	(1,913,380)
Total transactions with owners	(11,245,146)	8,818,511	57,000,000	54,573,365	0	54,573,365
Acquisition of subsidiary	0	0	0	0	23,639,755	23,639,755
(Loss)/Profit (representing comprehensive income) for the financial year	0	0	(1,831,295)	(1,831,295)	798,185	(1,033,110)
Balance at 30 June 2018	49,351,705	8,818,511	(2,215,874)	55,954,342	23,989,714	79,944,056
Dividends to non-controlling interests (representing total transactions with owners)	0	0	0	0	(2,800,000)	(2,800,000)
Disposal of subsidiary	0	0	0	0	374,300	374,300
Profit (representing comprehensive income) for the financial year	0	0	6,086,158	6,086,158	4,797,296	10,883,454
Balance at 30 June 2019	49,351,705	8,818,511	3,870,284	62,040,500	26,361,310	88,401,810

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

Consolidated Statement of Cash Flows

for the Financial Year Ended 30 June 2019

	2019	2018
Note	RM	RM
Cash flows from operating activities		
Profit/(Loss) before tax	14,731,267	(848,991)
Adjustments for:-		
Depreciation of property, plant and equipment	3,734,413	971,988
Gain on disposal of property, plant and equipment	(63,140)	(13,093)
Impairment losses on financial assets	0	11,361
Interest expense	399,541	67,809
Interest income	(639,721)	(102,616)
Inventories written down	240,588	407,783
Loss on disposal of subsidiaries	374,295	0
Property, plant and equipment written off	89,408	30,017
Unrealised loss/(gain) on foreign exchange	6,562	(364,807)
Unrealised loss on derivatives	13,379	290,953
Waiver of debts	0	(41,500)
Operating profit before working capital changes	<u>18,886,592</u>	<u>408,904</u>
Changes in:-		
Inventories	(1,104)	245,263
Receivables	4,963,423	3,154,491
Prepayments	129,664	1,464,296
Payables	(4,108,679)	(799,865)
Provisions	(1,007,340)	(895,029)
Contract liabilities	(8,615,244)	8,660,696
Derivatives	(324,123)	3,130
Cash generated from operations	<u>9,923,189</u>	<u>12,241,886</u>
Tax paid	(3,224,679)	(607,619)
Tax refunded	437,885	1,980
Net cash from operating activities	<u>7,136,395</u>	<u>11,636,247</u>
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	0	(26,954,715)
Interest received	639,721	102,616
Proceeds from disposal of property, plant and equipment	329,284	13,094
Proceeds from disposal of subsidiaries	5	0
Purchase of property, plant and equipment	(1,460,070)	(300,231)
Net cash used in investing activities	<u>(491,060)</u>	<u>(27,139,236)</u>

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

Consolidated Statement of Cash Flows

for the Financial Year Ended 30 June 2019 (Cont'd)

	Note	2019 RM	2018 RM
Cash flows from financing activities			
Dividends paid to non-controlling interests		(2,800,000)	0
Equity issue transaction costs paid		0	(1,913,380)
Interest paid		(399,541)	(67,809)
Issue of shares		0	34,879,745
Placement of cash and cash equivalents pledged as security (net)		(102,032)	(17,134)
Repayment of hire purchase obligations	25	(574,104)	(86,093)
Repayment of term loans	25	(1,602,075)	(258,963)
Net cash (used in)/from financing activities		(5,477,752)	32,536,366
Currency translation differences		(18,436)	(42,185)
Net increase in cash and cash equivalents		1,149,147	16,991,192
Cash and cash equivalents brought forward		20,707,463	3,716,271
Cash and cash equivalents carried forward	9	21,856,610	20,707,463

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

Statement of Financial Position

as at 30 June 2019

	Note	2019 RM	2018 RM
Non-current assets			
Property, plant and equipment	4	20,629	47,879
Investments in subsidiaries	6	56,863,430	56,863,430
Receivables	8	0	80,201
		<u>56,884,059</u>	<u>56,991,510</u>
Current assets			
Receivables	8	774,473	448,121
Cash and cash equivalents	9	2,440,415	20,400
		<u>3,214,888</u>	<u>468,521</u>
Current liabilities			
Payables	10	2,592,984	6,012,356
		<u>2,592,984</u>	<u>6,012,356</u>
Net current assets/(liabilities)		621,904	(5,543,835)
Net assets		<u>57,505,963</u>	<u>51,447,675</u>
Equity			
Share capital	16	49,351,705	49,351,705
Warrant reserve	17	8,818,511	8,818,511
Accumulated losses		(664,253)	(6,722,541)
Total equity		<u>57,505,963</u>	<u>51,447,675</u>

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

Statement of Comprehensive Income

for the Financial Year Ended 30 June 2019

	Note	2019 RM	2018 RM
Revenue	19	7,100,000	0
Interest income		51,644	6,287
Other income		5	0
Impairment losses on financial assets	20	(71,792)	(454,447)
Administrative and general expenses		(961,099)	(2,409,977)
Finance costs		(60,470)	0
Profit/(Loss) before tax	21	6,058,288	(2,858,137)
Tax expense	23	0	(187)
Profit/(Loss) for the financial year		6,058,288	(2,858,324)
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		6,058,288	(2,858,324)

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

Statement of Changes in Equity

for the Financial Year Ended 30 June 2019

	Share capital RM	Non-distributable Warrant reserve RM	Accumulated losses RM	Total equity RM
Balance at 1 July 2017	60,596,851	0	(60,864,217)	(267,366)
Capital reduction	(57,000,000)	0	57,000,000	0
Issue of shares and warrants	47,359,051	9,127,694	0	56,486,745
Equity issue transaction costs	(1,604,197)	(309,183)	0	(1,913,380)
Total transactions with owners	(11,245,146)	8,818,511	57,000,000	54,573,365
Loss (representing comprehensive income) for the financial year	0	0	(2,858,324)	(2,858,324)
Balance at 30 June 2018	49,351,705	8,818,511	(6,722,541)	51,447,675
Profit (representing comprehensive income) for the financial year	0	0	6,058,288	6,058,288
Balance at 30 June 2019	49,351,705	8,818,511	(664,253)	57,505,963

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

Statement of Cash Flows

for the Financial Year Ended 30 June 2019

	Note	2019 RM	2018 RM
Cash flows from operating activities			
Profit/(Loss) before tax		6,058,288	(2,858,137)
Adjustments for:-			
Depreciation of property, plant and equipment		23,918	19,074
Dividend income		(7,100,000)	0
Gain on disposal of subsidiaries		(5)	0
Impairment losses on financial assets		71,792	454,447
Interest income		(51,644)	(6,287)
Interest expense		60,470	0
Property, plant and equipment written off		3,332	4,109
Operating loss before working capital changes		(933,849)	(2,386,794)
Changes in:-			
Receivables		8,301	(4,302)
Payables		(939,564)	62,172
Net cash used in operating activities		(1,865,112)	(2,328,924)
Cash flows from investing activities			
Acquisition of subsidiary		0	(32,050,066)
Dividends received		7,100,000	0
Interest received		51,644	6,287
Net advance to subsidiaries		(326,244)	(682,910)
Proceeds from disposal of subsidiaries		5	0
Purchase of property, plant and equipment		0	(5,150)
Net cash from/(used in) investing activities		6,825,405	(32,731,839)
Cash flows from financing activities			
Equity issue transaction costs paid		0	(1,913,380)
Interest paid		(60,470)	0
Issue of shares		0	34,879,745
Net repayment/advance (to)/from subsidiaries	25	(2,479,808)	1,953,807
Net cash (used in)/from financing activities		(2,540,278)	34,920,172
Net increase/(decrease) in cash and cash equivalents		2,420,015	(140,591)
Cash and cash equivalents brought forward		20,400	160,991
Cash and cash equivalents carried forward	9	2,440,415	20,400

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

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

1. General information

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

The Company changed its name from Asia Knight Berhad to RGT Berhad with effect from 20 December 2018.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia and its principal place of business is located at No 1032, Plot 170 & 170A, Jalan Perindustrian Bukit Minyak, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Seberang Perai Tengah, Penang, Malaysia.

The consolidated financial statements set out on pages 45 to 49 together with the notes thereto cover the Company and its subsidiaries ("the Group"). The separate financial statements of the Company set out on pages 50 to 53 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 21 August 2019.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following MFRSs became effective for the financial year under review:-

MFRS	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation of financial statements (Cont'd)

MFRS	Effective for annual periods beginning on or after
Amendments to MFRS 15 <i>Clarifications to MFRS 15 Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018

The initial application of the above MFRSs did not have any significant impacts on the financial statements.

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 11 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 112 <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Borrowing Costs Eligible for Capitalisation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements except as follows:-

MFRS 16 Leases

MFRS 16, which replaces MFRS 117 *Leases* and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group will apply the new requirements of MFRS 16 from 1 July 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

2. Significant accounting policies (Cont'd)

2.2 Basis of consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it 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 consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
 - (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.

- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.5. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

2. Significant accounting policies (Cont'd)

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.5.

Leasehold land is depreciated on a straight-line basis over the lease terms of 49 to 50 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2% - 10%
Computer	40%
Machinery	10% - 25%
Motor vehicles	15% - 20%
Office equipment, furniture, fittings and renovation	10%
Tools and equipment	10% - 20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.4 Investments in subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.5.

2.5 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

2.6 Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.7 Contract assets and contract liabilities

A contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.8. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

2. Significant accounting policies (Cont'd)

2.8 Financial assets

Financial assets of the Group and the Company consist of receivables, derivatives and cash and cash equivalents.

Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.16). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

(i) Amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

(ii) Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is to both collect contractual cash flows and sell financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group and the Company do not have any financial assets classified under this category.

(iii) Fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. All derivatives are classified under this category. Any gain or loss is recognised in profit or loss.

Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

2. Significant accounting policies (Cont'd)

2.8 Financial assets (Cont'd)

Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

2.9 Financial liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and derivatives.

Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

Subsequent measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Derivatives are subsequently measured at fair value through profit or loss. Any gain or loss is recognised in profit or loss.

Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

2.10 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

2.11 Leases

Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

Operating lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

2. Significant accounting policies (Cont'd)

2.12 Foreign currency transactions and translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

2.13 Share capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.14 Warrant reserve

The warrant reserve relates to the portion of proceeds from the rights issue ascribed to the attached warrants. The proceeds are allocated between the share capital and warrant reserve based on the respective fair value of the two types of equity instruments issued. As and when the warrants are exercised, the related balance in the warrant reserve will be transferred to the share capital account.

2.15 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 Group and the Company use 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. The valuation techniques used include the following or a combination thereof:-

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

2. Significant accounting policies (Cont'd)

2.15 Fair value measurement (Cont'd)

Financial assets and financial liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of forward exchange contracts are measured using present value technique by discounting the differences between contractual forward prices and observable current market forward prices using risk-free interest rate (i.e. Level 2).

2.16 Revenue from contracts with customers

The Group recognises revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

2.17 Other income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Interest income is recognised in profit or loss using the effective interest method.

2.18 Employee benefits

Short-term employee benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 *(Cont'd)*

2. Significant accounting policies *(Cont'd)*

2.18 Employee benefits *(Cont'd)*

Defined contribution plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

2.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.21 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

3. Judgements and estimation uncertainty

Judgements made in applying accounting policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of estimation uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Impairment of goodwill

Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amount of goodwill is disclosed in Note 5.

Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 7).

Impairment of receivables

The Group and the Company recognise loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 8).

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

4. Property, plant and equipment

Group

	Leasehold land RM	Buildings RM	Computer RM	Machinery RM	Motor vehicles RM	Office equipment, furniture, fittings and renovation RM	Tools and equipment RM	Total RM
Cost								
Balance at 1 July 2017	0	0	0	7,857,303	769,778	4,095,389	0	12,722,470
Acquisition of subsidiary	11,515,000	20,039,999	1,926,826	11,267,340	2,684,490	2,301,090	4,618,409	54,353,154
Additions	0	0	42,785	214,375	0	9,761	33,310	300,231
Disposals/Write-offs	0	0	0	(4,535,696)	(623,378)	(3,626,652)	(4,000)	(8,789,726)
Balance at 30 June 2018	11,515,000	20,039,999	1,969,611	14,803,322	2,830,890	2,779,588	4,647,719	58,586,129
Additions	0	0	53,036	1,072,993	0	126,004	208,037	1,460,070
Disposals/Write-offs	0	0	(116,595)	(335,033)	(631,883)	(293,173)	(13,700)	(1,390,384)
Balance at 30 June 2019	11,515,000	20,039,999	1,906,052	15,541,282	2,199,007	2,612,419	4,842,056	58,655,815

Depreciation and impairment losses

Balance at 1 July 2017	0	0	0	5,659,534	709,772	3,809,099	0	10,178,405
- Accumulated depreciation	0	0	0	201,146	0	167,813	0	368,959
- Accumulated impairment losses	0	0	0	5,860,680	709,772	3,976,912	0	10,547,364
Acquisition of subsidiary	0	0	1,623,183	6,169,472	838,178	1,030,367	1,679,027	11,340,227
Depreciation	40,263	93,434	46,109	496,830	106,118	61,832	127,402	971,988
Disposals/Write-offs	0	0	0	(4,525,317)	(623,376)	(3,610,649)	(366)	(8,759,708)
Balance at 30 June 2018	40,263	93,434	1,669,292	8,001,665	1,030,692	1,458,462	1,806,063	14,099,871
- Accumulated depreciation	0	0	0	0	0	0	0	0
- Accumulated impairment losses	40,263	93,434	1,669,292	8,001,665	1,030,692	1,458,462	1,806,063	14,099,871
Depreciation	241,573	560,611	232,482	1,254,730	437,536	245,008	762,473	3,734,413
Disposals/Write-offs	0	0	(115,770)	(306,096)	(369,091)	(240,281)	(3,594)	(1,034,832)
Balance at 30 June 2019	281,836	654,045	1,786,004	8,950,299	1,099,137	1,463,189	2,564,942	16,799,452
- Accumulated depreciation	0	0	0	0	0	0	0	0
- Accumulated impairment losses	281,836	654,045	1,786,004	8,950,299	1,099,137	1,463,189	2,564,942	16,799,452

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

4. Property, plant and equipment (Cont'd)

Group (Cont'd)

	Leasehold land RM	Buildings RM	Computer RM	Machinery RM	Motor vehicles RM	Office equipment, furniture, fittings and renovation RM	Tools and equipment RM	Total RM
Carrying Amount								
Balance at 1 July 2017	0	0	0	1,996,623	60,006	118,477	0	2,175,106
Balance at 30 June 2018	11,474,737	19,946,565	300,319	6,801,657	1,800,198	1,321,126	2,841,656	44,486,258
Balance at 30 June 2019	11,233,164	19,385,954	120,048	6,590,983	1,099,870	1,149,230	2,277,114	41,856,363

The leasehold land and buildings have been pledged as security for credit facilities granted to the Group.

The carrying amounts of property, plant and equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	Group	
	2019 RM	2018 RM
Motor vehicles	1,008,894	1,645,238
Tools and equipment	0	50,556
	<u>1,008,894</u>	<u>1,695,794</u>

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

4. Property, plant and equipment (Cont'd)

Company

	Motor vehicles RM	Office equipment, furniture and fittings RM	Total RM
Cost			
Balance at 1 July 2017	715,576	336,732	1,052,308
Additions	0	5,150	5,150
Write-offs	(565,576)	(334,150)	(899,726)
Balance at 30 June 2018	150,000	7,732	157,732
Write-offs	0	(7,732)	(7,732)
Balance at 30 June 2019	150,000	0	150,000
Accumulated depreciation			
Balance at 1 July 2017	655,572	330,824	986,396
Depreciation	16,875	2,199	19,074
Write-offs	(565,576)	(330,041)	(895,617)
Balance at 30 June 2018	106,871	2,982	109,853
Depreciation	22,500	1,418	23,918
Write-offs	0	(4,400)	(4,400)
Balance at 30 June 2019	129,371	0	129,371
Carrying amount			
Balance at 1 July 2017	60,004	5,908	65,912
Balance at 30 June 2018	43,129	4,750	47,879
Balance at 30 June 2019	20,629	0	20,629

5. Goodwill

Group

	2019 RM	2018 RM
Balance at 1 July	17,147,367	0
Acquisition of subsidiary	0	17,147,367
Balance at 30 June	17,147,367	17,147,367

Goodwill is attributable to a subsidiary, Rapid Growth Technology Sdn. Bhd., which represents a separate cash-generating unit ("CGU").

The recoverable amount of the CGU was determined based on its value in use calculated using cash flow projections. The cash flow projections were based on the most recent financial budgets/forecasts approved by management which covered a period of 5 years. A 0% growth rate was used to extrapolate the cash flow projections beyond the 5 years covered by the financial budgets/forecasts. A discount rate of 9.30% (2018 : 9.87%) per annum was applied to the cash flow projections.

Barring any unforeseen circumstances, management believes that no reasonably possible change in the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

6. Investments in subsidiaries

Company

	2019 RM	2018 RM
Unquoted shares - at cost	59,957,066	71,380,954
Impairment losses	(3,093,636)	(14,517,524)
	<u>56,863,430</u>	<u>56,863,430</u>

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2019	2018	
AKnight Resources Sdn. Bhd.	Malaysia	100%	100%	Inactive
JC Concept International Sdn. Bhd. ("JCI")	Malaysia	0%	55%	Inactive
Natural Renewable Energy Sdn. Bhd. ("NRE")	Malaysia	0%	100%	Inactive
Pahanco Manufacturing Sdn. Bhd. ("PM")	Malaysia	0%	100%	Inactive
T-Venture Industries (M) Sdn. Bhd.	Malaysia	100%	100%	Manufacture of moulded plastic products
Rapid Growth Technology Sdn. Bhd. ("RGTSB")	Malaysia	60%	60%	Manufacture and sale of air freshener dispenser and plastic parts
<u>Subsidiary of RGTSB</u>				
Rapid Growth Industries Sdn. Bhd.	Malaysia	60%	60%	Inactive

Disposal of subsidiaries

On 29 April 2019, the Company disposed of its entire equity interest in JCI, NRE and PM for a total cash consideration of RM5.

7. Inventories

Group

	2019 RM	2018 RM
Raw materials	5,436,178	6,187,758
Work-in-progress	1,198,928	1,428,908
Finished goods	480,476	536,749
Goods-in-transit	2,211,606	1,413,257
	<u>9,327,188</u>	<u>9,566,672</u>

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

8. Receivables

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<u>Non-current assets</u>				
Amount due from subsidiary:-				
- Interest bearing at 2.80% per annum	0	0	0	80,201
<u>Current assets</u>				
Trade receivables	14,864,006	19,278,549	0	0
Other receivables	477,130	1,039,139	0	8,301
Amounts due from subsidiaries:-				
- Interest bearing at 2.80% per annum	0	0	53,716	77,990
- Interest bearing at 3.70% per annum	0	0	720,757	0
- Interest free	0	0	0	36,366,918
	0	0	774,473	36,444,908
- Loss allowance	0	0	0	(36,005,088)
	0	0	774,473	439,820
	15,341,136	20,317,688	774,473	448,121
Total receivables	15,341,136	20,317,688	774,473	528,322

Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 June 2019, there were 2 (2018 : 2) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM10,679,109 (2018 : RM12,981,171). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2019	2018
	RM	RM
Malaysia	2,298,270	2,320,127
United States of America	6,564,866	9,997,550
Europe	5,235,519	4,805,423
Others	765,351	2,155,449
	14,864,006	19,278,549

The credit terms of trade receivables range from 30 to 120 days.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

8. Receivables (Cont'd)

Trade receivables (Cont'd)

The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	Group	
	2019 RM	2018 RM
Not past due	13,632,291	15,808,468
1 to 30 days past due	1,213,524	3,173,606
31 to 90 days past due	18,191	255,844
More than 90 days past due	0	40,631
	14,864,006	19,278,549

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on trade receivables are not considered to be material and hence, have not been recognised.

Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and repayable on demand except for the aforementioned interest bearing loan at 2.80% per annum which is repayable over 2 years from March 2018.

The Company measures the loss allowance at an amount equal to lifetime expected credit losses. The gross carrying amounts and the related loss allowance changes are as follows:-

	Company			
	Not credit-impaired RM	Credit-impaired RM	2019 RM	2018 RM
Gross carrying amount	774,473	0	774,473	36,525,109
Loss allowance:-				
- Balance at 1 July	0	36,005,088	36,005,088	35,550,641
- Impairment losses	0	71,792	71,792	454,447
- Write-offs	0	(36,076,880)	(36,076,880)	0
- Balance at 30 June	0	0	0	36,005,088
	774,473	0	774,473	520,021
Disclosed as:-				
- Non-current assets	0	0	0	80,201
- Current assets	774,473	0	774,473	439,820
	774,473	0	774,473	520,021

The Company determines that an amount due from subsidiary is credit-impaired when the subsidiary is in negative equity position.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

9. Cash and cash equivalents

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Highly liquid investments	19,188,051	9,892,595	2,395,929	0
Term deposits (fixed rate)	3,099,970	2,141,325	0	0
Cash and bank balances	2,668,559	11,671,481	44,486	20,400
	<u>24,956,580</u>	<u>23,705,401</u>	<u>2,440,415</u>	<u>20,400</u>

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

The carrying amounts of cash and cash equivalents pledged as security for credit facilities granted to the Group and not freely available for use are as follows:-

	2019 RM	2018 RM
Highly liquid investments	0	1,159,148
Term deposits (fixed rate)	3,099,970	1,838,790
	<u>3,099,970</u>	<u>2,997,938</u>

The effective interest rates of term deposits as at 30 June 2019 ranged from 3.35% to 3.60% (2018 : 3.15% to 3.60%) per annum.

For the purpose of statement of cash flows, cash and cash equivalents are presented net of pledged deposits as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and cash equivalents	24,956,580	23,705,401	2,440,415	20,400
Deposits pledged as security	(3,099,970)	(2,997,938)	0	0
	<u>21,856,610</u>	<u>20,707,463</u>	<u>2,440,415</u>	<u>20,400</u>

10. Payables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	8,036,300	10,153,125	0	0
Other payables	1,692,237	3,052,962	112,313	395,745
Utility liability (Note 13)	986,672	1,642,804	986,672	1,642,804
Amounts due to subsidiaries	0	0	1,493,999	3,973,807
	<u>10,715,209</u>	<u>14,848,891</u>	<u>2,592,984</u>	<u>6,012,356</u>

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade and other payables

The credit terms of trade and other payables range from 30 to 120 days.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

10. Payables (Cont'd)

Utility liability

As disclosed in Note 13, the balance utility liability will be settled through 24 monthly instalments and the portion due to be settled more than 12 months after the reporting period amounted to RM246,680 (2018 : NIL).

Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

11. Loans and borrowings – secured

Group

	2019 RM	2018 RM
Hire purchase payables (fixed rate)	980,538	1,554,642
Term loans (floating rate)	4,963,986	6,566,061
	<u>5,944,524</u>	<u>8,120,703</u>
Disclosed as:-		
- Current liabilities	1,747,276	2,018,937
- Non-current liabilities	4,197,248	6,101,766
	<u>5,944,524</u>	<u>8,120,703</u>

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Term loans are secured against the leasehold land and buildings (Note 4) and certain cash and cash equivalents (Note 9).

The effective interest rates of loans and borrowings as at 30 June 2019 ranged from 3.91% to 4.72% (2018 : 3.91% to 7.20%) per annum.

Hire purchase payables

Hire purchase payables are repayable over 3 to 5 years. The repayment analysis is as follows:-

	2019 RM	2018 RM
Minimum hire purchase payments:-		
- Within 1 year	325,908	476,454
- Later than 1 year and not later than 2 years	325,908	386,346
- Later than 2 years and not later than 5 years	398,675	829,671
Total contractual undiscounted cash flows	1,050,491	1,692,471
Future finance charges	(69,953)	(137,829)
Present value of hire purchase payables:-		
- Within 1 year	291,006	419,734
- Later than 1 year and not later than 2 years	302,018	344,771
- Later than 2 years and not later than 5 years	387,514	790,137
	<u>980,538</u>	<u>1,554,642</u>

The fair values of hire purchase payables were measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of hire purchase payables.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

11. Loans and borrowings – secured (Cont'd)

Term loans

Term loans are repayable over 5 to 10 years. The repayment analysis is as follows:-

	2019 RM	2018 RM
Gross loan instalments:-		
- Within 1 year	1,653,706	1,888,536
- Later than 1 year and not later than 2 years	910,752	1,675,043
- Later than 2 years and not later than 5 years	2,419,787	2,666,927
- Later than 5 years	653,987	1,389,082
Total contractual undiscounted cash flows	5,638,232	7,619,588
Future finance charges	(674,246)	(1,053,527)
Present value of term loans:-		
- Within 1 year	1,456,270	1,599,203
- Later than 1 year and not later than 2 years	746,876	1,428,979
- Later than 2 years and not later than 5 years	2,138,597	2,250,708
- Later than 5 years	622,243	1,287,171
	4,963,986	6,566,061

The fair values of term loans were measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of term loans.

12. Derivatives

Group

	2019 RM	2018 RM
Forward exchange contracts - at fair value	13,379	324,123

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 30 June 2019, the Group had contracts with financial institutions due within 1 year to buy RM4,954,000 (2018 : RM12,204,000) and sell USD1,200,000 (2018 : USD3,098,000) at contractual forward rates.

The fair values of forward exchange contracts were quoted by the financial institutions, which normally measured the fair values using present value technique by discounting the differences between contractual forward prices and observable current market forward prices using risk-free interest rate (i.e. Level 2).

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

13. Provisions

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Provision for import duties and sales tax liabilities				
Balance at 1 July	1,007,340	1,902,369	0	0
Payment	(110,699)	(846,996)	0	0
Offset with GST refundable	0	(48,033)	0	0
Reversal of import duties and sales tax liabilities	(896,641)	0	0	0
Balance at 30 June	0	1,007,340	0	0
Provision for utility liability				
Balance at 1 July	0	1,642,804	0	1,642,804
Reclassification to other payables	0	(1,642,804)	0	(1,642,804)
Balance at 30 June	0	0	0	0
	<u>0</u>	<u>1,007,340</u>	<u>0</u>	<u>0</u>

Provision for import duties and sales tax liabilities

On 5 August 2015, a subsidiary of the Company; T-Venture Industries (M) Sdn. Bhd. ("TVI") was served with two notices of demand from Royal Malaysian Customs ("RMC") for the recovery of purported unpaid import duties and sales tax amounting to RM714,751 and RM273,805 respectively, in which both amounts had been provided since financial year 2015.

On 14 November 2016, TVI had filed an application for leave for judicial review to Shah Alam High Court and on 16 January 2017, High Court had granted leave to TVI to commence Judicial Review proceedings under Order 53 Rules of Court 2012. However, the High Court had dismissed the application and TVI filed an appeal to the Court of Appeal against the decision of the High Court.

On 15 March 2018, the Company decided not to continue with the appeal to Court of Appeal and opted to settle the sum claimed.

During the financial year, the Company was served with another two notices of demand from RMC for the recovery of purported unpaid import duties and goods and services tax amounting to RM60,094 and RM3,605 respectively as well as penalty of RM47,000, in which all of them had been paid during the financial year. Thus, the remaining provision of RM896,641 had been reversed from the provision for import duties as the Company do not foresee that there will be any outflow of resources embodying economic benefits will be required in the foreseeable future.

Provision for utility liability

On September 2013, a utility company initiated legal proceedings against the Company for alleged malfunction of the electricity meter which caused the meter to record readings inconsistent with electricity supplied to the factory at each material time. The utility company had calculated and claimed the amount of RM1,642,804 as the alleged discrepancies.

On 24 April 2018, the Federal Court dismissed the Company's application for leave to appeal and uphold the judgement of the Court of Appeal where the Company was ordered to pay the utility company the claim sum of RM1,642,804. Accordingly, the amount was reclassified to payables as at 30 June 2018 (Note 10).

During the financial year, the Company has agreed with the utility company to settle the total sum which includes cost, interest and allocator cost through a RM500,000 as initial payment and the balance through 24 monthly instalments.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

14. Contract liabilities

Group

	2019 RM	2018 RM
Balance at 1 July	8,660,696	0
Revenue recognised from opening contract liabilities	(8,660,696)	0
Excess of consideration over revenue recognised	45,452	8,660,696
Balance at 30 June	<u>45,452</u>	<u>8,660,696</u>

As disclosed in Note 2.16, the Group generally satisfies its performance obligations at a point in time upon delivery of goods. Any consideration received or due in advance before a performance obligation is satisfied is presented as contract liability.

15. Deferred tax liabilities

	Group	
	2019 RM	2018 RM
Balance at 1 July	5,050,311	0
Acquisition of subsidiary	0	4,880,311
Deferred tax (income)/expense relating to origination and reversal of temporary differences	(54,000)	157,000
Deferred tax liabilities underprovided in prior year	7,000	13,000
Balance at 30 June	<u>5,003,311</u>	<u>5,050,311</u>
In respect of taxable/(deductible) temporary differences of:-		
- Property, plant and equipment	5,023,311	5,077,311
- Inventories	(15,000)	(38,000)
- Financial instruments	(5,000)	11,000
	<u>5,003,311</u>	<u>5,050,311</u>

Save as disclosed above, as at 30 June 2019, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group and the Company to the extent of RM273,000 (2018 : RM338,000) and RM2,000 (2018 : RM4,000) respectively. No further deferred tax assets have been recognised for the following excess of unused capital allowances and tax losses over taxable temporary differences:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unused capital allowances (no expiry date)	1,229,000	19,737,000	0	0
Unused tax losses:-				
- Expiring in year of assessment 2025	16,458,000	29,412,000	14,623,000	14,623,000
- Expiring in year of assessment 2026	125,000	0	0	0
Taxable temporary differences of property, plant and equipment	<u>(1,138,000)</u>	<u>(1,408,000)</u>	<u>(7,000)</u>	<u>(15,000)</u>
	<u>16,674,000</u>	<u>47,741,000</u>	<u>14,616,000</u>	<u>14,608,000</u>

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

16. Share capital

	No. of ordinary shares with no par value	RM
<u>Issued and fully paid</u>		
Balance at 1 July 2017	58,132,908	60,596,851
Capital reduction	0	(57,000,000)
Issue of shares	518,797,448	47,359,051
Share issue transaction costs	0	(1,604,197)
Balance at 30 June 2018/30 June 2019	<u>576,930,356</u>	<u>49,351,705</u>

During the financial year ended 30 June 2018, upon obtaining the approvals from the relevant authorities and shareholders, the Company:-

- (i) undertook a capital reduction exercise which entailed the reduction of the share capital by RM57,000,000 against the accumulated losses;
- (ii) undertook a renounceable rights issue of 348,797,448 new ordinary shares ("Rights Share(s)") together with 174,398,724 free detachable warrants ("Warrant(s)") on the basis of 6 Rights Shares together with 3 free Warrants for every 1 existing ordinary share held by entitled shareholders, at an issue price of RM0.10 per Rights Share; and
- (iii) issued 170,000,000 new ordinary shares at an issue price of RM0.10 each, as part of the purchase consideration for the acquisition of 9,000,000 ordinary shares in Rapid Growth Technology Sdn. Bhd. ("RGTSB"), representing 60% equity interest of RGTSB.

17. Warrant reserve

Group and Company

	No. of warrants	RM
Balance at 1 July 2017	0	0
Issue of warrants	174,398,724	9,127,694
Warrant issue transaction costs	0	(309,183)
Balance at 30 June 2018/30 June 2019	<u>174,398,724</u>	<u>8,818,511</u>

The salient features of the Warrants are as follows:-

- (i) The Warrants are detachable and separately tradable.
- (ii) Each Warrant entitles the holder to subscribe for 1 new ordinary share in the Company at an exercise price of RM0.10.
- (iii) The Warrants are exercisable over a period of 5 years until 14 May 2023.
- (iv) The exercise price of the Warrants may be adjusted in accordance with the terms and conditions set out in the Deed Poll governing the Warrants.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

18. Non-controlling interests ("NCI")

Group

	Accumulated NCI		(Loss)/Profit allocated to NCI	
	2019	2018	2019	2018
	RM	RM	RM	RM
JC Concept International Sdn. Bhd.	0	(369,930)	(4,370)	78,296
Rapid Growth Technology Sdn. Bhd. and its subsidiary	26,361,310	24,359,644	4,801,666	719,889
	26,361,310	23,989,714	4,797,296	798,185

The details of the subsidiaries that have NCI are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by NCI		Principal activity
		2019	2018	
JC Concept International Sdn. Bhd. ("JCI")	Malaysia	0%	45%	Inactive
Rapid Growth Technology Sdn. Bhd. ("RGTSB")	Malaysia	40%	40%	Manufacture and sale of air freshener dispenser and plastic parts
<u>Subsidiary of RGTSB</u>				
Rapid Growth Industries Sdn. Bhd.	Malaysia	40%	40%	Inactive

The financial information of JCI has not been disclosed as its NCI are not material to the Group. The summarised financial information of RGTSB and its subsidiary is as follows:-

	2019	2018
	RM	RM
Non-current assets	40,298,019	42,517,875
Current assets	44,272,232	51,583,184
Current liabilities	(9,466,418)	(22,049,871)
Non-current liabilities	(9,200,559)	(11,152,077)
Net assets	65,903,274	60,899,111
Revenue	83,434,791	*14,492,167
Profit (representing comprehensive income)	12,004,163	*1,799,723
Dividends paid to NCI	(2,800,000)	0
Net cash from operating activities	8,558,754	*16,243,945
Net cash used in investing activities	(497,206)	*(27,252)
Net cash used in financing activities	(9,617,282)	*(429,699)
Net cash (outflow)/inflow	(1,574,170)	*15,786,944

* From the date of acquisition to 30 June 2018

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

19. Revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers:-				
- Sale of goods	94,521,847	26,425,761	0	0
Other source of revenue:-				
- Dividend income	0	0	7,100,000	0
	<u>94,521,847</u>	<u>26,425,761</u>	<u>7,100,000</u>	<u>0</u>

The disaggregation of revenue by geographical areas is disclosed in Note 27. Information about other disaggregation of revenue has not been disclosed as the Group generates revenue principally from selling moulded plastic products.

20. Impairment losses on financial assets

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	0	11,361	0	0
Amounts due from subsidiaries	0	0	71,792	454,447
	<u>0</u>	<u>11,361</u>	<u>71,792</u>	<u>454,447</u>

21. Profit/(Loss) before tax

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before tax is arrived at after charging:-				
Auditors' remuneration:-				
- Current year	147,000	137,250	87,000	87,000
- Prior year	0	(5,000)	0	0
Depreciation of property, plant and equipment	3,734,413	971,988	23,918	19,074
Employee benefits expense (Note 22)	14,661,192	4,241,227	339,140	527,811
Fair value losses on financial instruments mandatorily measured at fair value through profit and loss	0	294,083	0	0
Fee expense for financial instruments not measured at fair value through profit or loss	71,991	16,433	497	0
Interest expense for financial liabilities measured at amortised cost	399,541	67,809	60,470	0
Inventories written down	240,588	407,783	0	0
Loss on disposal of subsidiaries	374,295	0	0	0

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

21. Profit/(Loss) before tax (Cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss on foreign exchange:-				
- Realised	600,307	0	0	0
- Unrealised	6,562	0	0	0
Property, plant and equipment written off	89,408	30,017	3,332	4,109
Rental expense	374,050	382,056	6,400	20,256
and crediting:-				
Fair value gains on financial instruments mandatorily measured at fair value through profit and loss	310,745	0	0	0
Gain on disposal of property, plant and equipment	63,140	13,093	0	0
Gain on disposal of subsidiaries	0	0	5	0
Gain on foreign exchange:-				
- Realised	0	599,892	0	0
- Unrealised	0	364,807	0	0
Interest income for financial assets measured at amortised cost	639,721	102,616	51,644	6,287
Waiver of debts	0	41,500	0	0

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

22. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company:-				
- Fees	157,500	255,000	157,500	123,000
- Other short-term employee benefits	1,300,606	526,305	154,300	348,957
- Defined contribution plans	103,154	46,011	9,900	26,736
	1,561,260	827,316	321,700	498,693
Directors of subsidiaries:-				
- Fees	90,000	12,000	0	0
- Other short-term employee benefits	502,827	310,588	0	0
- Defined contribution plans	60,201	37,896	0	0
	653,028	360,484	0	0
Other employees:-				
- Short-term employee benefits	11,557,389	2,810,996	16,920	25,998
- Defined contribution plans	889,515	242,431	520	3,120
	12,446,904	3,053,427	17,440	29,118
	14,661,192	4,241,227	339,140	527,811

The estimated money value of benefits received or receivable by certain directors otherwise than in cash from the Group amounted to RM48,500 (2018 : RM7,708).

23. Tax expense

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Tax based on results for the year:-				
- Current tax	3,964,222	421,017	0	0
- Deferred tax	(54,000)	157,000	0	0
	3,910,222	578,017	0	0
Tax (over)/under provided in prior year:-				
- Current tax	(69,409)	30,987	0	187
- Real property gains tax	0	(437,885)	0	0
- Deferred tax	7,000	13,000	0	0
	3,847,813	184,119	0	187

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

23. Tax expense (Cont'd)

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Applicable tax rate	24.00	(24.00)	24.00	(24.00)
Non-deductible expenses	3.87	112.21	4.10	25.67
Non-taxable income	(2.22)	(26.41)	(28.13)	(1.72)
Tax incentives claimed	0.00	(4.62)	0.00	0.00
Increase in unrecognised deferred tax assets	0.89	10.90	0.03	0.05
Average effective tax rate	<u>26.54</u>	<u>68.08</u>	<u>0.00</u>	<u>0.00</u>

24. Earnings/(Loss) per share

Group

The basic earnings/(loss) per share is calculated by dividing the Group's profit/(loss) for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year as follows:-

	2019	2018
Profit/(Loss) for the financial year attributable to owners of the Company (RM)	<u>6,086,158</u>	<u>(1,831,295)</u>
Number of shares in issue as at 1 July	576,930,356	58,132,908
Effect of shares issued	<u>0</u>	<u>66,804,055</u>
Weighted average number of shares for computing basic earnings/(loss) per share	576,930,356	124,936,963
Number of shares under warrants deemed to have been issued for no consideration	<u>71,811,242</u>	<u>0</u>
Weighted average number of shares for computing diluted earnings/(loss) per share	<u>648,741,598</u>	<u>124,936,963</u>
Basic earnings/(loss) per share (sen)	<u>1.05</u>	<u>(1.47)</u>
Diluted earnings/(loss) per share (sen)	<u>0.94</u>	<u>(1.47)</u>

25. Notes to statements of cash flows

Hire purchase payables

	Group	
	2019	2018
	RM	RM
Balance at 1 July	1,554,642	0
Acquisition of subsidiary	0	1,640,735
Repayments	<u>(574,104)</u>	<u>(86,093)</u>
Balance at 30 June (Note 11)	<u>980,538</u>	<u>1,554,642</u>

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

25. Notes to statements of cash flows (Cont'd)

Term loans

	Group	
	2019	2018
	RM	RM
Balance at 1 July	6,566,061	0
Acquisition of subsidiary	0	6,825,024
Repayments	(1,602,075)	(258,963)
Balance at 30 June (Note 11)	<u>4,963,986</u>	<u>6,566,061</u>

Amounts due to subsidiaries

	Company	
	2019	2018
	RM	RM
Balance at 1 July	3,973,807	2,020,000
Net cash flow changes	(2,479,808)	1,953,807
Balance at 30 June (Note 10)	<u>1,493,999</u>	<u>3,973,807</u>

26. Related party disclosures

Transactions with related parties during the financial year are as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Key management personnel compensation:-				
- Short-term employee benefits	1,506,606	789,013	311,800	471,957
- Defined contribution plans	103,154	46,011	9,900	26,736
	<u>1,609,760</u>	<u>835,024</u>	<u>321,700</u>	<u>498,693</u>
Interest charged to subsidiary	0	0	29,371	6,287
Sale of property, plant and equipment to director	<u>130,000</u>	<u>0</u>	<u>0</u>	<u>0</u>

27. Segment reporting

Group

Operating segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture and sale of moulded plastic products.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

27. Segment reporting (Cont'd)

Geographical information

The Group operates principally in Malaysia and generates revenue from the following geographical locations of customers:-

	External revenue	
	2019	2018
	RM	RM
Malaysia	10,138,250	10,434,172
United States of America	63,409,854	12,011,868
Europe	16,957,492	2,256,979
Others	4,016,251	1,722,742
	<u>94,521,847</u>	<u>26,425,761</u>

Major customers

For the financial year ended 30 June 2019, there were 3 (2018 : 2) major customers that contributed 10% or more of the Group's total revenue and the total revenue generated from these major customers amounted to RM76,054,232 (2018 : RM11,343,397).

28. Contractual commitments

Group

	2019	2018
	RM	RM
Purchase of property, plant and equipment	<u>0</u>	<u>686,000</u>

29. Operating lease commitments

Group

The Group has entered into commercial leases for its premises and equipment. The leases have tenure of 1 to 5 years with renewal options included in the contracts.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	2019	2018
	RM	RM
Within 1 year	397,800	362,250
Later than 1 year and not later than 2 years	330,450	361,800
Later than 2 years and not later than 5 years	0	300,450
	<u>728,250</u>	<u>1,024,500</u>

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

30. Financial risk management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit risk

The Group's exposure to credit risk arises mainly from receivables, derivative contracts and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 8. As the Group only deals with reputable financial institutions, the credit risk associated with derivative contracts and deposits placed with them is low.

Liquidity risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency, i.e. Ringgit Malaysia ("RM"). The major foreign currencies transacted are US Dollar ("USD") and Singapore Dollar ("SGD"), and the gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

	Group			
	Denominated in USD		Denominated in SGD	
	2019	2018	2019	2018
	RM	RM	RM	RM
Receivables	12,374,441	16,638,454	132,281	319,968
Cash and cash equivalents	1,255,667	4,595,644	335,750	342,336
Payables	3,077,811	587,695	0	0

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

30. Financial risk management (Cont'd)

Currency risk (Cont'd)

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ (Decrease) in profit	(Increase)/ Decrease in loss
	2019	2018
	RM	RM
Appreciation of USD against RM by 10%	801,975	1,569,127
Depreciation of USD against RM by 10%	(801,975)	(1,569,127)
Appreciation of SGD against RM by 10%	46,803	50,335
Depreciation of SGD against RM by 10%	(46,803)	(50,335)

Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ (Decrease) in profit	(Increase)/ Decrease in loss
	2019	2018
	RM	RM
Increase in interest rates by 50 basis points	(18,863)	(24,951)
Decrease in interest rates by 50 basis points	18,863	24,951

31. Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019 (Cont'd)

31. Capital management (Cont'd)

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity as follows:-

	Group	
	2019	2018
	RM	RM
Total loans and borrowings	5,944,524	8,120,703
Total equity	88,401,810	79,944,056
Total capital	<u>94,346,334</u>	<u>88,064,759</u>
Debt-to-equity ratio	<u>0.07</u>	<u>0.10</u>

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

32. Significant events after the reporting period

On 21 August 2019, the Company made an announcement to Bursa Malaysia Securities Berhad to undertake the following proposals:-

- (i) Proposed acquisition of the remaining 40% equity interest in Rapid Growth Technology Sdn. Bhd. for a purchase consideration of RM48,000,000 to be satisfied entirely via issuance of 282,352,941 ordinary shares at an issue price of RM0.17 per shares to a nominee company owned by the vendors ("Proposed Acquisition"); and
- (ii) Proposed exemption to the vendors, their nominee company and the persons acting in concert with them from the obligation to undertake a mandatory take-over offer for all the remaining Shares and Warrants in the Company not already held by them pursuant to the Proposed Acquisition under Paragraph 4.08(1) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions.

List of Properties

as at 30 June 2019

Location	Description of property/ Existing Use	Type of land/tenure (Year of expiry for leasehold)	Approximate land area (square meter)	Built-up area (square meter)	Age of building (years) as at 30 June 2019	Carrying amount as at 30 June 2019 (RM '000)	Date of acquisition
Registered Owner:- Rapid Growth Technology Sdn. Bhd. ("RGTSB")							
1032, Plot 170 & 170A, Jalan Perindustrian Bukit Minyak, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam, S.P.T Penang	Factory building and land/ Head office, manufacturing facility, warehouse and clean room	Leasehold (2067 & 2068)	17,837	9,597	12	28,135	27.11.2008
11A, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	12	355	28.5.2007
15, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	12	355	28.5.2007
17, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	12	355	28.5.2007
19, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	12	355	28.5.2007
21, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	12	355	28.5.2007
39, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	12	355	11.5.2011
41, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	12	355	11.5.2011

* The last revaluation of the above-mentioned properties were made on 30 April 2018 prior to the acquisition of RGTSB by the Company.

Analysis of Shareholdings

as at 30 September 2019

SHARE CAPITAL

Total number of issued shares : 576,930,356
Class of Share : Ordinary Shares
Voting Rights : One voting right for one ordinary share

DISTRIBUTION OF SHAREHOLDERS

Holdings	No. of Holders	Total Holdings	%
1 - 99	45	562	0.00
100 - 1,000	87	48,964	0.01
1,001 - 10,000	631	2,505,266	0.43
10,001 – 100,000	626	26,092,902	4.53
100,001 – 28,846,516	302	289,858,201	50.24
28,846,517 and above	5	258,424,461	44.79
Total	1,696	576,930,356	100.00

WARRANTS 2018/2023

Unit of Warrants in Issue : 174,398,724

DISTRIBUTION OF WARRANTS

Holdings	No. of Holders	Total Holdings	%
1 - 99	4	117	0.00
100 - 1,000	6	1,933	0.00
1,001 - 10,000	64	395,407	0.23
10,001 – 100,000	170	8,446,750	4.84
100,001 – 8,719,935	156	90,966,255	52.16
8,719,936 and above	4	74,588,262	42.77
Total	404	174,398,724	100.00

Analysis of Shareholdings

as at 30 September 2019 (Cont'd)

THIRTY LARGEST ORDINARY SHARES ACCOUNT HOLDERS

Name	Shareholdings	%
1. Vertical Portal Sdn Bhd	78,000,000	13.52
2. Hor Lim Chee	68,000,000	11.79
3. Ng Choon Keat	42,500,000	7.37
4. Pahangply Holdings Berhad	35,924,461	6.23
5. Tan Song Chai	34,000,000	5.89
6. See Seng Lai & Sons Realty Sdn Bhd	27,714,817	4.80
7. Goodwill Hexagon Sdn Bhd	19,463,300	3.37
8. Lim Seat Hoe	17,000,000	2.95
9. Provincial Equity Sdn Bhd	16,666,000	2.89
10. See Teck Wah	10,903,000	1.89
11. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Qualifier: For Tang Kong Choy	10,323,252	1.79
12. Teh Swee See	9,346,200	1.62
13. Tan Ann Chee	8,500,000	1.47
14. See Han Liong	7,827,470	1.36
15. Fam Kwee Hin	5,500,000	0.95
16. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chun Sau Chin (M02)	4,987,500	0.86
17. Ng Soon Teong	4,120,100	0.71
18. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For See Teck Wah	4,020,812	0.70
19. Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Voon Say Ha	3,968,000	0.69
20. NGE Leasing & Credit Sdn Berhad	3,848,649	0.67
21. See Seng Hong	3,003,000	0.52
22. Lim Tuan	2,924,300	0.51
23. Nanyang General Enterprises Sdn Bhd	2,333,310	0.40
24. Chun Sau Chin	2,252,200	0.39
25. Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Low Hong Mooi (E-KLG)	2,182,200	0.38
26. Prime Forest Products (M) Sdn Bhd	2,175,542	0.38
27. Nanyang Timber Industry Sdn Berhad	2,100,000	0.36
28. Ong Choon Heng	2,100,000	0.36
29. Koh Boon Poh	2,026,200	0.35
30. Chee Kuat Ping	2,000,000	0.35

Analysis of Shareholdings

as at 30 September 2019 (Cont'd)

THIRTY LARGEST WARRANTS ACCOUNT HOLDERS

Name	Warrant holdings	%
1. Vertical Portal Sdn Bhd	39,000,000	22.36
2. Goodwill Hexagon Sdn Bhd	16,200,000	9.29
3. Pahangply Holdings Berhad	9,824,769	5.63
4. See Seng Lai & Sons Realty Sdn Bhd	9,563,493	5.48
5. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Qualifier: For Tang Kong Choy	6,526,626	3.74
6. Teh Swee See	4,800,000	2.75
7. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For See Teck Wah	4,168,500	2.39
8. See Han Liong	3,354,630	1.92
9. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chun Sau Chin (M02)	2,137,500	1.23
10. Tan Tak Chuang	2,082,000	1.19
11. Soo Keng Hong	1,990,000	1.14
12. Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Khoo Boo Wui	1,717,200	0.98
13. NGE Leasing & Credit Sdn Berhad	1,649,421	0.95
14. Yu Mee Lin	1,528,200	0.88
15. Koh Boon Poh	1,500,000	0.86
16. Tan Boon How	1,500,000	0.86
17. Loh Joo Ong	1,485,000	0.85
18. Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Goh Beng Hoe (E-BBB)	1,450,000	0.83
19. See Seng Hong	1,287,000	0.74
20. Lim Poh Chuw	1,250,500	0.72
21. Chong Jia Shun	1,186,600	0.68
22. Ng Siang Pau	1,090,000	0.63
23. Ng Lee Wei	1,050,000	0.60
24. SJ SEC Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Lim Hooi Kheng (SMT)	1,037,300	0.59
25. Lim Boon Tiang	1,000,000	0.57
26. Ong Choon Heng	1,000,000	0.57
27. Nanyang General Enterprises Sdn Bhd	999,990	0.57
28. Yap Ming Hin	955,000	0.55
29. Chun Sau Chin	900,000	0.52
30. Nanyang Timber Industry Sdn Berhad	900,000	0.52

Analysis of Shareholdings

as at 30 September 2019 (Cont'd)

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect		Notes
	No. of shares held	%	No. of shares held	%	
See Teck Wah	14,923,812	2.59	82,974,879	14.38	2,3,4,5,6,7,8 & 10
See Han Liong	7,828,100	1.36	90,070,591	15.61	2,3,4,5,6,7,8 & 9
See Seng Hong	3,003,000	0.52	45,256,420	7.84	2,5,6,7 & 8
Pahangply Holdings Berhad	35,924,461	6.23	-	-	-
Vertical Portal Sdn Bhd	78,000,000	13.52	-	-	-
Century Action Limited	-	-	78,000,000	13.52	1
Kwan Yee Fai	-	-	78,000,000	13.52	1^
Hor Lim Chee	68,000,000	11.79	-	-	-
Tan Song Chai	34,000,000	5.89	-	-	-
Ng Choon Keat	42,500,000	7.37	-	-	-

DIRECTORS' SHAREHOLDINGS

Name	Direct		Indirect		Notes
	No. of shares held	%	No. of shares held	%	
Dato' Ir. Low Keng Kok	-	-	-	-	-
Lim Seat Hoe	17,000,000	2.95	-	-	-
Lee Soo Ching	-	-	-	-	-
Seah Cheong Wei	-	-	-	-	-
Ong Choon Heng	4,100,000	0.71	-	-	-
Dr. Ooi Hun Pin	-	-	-	-	-
Ng Choon Keat	42,500,000	7.37	-	-	-

DIRECTORS' WARRANTHOLDINGS

Name	Direct		Indirect		Notes
	No. of unit held	%	No. of unit held	%	
Dato' Ir. Low Keng Kok	-	-	-	-	-
Lim Seat Hoe	-	-	-	-	-
Lee Soo Ching	-	-	-	-	-
Seah Cheong Wei	-	-	-	-	-
Ong Choon Heng	1,000,000	0.57	-	-	-
Dr. Ooi Hun Pin	-	-	-	-	-
Ng Choon Keat	-	-	-	-	-

Analysis of Shareholdings

as at 30 September 2019 (Cont'd)

Notes for Indirect interest held through:-

Note	Name	No. of Shares held	No. of Warrants unit held
1	Vertical Portal Sdn Bhd*	78,000,000	39,000,000
2	Pahangply Holdings Berhad*	35,924,461	9,824,769
3	See Seng Lai & Sons Realty Sdn Bhd*	27,714,817	9,563,493
4	Prime Forest Products (M) Sdn Bhd*	2,175,542	-
5	NGE Leasing & Credit Sdn Bhd*	3,848,649	1,649,421
6	Nanyang General Enterprises Sdn Bhd*	2,333,310	999,990
7	Nanyang Timber Industry Sdn Berhad*	2,100,000	900,000
8	Far East Navigation (Malaysia) Sdn Berhad*	1,050,000	450,000
9	See Teck Wah#	14,923,812	4,168,500
10	See Han Liong#	7,828,100	3,354,900

* Deemed interest pursuant to Section 8(4) of the Companies Act 2016 by virtue of his/its substantial interest.

^ Deemed interest by virtue of his substantial interest in Century Action Limited.

Deemed interest by virtue of the interest held by his father/son.

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PROXY FORM



RGT Berhad

(Formerly known as Asia Knight Berhad)
(Company No. 71024-T)
(Incorporated in Malaysia)

No. of ordinary shares held		CDS Account No.	
Contact No.		Email Address	

*I/We, _____ (NRIC/Passport No. _____)
_____ of _____

_____ being a Member of the above Company
hereby appoint (Proxy 1) _____ (NRIC/Passport No. _____)
_____) of _____

_____ and */or failing him* (Proxy
2), _____ (NRIC/Passport No. _____) of _____

_____ and*/or failing him*, the Chairman of the
Meeting, as my/our proxy(ies), to vote for me/us on my/our behalf at the 38th ANNUAL GENERAL MEETING of the Company to
be held at Pangkor Room, Hotel Jen Penang, Jalan Magazine, 10300 George Town, Pulau Pinang on Thursday, 21 November
2019 at 10.00 a.m. and at any adjournment thereof as indicated below:-

The proportions of *my/our holdings to be represented by *my/our proxy(ies) are as follows:-

Proxy 1	%	Proxy 2	%
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In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on my/our behalf.

*I/We hereby indicate with an "X" in the spaces provided how *I/we wish *my/our votes to be cast. (Unless otherwise instructed,
the proxy may vote, as he thinks fit)

* *Strike out whichever is inapplicable*

Ordinary Resolutions		For	Against
1	To approve an increase of the Directors' Fee from RM157,500 to RM170,000 for the period from 1 July 2019 until the next Annual General Meeting ("AGM") of the Company.		
2	To re-elect the following directors retiring under the respective provision of the Articles of Association of the Company, and who being eligible, offered themselves for re-election:- Lee Soo Ching Article 78		
3	Ong Choon Heng Article 85		
4	Dr. Ooi Hun Pin Article 85		
5	Ng Choon Keat Article 85		
6	To approve the benefits payable (excluding Directors' Fees) to the Independent Directors up to an amount of RM17,500 from 1 December 2019 until the next AGM of the Company.		
7	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
8	<u>Special Business</u> To approve the resolution pursuant to Authority to Issue Shares.		
Special Resolution To approve the Proposed Adoption of New Constitution of the Company.			

Signed this ____ day of _____, 2019. Signature/Common Seal of Member: _____

Proxy

- For the purpose of determining a member who shall be entitled to attend and vote at the 38th AGM, the Company shall be requesting the Record of Depositors as at 13 November 2019. Only a depositor whose name appears on the Record of Depositors as at 13 November 2019 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
- A member shall be entitled to appoint at least (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy shall be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, Penang, by Wednesday, 20 November 2019 at 10.00 a.m. or any adjournments thereof. Proxy Form transmitted by facsimile or electronic mail will not be accepted unless the original copy is received at the Registered Office.


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Then fold here

Affix
Stamp

The Company Secretary
RGT BERHAD (Formerly known as Asia Knight Berhad) (71024-T)
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Bayan Lepas
Penang

Fold this flap for sealing



RGT Berhad (71024-T)
(Formerly known as Asia Knight Berhad)

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