



RGT Berhad

Registration No. 198101004909 (71024-T)

**TRANSFORMING
POSSIBILITIES
INTO TANGIBLE
RESULTS**

2021
ANNUAL REPORT



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TRANSFORMING POSSIBILITIES INTO TANGIBLE RESULTS

Ranking as one of the leading integrated solution providers of Hygiene Care and Air Care in the region, we are expanding our capacity and also venturing into new businesses with a strategy to integrate vertically to become a "One Stop" manufacturing solution provider.

In this highly competitive World of rapidly changing product demand, we recognise the need to listen well to both our Customers and the End-Users of our products. At RGT Berhad, we strive to ensure Customer Satisfaction, and more importantly, to maintain a healthy, mutually trusting and beneficial relationship with our Customers for the long term.

To deliver on our Business Philosophy of achieving consistently high customer satisfaction, and to maintain a quality relationship of mutual dependence, we strive to deliver high quality products and to constantly improve on the services through our strong commitment to Research & Development, Product Design & Innovation

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of the Company will be held on fully virtual basis through live streaming and online remote voting from the online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC – D6A357657) provided by Boardroom Share Registrars Sdn Bhd on Monday, 29 November 2021 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 30 June 2021 together with the reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To approve the payment of Directors' Fee of RM22,000 to Dato' Lim Yong Jin for the period from 18 January 2021 until 30 November 2021. (Resolution 1)
3. To approve an increase of the Directors' Fee from RM117,000 to RM143,000 for the period from 1 December 2021 until the next Annual General Meeting ("AGM") of the Company. *(Resolution 2)*
(Please refer to Explanatory Note 2)
4. To re-elect the following directors retiring under the respective provision of the Company's Constitution, and who being eligible, offered themselves for re-election:- *(Please refer to Explanatory Note 3)*
 - a) Dato' Ong Choon Heng Paragraph 102 (Resolution 3)
 - b) Ng Choon Keat Paragraph 102 (Resolution 4)
 - c) Dato' Lim Yong Jin Paragraph 107 (Resolution 5)
5. To approve the benefits payable (excluding Directors' Fees) to Dato' Lim Yong Jin, an Independent Director up to an amount of RM4,500 from 18 January 2021 until 30 November 2021. (Resolution 6)
6. To approve the benefits payable (excluding Directors' Fees) to the Independent Directors up to an amount of RM20,000 from 1 December 2021 until the next AGM of the Company. (Resolution 7)
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. (Resolution 8)
8. AS SPECIAL BUSINESSES

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

ORDINARY RESOLUTIONS

- a) Authority to Issue Shares (Resolution 9)

"That pursuant to Companies Act 2016 ("the Act") 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)

- b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") (Resolution 10)

"That, approval be and is hereby given for the purpose of Chapter 10 of Bursa Securities Main Market Listing Requirements for the Company and its group of companies to enter into any of the recurrent related party transactions of a revenue or trading nature as listed in Section 2.3 of the Circular to the shareholders dated 29 October 2021 with the specific related parties as mentioned therein which are necessary for its day-to-day operations, provided that such transactions are carried out in the ordinary course of business, at arm's length, on normal commercial terms and on terms not more favourable to those generally available to the public, are not to the detriment of the minority shareholders and disclosures on the breakdown of the aggregate value of these transactions conducted pursuant to the shareholders' mandate shall be made available in the Annual Report for the year ending 30 June 2022 ("the Mandate") and the Directors of the Company are hereby authorized to give effect to the various arrangements and/or transactions related to the above transactions and this shareholders' mandate.

And that the approval given above shall continue in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which the Mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier."

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

By Order of the Board

HOW WEE LING (MAICSA 7033850) / SSM PC No.: 202008000869

OOI EAN HOON (MAICSA 7057078) / SSM PC No.: 202008000734

Secretaries

Penang

Date : 29 October 2021

Notes:

1. The 40th AGM of the Company will be conducted on fully virtual basis through live streaming and online remote voting using remote participation and electronic voting facilities provided by Boardroom Share Registrars Sdn Bhd via its online meeting platform at <https://meeting.boardroomlimited.my>. Please refer to the Administrative Guide to members for the detailed steps on remote participation and electronic voting.
2. For the purpose of determining a member who shall be entitled to attend and vote at the 40th AGM, the Company shall be requesting the Record of Depositors as at 22 November 2021. Only a depositor whose name appears on the Record of Depositors as at 22 November 2021 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.
3. A member may appoint up to two (2) proxies in relation to the AGM, provided that he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
6. The instrument appointing a proxy shall be deposited at the Company's Share Registrar's Office at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or submitted via fax at 03-7890 4670 or emailed to bsr.helpdesk@boardroomlimited.com, not less than 48 hours before the time set for holding the AGM or any adjournment thereof. The Proxy appointment may also be lodged electronically via electronic means through the smart investor portal at <https://boardroomlimited.my>.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Explanatory Notes on Ordinary and Special Business:

1. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act and the Company's Constitution do not require a formal approval of the shareholders and hence, is not put forward for voting.
2. The Ordinary Resolution 2 is to facilitate payment of Directors' fees for the period from 1 December 2021 until the next AGM. The existing RM117,000 Directors' Fee was calculated based on RM9,000/month with 13-month provision. Following an additional Independent Non-Executive Director ("INED") appointed on 18 January 2021, the proposed increase in Director's Fee is from RM9,000/month to RM11,000/month for all INED calculated based on 13-month provision.
3. The Board through the Nomination Committee had undertaken an annual assessment on the Directors. Dato' Ong Choon Heng (INED) and Mr. Ng Choon Keat (Executive Director) are seeking for re-election pursuant to Paragraph 102 of the Company's Constitution, whereas Dato' Lim Yong Jin (INED) is seeking for re-election pursuant to Paragraph 107 of the Company's Constitution at the 40th AGM. The said INED have also provided their annual declaration/confirmation of independence.

The Board and the Nomination Committee are satisfied with their performance assessment i.e. meeting attendances, participated actively and contributed positively during deliberations or discussions at Board Meetings, competency and capability, understanding of their roles and responsibilities. Thus, the Board recommended that the approval of the shareholders be sought for the re-election of the said Directors at the 40th AGM. The information of the Directors' standing for re-election is set out in "Profile of Directors" of the Annual Report 2021.

4. The proposed Ordinary Resolution 9, if passed, will grant a renewed general mandate (Mandate 2021) 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 2021 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 39th 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.

The Company had been granted a general mandate by its shareholders during its 38th AGM held on 21 November 2019 for issuance of shares pursuant to the Act (Mandate 2019). Pursuant to the Mandate 2019, the Company had undertaken a private placement exercise which has been completed on 18 December 2020 where 40,000,000 ordinary shares were issued at the price of RM0.585 per share. Further details on the gross proceeds and utilisation of proceeds raised from the said private placement exercise are set out in page 45 of the Annual Report 2021.

5. The proposed Ordinary Resolution 10, if passed, will enable the Company and/or its subsidiaries ("Group") to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transaction being carried out in the ordinary course of business at arm's length basis and on normal commercial terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders of the Company.

Further information on the Proposed Shareholders' Mandate is set out in the Circular to shareholders dated 29 October 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

- Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Details of individuals who are standing for election as directors (excluding directors standing for a re-election)

No individual is seeking election as a director at the 40th AGM of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of the general mandate to issue securities in the Company pursuant to the Companies Act 2016 are set out in Explanatory Note (4) of the Notice of 40th AGM.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' IR. LOW KENG KOK
Independent Non-Executive Chairman

DATUK LIM SEAT HOE
Executive Director/Chief Executive Officer

LEE SOO CHING
Executive Director

DATO' ONG CHOON HENG
Independent Non-Executive Director

DR. OOI HUN PIN
Independent Non-Executive Director

NG CHOON KEAT
Executive Director

DATO' LIM YONG JIN
Independent Non-Executive Director
(Appointed on 18 January 2021)

AUDIT COMMITTEE

Chairman

DR. OOI HUN PIN

Member

DATO' IR. LOW KENG KOK
DATO' ONG CHOON HENG
DATO' LIM YONG JIN (Appointed on 20 January 2021)

NOMINATION COMMITTEE

Chairman

DATO' IR. LOW KENG KOK

Member

DATO' ONG CHOON HENG
DR. OOI HUN PIN
DATO' LIM YONG JIN (Appointed on 20 January 2021)

REMUNERATION COMMITTEE

Chairman

DATO' IR. LOW KENG KOK

Member

DATO' ONG CHOON HENG
DR. OOI HUN PIN
DATO' LIM YONG JIN (Appointed on 20 January 2021)

RISK MANAGEMENT COMMITTEE

Chairman

DATO' ONG CHOON HENG

Member

LEE SOO CHING
LAM KIM GOON
ONG ENG KEONG
SEHU TOONG LIN

COMPANY SECRETARIES

HOW WEE LING
(MAICSA 7033850) / SSM PC NO.: 202008000869
OOI EAN HOON
(MAICSA 7057078) / SSM PC NO.: 202008000734

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
Registration Number: 199601006647 (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
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 6, Wisma Penang Garden,
42 Jalan Sultan Ahmad Shah,
10050 George Town,
Penang
Tel: 604 227 7061
Fax: 604 227 8011

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

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

WEBSITE

www.rgtberhad.com

CORPORATE STRUCTURE

as at 30 June 2021



60%
Rapid Growth Technology Sdn Bhd
Registration no.: 199701024797 (440295-A)

100%
Rapid Growth Industries Sdn Bhd
Registration no.: 200901002763 (845690-M)

70%
RGT Industries Sdn Bhd
Registration no.: 202001012712 (1369032-M)

100%
T-Venture Industries (M) Sdn Bhd
Registration no.: 199901023896 (498796-M)

100%
AKnight Resources Sdn Bhd
Registration no.: 199201021295 (252799-T)



PROFILE OF DIRECTORS

DATO' IR. LOW KENG KOK

Independent Non-Executive Chairman

DATUK LIM SEAT HOE

Executive Director / Chief Executive Officer ("CEO")

Nationality / Gender / Age	Malaysian / Male / 67	Malaysian / Male / 72
Date first appointed to the Board	30 May 2018	30 May 2018
Qualification	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 also holds ACCA Diploma in Accounting and Finance.	Datuk Lim graduated from Chung Ling High School with O-Level certificate in 1966.
Membership of Board Committee	1. Nomination Committee (Chairman) 2. Remuneration Committee (Chairman) 3. Audit Committee (Member)	-
Occupation	Director	Director
Working Experience	Dato' Ir. Low 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 42 years of experience in management of building, infrastructural and privatization projects. He is also the Chairman 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 Managing Director of Road Builder (M) Holdings Berhad from 1998 until 2007 and Chairman of Fajarbaru Builder Group Berhad from 2016 until March 2021.	Datuk Lim started his career in Malaysia as a Sales Representative in 1967 and joined various companies as senior key positions before leaving for Hong Kong in 1992 to be Mizuno Corporation HK Ltd's President. 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 was appointed as CEO of RGT Berhad ("RGTBHD" or "the Company") on 24 August 2018. He is currently in-charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies for the Company.

PROFILE OF DIRECTORS *(Cont'd)*

LEE SOO CHING

Executive Director

DATO' ONG CHOON HENG

Independent Non-Executive Director

Nationality / Gender / Age	Malaysian / Female / 44	Malaysian / Male / 45
Date first appointed to the Board	30 May 2018	3 May 2019
Qualification	Ms Lee graduated from Deakin University in Australia with a Bachelor of Commerce, majoring in Marketing and Business Systems Management in 2003.	Dato' Ong 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).
Membership of Board Committee	Risk Management Committee (Member)	1. Risk Management Committee (Chairman) 2. Audit Committee (Member) 3. Nomination Committee (Member) 4. Remuneration Committee (Member)
Occupation	Director	Director
Working Experience	Upon graduation, Ms Lee joined I.Bor (M) Sdn Bhd, a company that specialises in plastic injection moulding, as a Factory Manager. 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.	Dato' Ong 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 Securities Berhad ("Bursa Securities") 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 Securities.

PROFILE OF DIRECTORS *(Cont'd)*

DR. OOI HUN PIN

Independent Non-Executive Director

NG CHOON KEAT

Executive Director

Nationality / Gender / Age	Malaysian / Male / 58	Malaysian / Male / 54
Date first appointed to the Board	1 August 2019	1 August 2019
Qualification	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).	Mr. Ng completed his studies in Mechanical Engineering from Chiba University in Japan in 1992.
Membership of Board Committee	1. Audit Committee (Chairman) 2. Nomination Committee (Member) 3. Remuneration Committee (Member)	-
Occupation	Director	Director
Working Experience	Dr. Ooi 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.	Mr. Ng 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.

PROFILE OF DIRECTORS *(Cont'd)*

DATO' LIM YONG JIN

Independent Non-Executive Director

Nationality / Gender / Age	Malaysian / Male / 61
Date first appointed to the Board	18 January 2021
Qualification	Dato' Lim graduated with a Bachelor of Mechanical Engineering (Hons) degree from the University of Technology Malaysia in 1983.
Membership of Board Committee	1. Audit Committee (Member) 2. Nomination Committee (Member) 3. Remuneration Committee (Member)
Occupation	Director
Working Experience	Dato' Lim was the Regional President for Asia-Pacific (APAC) and Executive Officer of Plexus Corporation, a US-based Electronic Manufacturing Services ("EMS") industry since 2007 before retiring in 2020. He has broad experiences in Manufacturing, Product Design, Market Development, Customer Management and IT function in various industries such as semiconductors, hard-disk storage and medical. He is currently a member of the Penang Strategic Investment Advisory Council. He was also an Independent Non-Executive Director of Genetec Technology Berhad and ATIS Corporation Berhad from 2005 until 2007 respectively.

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 100 to 101 of this Annual Report.

KEY SENIOR MANAGEMENT INFORMATION

LAM KIM GOON

Chief Financial Officer

ONG ENG KEONG

Deputy Operations Director

Nationality / Gender / Age	Malaysian / Male / 50	Malaysian / Male / 48
Date first appointed to the Key Senior Management	1 March 2019	1 February 2016
Qualification	Mr. Lam graduated with a Bachelor of Business (Accounting) from Deakin University, Australia in 1994. He is currently a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA) and a Certified Practising Accountant registered with the CPA Australia.	Mr. Ong graduated from Politeknik Sultan Abdul Halim Mu'adzam Shah with a Diploma in Electro-Mechanical Engineering in 1995.
Membership of Board Committee	Risk Management Committee (Member)	Risk Management Committee (Member)
Occupation	Chief Financial Officer	Deputy Operations Director
Working Experience	Mr. Lam 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 as the Finance Director. Both D'nonce Technology Bhd and Texchem Resources Bhd are listed on the Main Market of Bursa Securities.	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. He is responsible for overseeing the engineering facilities of RGTSB.



KEY SENIOR MANAGEMENT INFORMATION *(Cont'd)*

SEHU TOONG LIN

General Manager

Nationality / Gender / Age	Malaysian / Male / 46
Date first appointed to the Key Senior Management	1 March 2019
Qualification	Mr. Sehu graduated with a Bachelor of Business (Accounting & Economics) from Deakin University, Australia in 1999.
Membership of Board Committee	Risk Management Committee (Member)
Occupation	General Manager
Working Experience	Mr. Sehu 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. He joined RGTSB in May 2018 as the Senior Manager of Corporate Planning Department.

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 of RGT Berhad ("RGTBHD" or "the Group") for the financial year ended 30 June 2021 ("FYE 2021").

The ongoing COVID-19 outbreak has led many countries worldwide to adopt various lockdown measures including tighter border controls. These have caused much disruptions to the global supply chains, trade and economic activity. Being an export-oriented economy, Malaysia was not spared and the impact of the pandemic was also felt by RGTBHD. The Group's orderbook for soap and sanitizer dispensers increased but at the same time operations were affected with the disruptions caused by the strict operating procedures. Despite these challenges, management delivered a sterling set of results for the financial year. The demand for the Group's Hygiene Care Products has increased, both as a result of greater personal awareness as well as a general increase in investments in health and hygiene to prevent the spread of infectious diseases such as COVID-19.

PERFORMANCE AND OPERATIONAL REVIEW

For the FYE 2021, the Group reported an annual revenue of RM130.36 million as compared to RM77.49 million in the previous financial year. This significant increase was mainly driven by a surge in demand for Hygiene Care Products such as soap and sanitizer dispensers. The Group reported a profit before tax of RM18.81 million, which is approximately 88% higher than that in FYE 2020. Accordingly, basic earnings per share for the year also increased to 1.61 sen from 0.86 sen the year before.

Net Current Assets of RM69.23 million is much stronger compared to that of RM43.43 million reported a year earlier. As at 30 June 2021 the Group's cash and cash equivalents stood higher at RM56.10 million with bank borrowings of only RM17.85 million. Our shareholder's funds also improved to RM102.28 million from RM65.28 million in FYE 2020.

In October 2020, our 70% owned subsidiary, RGT Industries Sdn Bhd ("RISB") commenced operations. Previously, the Group outsourced this spray painting services to external sources. RISB undertakes precision spray painting services both internally and externally. This new business provides opportunities for the Group to broaden and expand its earning base.

CORPORATE DEVELOPMENT

- i) On 18 September 2020, the Board deliberated and decided to vary the terms of an earlier proposal (as announced on 21 August 2019) to acquire the remaining 40% shareholdings of Rapid Growth Technology Sdn Bhd ("RGTSB") by entering into a supplemental Share Sale Agreement ("Supplemental SSA") for a purchase consideration of RM124.80 million to be satisfied entirely via issuance of approximately 283,636,363 Consideration Shares at an issue price of RM0.44 per Consideration Share. An application of exemption from a mandatory offer obligation under Rules on Take-Overs, Mergers and Compulsory Acquisition and a special issue of up to 147,860,000 new RGTBHD Shares to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry ("MITI") was also announced. The application related to the proposal have been submitted to Securities Commission Malaysia and MITI on 2 December 2020. However, this application has been withdrawn on 30 June 2021 as conditions precedent to the SSA and Supplemental SSA have not been fulfilled on its expiry date, which fell on 30 June 2021.

On 6 September, 2021, RGTBHD announced to acquire the remaining 40% shareholdings of RGTSB after varying the earlier terms. Under this new proposal, the consideration for the 40% shareholdings of RGTSB is computed to be RM85.60 million which is to be satisfied entirely via issuance of 267,500,000 Consideration Shares at an issue price of RM0.32 per Consideration Share. We have re-appointed UOB Kay Hian Securities (M) Sdn Bhd as our main advisor and Malacca 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 new Proposals. They will advise the non-interested shareholders on whether they should vote in favour of the new Proposals.

- ii) On 18 December, 2020, the Company completed the placement of a 40,000,000 ordinary shares ("Placement Shares") at RM0.585 per Placement Share to third party investors. The proceeds were mainly used for capital expenditure to expand production capacity and working capital requirements.
- iii) On 7 September 2021, the Company entered into a conditional share sale agreement with the existing shareholders of Top Degree (M) Sdn Bhd for the acquisition of 70% or 2,730,000 ordinary shares in the company for a cash consideration of RM14.00 million.

Top Degree (M) Sdn Bhd is an Integrated Automation Solution Provider (complete machine equipment assembly with software integration) with strong in-house capability to design and fabricate High Precision Machining Parts and Components. This will add on to RGTBHD's vision of becoming a more integrated "One Stop Manufacturing Solution" provider to global customers.

CHAIRMAN'S STATEMENT *(Cont'd)*

PROSPECTS

As COVID-19 vaccination programs gather momentum and the world moves towards normality, there is a sense of optimism of a global economic restart. Demand for the Group's products is also recovering. Orders are still uneven while COVID-19 continues to affect the global supply chain, which is already struggling to normalize from congested ports, tight air freight capacity and localized containment measures around the world.

Going forward, we believe that the underlying demand for our core products remains healthy. The Group is continuing its efforts to invest in Research & Development ("R&D") and to strengthen its operations in order to remain agile and competitive. The R&D Department is also working hard to develop new designs and products so as to cater for future customers and markets.

New production lines and machineries were added in this year to increase its production capacity to cater for future sales. Since the completion of the acquisition of the adjacent factory in September 2020, the Group has commenced with the expansion and will eventually have double the current production floor and warehousing space. To date, we have completed the 1st phase of conversion of the adjacent factory to a full warehouse facility while the remaining phases to expand the production floor and office block is still in progress and the final completion is expected by end of December 2021. This future facility will be able to meet current demand growth and also demand growth from new products developed by our internal R&D department.

CORPORATE GOVERNANCE

The Board recognises the importance of Corporate Governance and is committed to 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 the 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.

DIVIDENDS

We are committed to create shareholders' value by rewarding our shareholders through our dividend distribution. The Company has declared a single tier interim dividend of 0.6 sen per ordinary share in respect of the financial year ending 30 June 2022 on 15 July 2021. This dividend was paid on 16 August 2021.

ACKNOWLEDGEMENT

I would like to take this opportunity to extend my sincere thanks to all my fellow Board members for their valuable input and contribution.

On behalf of the Board, I would like to take this opportunity to welcome Dato' Lim Yong Jin to the Board as Independent Non-Executive Director who brings with him valuable experiences from his fields to our Group.

I would like to further express my gratitude to our Executive Director/CEO, Datuk Lim Seat Hoe for his leadership, motivative and stewardship to lead the Group in achieving a commendable set of result for the current financial year despite the challenges of COVID-19 pandemic while ensuring the welfare and safety of all our workers.

The Board would also like to thank our shareholders, valued customers, business partners, financiers and relevant regulatory authorities for your continuous and overwhelming support.

Lastly, I wish to extend our heartfelt thanks to the dedicated management team and staff for their commitment and hard work in ensuring smooth operations of our production during this challenging period.

DATO' IR. LOW KENG KOK
CHAIRMAN

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF FINANCIAL RESULTS

For the financial year ended 30 June 2021 ("FYE 2021"), RGT Berhad ("RGTBHD" or the "Group") achieved a revenue of RM130.36 million with a profit before taxation of RM18.81 million. The financial results for FYE 2021 against the preceding year is provided in the table below:-

Financial Result	FYE 2021	FYE 2020	Variance	
	RM'million	RM'million	RM'million	%
Revenue	130.36	77.49	52.87	68%
Gross Profit	33.13	21.67	11.46	53%
Profit Before Tax ("PBT")	18.81	10.03	8.78	88%
Profit After Tax ("PAT")	17.10	8.01	9.09	113%

The Revenue and the PBT for FYE 2021 has significantly increased compared to the previous financial year by RM52.87 million and RM8.78 million respectively. This strong increase in performance was mainly driven by the surge in demand for Hygiene Care Products such as soap and sanitizer dispensers which are widely used to prevent and control the spread of infectious diseases.

The PAT for FYE 2021 has increased to RM17.10 million from RM8.01 million as compared to the previous financial year. This increase was mainly due to our 60% owned subsidiary, Rapid Growth Technology Sdn. Bhd. ("RGTSB") achieving a significant increase in export sales compared to the previous year. This resulted the Company to be able to enjoy a 30% tax allowance of the value of increased exports under the income tax (exemption) (No. 5) order 2019.

The Group's cash and cash equivalent strengthened this year to RM56.10 million from RM32.03 million in FYE 2020. The net current assets has also strengthen to RM69.23 million this year (FYE 2020: RM43.43 million).

During the year, our Non-Current Assets has increased to RM91.69 million from RM58.86 million in FYE 2020 mainly from the increase in machinery and construction work-in-progress of RM4.53 million and RM18.61 million respectively.

BUSINESS OVERVIEW

The Group has been expanding its services as an Original Design Manufacturer ("ODM") for Hygiene Care and Air Care Products while still manufacturing products based on the product design, and specifications provided by its customers. The Group is able to provide value-added services in the form of product design to its existing and new customers and also new markets, not only in the Hygiene Care, but also in the Air-Care and Medical Product segments.

With its internal R&D division, the Group can leverage on its accumulated technical expertise to collaborate with its customers beginning from idea description stage, product design and development until commercialization of the product. Part of our strength is also to integrate different technologies that is able to sensor detects and automatically dispense liquids such as soap and sanitizers efficiently.



MANAGEMENT DISCUSSION & ANALYSIS *(Cont'd)*



FUTURE DIRECTION

The Group's vision is to be a Leading Global One-Stop Solution Business Partner for our customers.

We have developed a solid reputation as a reliable partner in providing a one stop solution. We design, innovate and manufacture quality products to global customers with high quality requirements and service expectation.

The Group's main focus and aim is to realise and deliver the Group's potential and enhance our shareholder values through innovation, development and production of 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 global competition from both existing and the emergence of potential new players penetrating into this business segment. We rely on our customers' demand and it may fluctuate periodically and this may affect the Group's ability to operate at optimum capacity. As a result, the business may not be able to operate at optimum level to enjoy optimal cost benefits in certain periods. The Management seeks to limit this risk through, amongst others, prudent financial policies and continuous review of operation to improve efficiency.

FUTURE OUTLOOK AND PROSPECTS

RGTBHD presently serves customers that are mainly operating in the air care and hygiene care industries. In an effort to reduce the reliance on a single business segment and dependency on its major customers moving forward, the Group seeks to further leverage on its overall capabilities and expertise to expand its customer base and product offerings which can cater to both its current target market (mainly comprising customers from the air care and hygiene care industries) and also new markets.

With the acquisition of Top Degree (M) Sdn. Bhd., the Group will leverage on its current and prospective customer base and network where the Group may derive business synergies from its manufacturing segments and have cross selling opportunities in the enlarged group. This provides the Group an opportunity to potentially scale higher business and revenue growth from the product offerings and enlarged customer base. Accordingly, the business expansion provides the Group a competitive edge towards establishing its reputation and industry position that not only caters to its current target market (mainly air care and hygiene care industries), but also new target markets in other industries.

The Acquisition may augur well for the growth prospects of the Group in the medium to long term.

DIVIDENDS

On 15 July 2021, the Company declared a single tier interim dividend of 0.6 sen per ordinary share in respect of the financial year ending 30 June 2022 which was paid on 16 August 2021.

CONCLUSION

Management hopes that this Annual Report has helped 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 29 September 2021.

SUSTAINABILITY STATEMENT

RGT Berhad and its subsidiaries ("the Group") 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 ("EES"). 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.

As in previous year, we have prepared this Sustainability Statement in compliance with Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("Bursa Securities") which is guided by Bursa's updated Sustainability Guide and Toolkits. For the first time, this Statement is prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") Core Option.

This Statement was also prepared in accordance to GRI Standards and Reporting Principles which has been key in defining the contents of the report. We consider the principles of stakeholders' inclusiveness, sustainability context, materiality and completeness in preparation for this Statement.

1. Stakeholders' inclusiveness

The Group aims to demonstrate our willingness to engage with or stakeholders, beyond shareholders, to better understand their expectations and business needs. Our objective is to create value for all stakeholders through continuous engagements and addressing relevant stakeholder concerns.

2. Sustainability context

The Group has presented in this Statement the organisation's performance in the wider context of sustainability whereby the Group describes business activities and initiatives in the context of sustainability risks, opportunities, and strategies.

3. Materiality

This Statement shall reflect the Group's significant economic, environmental, and social impact as determined by stakeholders and presented in the materiality matrix.

4. Completeness

All information presented in this Statement is within the operating boundaries of the Group that sufficiently reflects the Groups EES impact. This allows readers to accurately assess the Group's sustainability performance during the reporting period.

Scope and Basis

The scope of this Statement covers the Group's activities for the financial year ended 30 June 2021 ("FYE 2021"). The Group first embarked on sustainability reporting in the 2018 Annual Report and will continue to report on sustainability on an annual basis.

The majority of our operations are based in Penang, Malaysia. As an original equipment manufacturer ("OEM") and an original design manufacturer ("ODM"), we supply washroom solutions and products for air care, surface care, skin care and various other hygiene related products. Our products are manufactured based on customers' needs and specifications.

For the purposes of this Statement, we are defining the reporting boundary as operations from our main source of business, Rapid Growth Technology Sdn. Bhd. ("RGTSB"). RGTSB makes up 92% of our revenue hence we believe that the report sufficiently addresses the Group's sustainability activities for the year.

We undertake consultations with customers to conceptualize products based on customers' specifications and requirements. Our consultations include design drawing (using computer aided design software), tooling, product testing (i.e. functional, durability, temperature control, evaluation of alternative materials etc), and prototyping.

RGTSB provides value-added services in the form of product design to its existing and new customers in Hygiene Care, Air Care and Medical Product segments. Through RGTSB's in-house Research and Development (R&D) efforts, RGTSB assists customers to design tools with easy mouldability, maintenance and consistent quality, with the goal of delivering its manufacturing capabilities in a more cost-effective manner whilst also ensuring that the stringent requirements posed by customers are met. The R&D team collaborates with its customers from the idea description stage, product design and development until the commercialisation of the product.

SUSTAINABILITY STATEMENT *(Cont'd)*

Scope and Basis *(Cont'd)*

The R&D process includes, but is not limited to:

- The determination of input materials required or experimenting with alternative materials;
- Optimizing production program cycle;
- Conducting structural analysis of inputs and components (i.e. strength, stability, thermal properties); and
- Developing means of waste reduction.

Customer feedback is sought from time to time to ensure that their requirements are met and in line with RGTSB's manufacturing capabilities and capacities, before arriving at a final tool design.

We pride ourselves in our diverse global customer base. Our products have presence in the world's leading economies from North America, Europe, South America and Asia. Our products are fully exported and distributed globally.

Materiality and stakeholders

During FYE 2021, the Group conducted an assessment exercise with various stakeholders including management, employees, suppliers, and community partners.

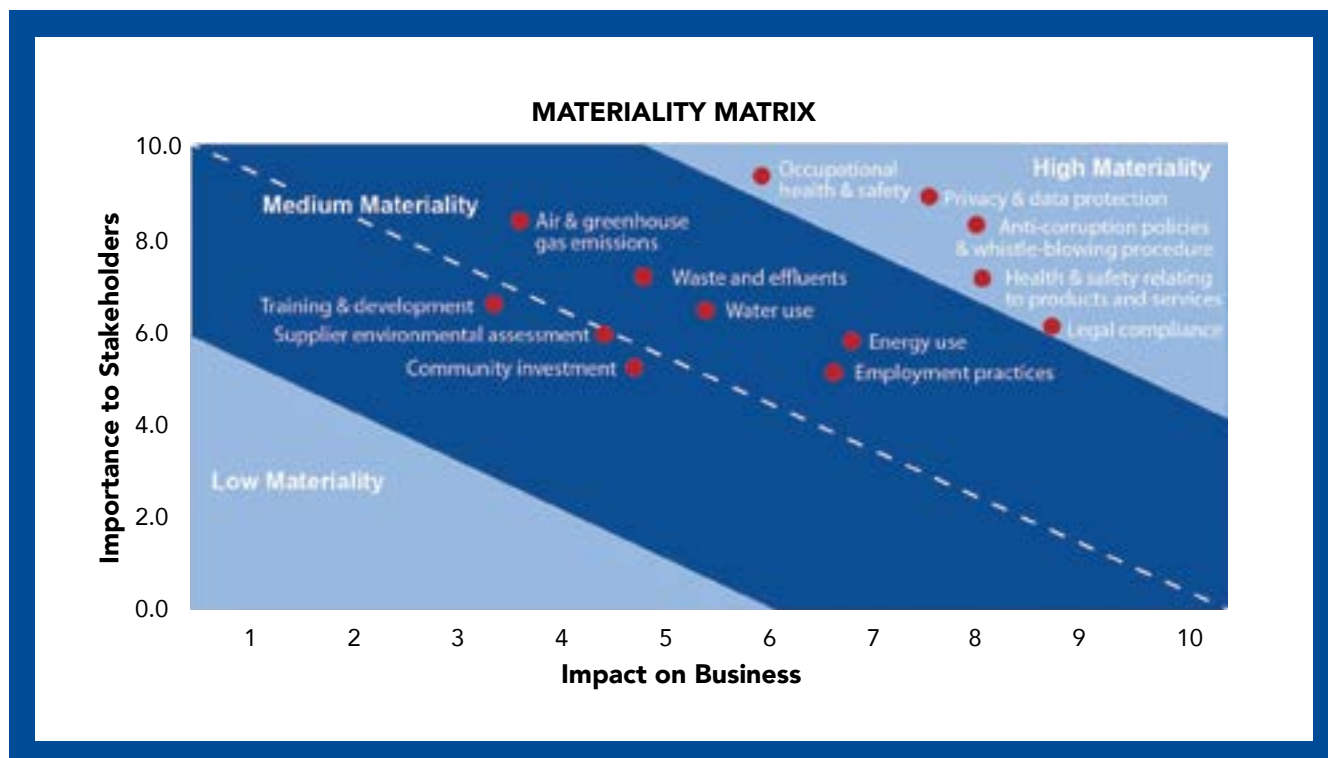
Based on this engagement, a wide range of economic, environmental, and social material sustainability matters were assessed and identified. The Group followed through with a weighted ranking method to build the Sustainability Materiality Matrix.

The Group prioritizes regular engagements with internal and external stakeholders to understand their concerns and expectations. These engagements provide the Group with valuable feedback on business practices and areas of improvement that is considered to enhance future decision making.



SUSTAINABILITY STATEMENT *(Cont'd)*

Materiality and stakeholders *(Cont'd)*



Based on the materiality matrix, the Group has identified the following EES metrics as most relevant for the context of this statement, and have addressed each of these metrics within this Statement.

Economic	Environment	Social
Supply chain assessments	Legal compliance of environmental regulations	Legal compliance of societal related regulations
Procurement practices	Water and effluent	Employment practices
Community investment	Waste	Training and education
	Energy and emissions	Diversity and equal opportunity
		Customer health and safety

A key component of ensuring that we meet the demands of all our stakeholders is to consistently provide avenues of engagements. Our aim through stakeholder dialogues, is to identify opportunities of improving stakeholder relationships, that will ultimately create better business value. Open communication and dialogues are intertwined with the way we determine and execute our strategy, risk management and business objectives. Balancing the needs of our stakeholders enables us to create growth opportunities, while meeting the demands of the people and the environment.

SUSTAINABILITY STATEMENT *(Cont'd)*

Materiality and stakeholders *(Cont'd)*

Below are our key focus areas that we believe are of importance to our stakeholders from a sustainability perspective, along with the engagement methods we have adopted and the frequency of our engagements with them:

Stakeholders and focus areas	Engagement Methods	Frequency
Customers: - Product quality and safety - Supply-chain practices - Procurement practices	Feedback survey Customer audits Live interactions Regular meetings Customer site visits	On going On going On going On going On going
Employees: - Employment practices - Training and education - Occupational Health and Safety - Diversity and Equal Opportunity	Health and safety briefing In-house trainings Corporate/staff memos Performance evaluations Regular meetings Anti-bribery and corruption briefings	On going On going On going Annually On going On going
Management: - Sustainability governance - Ethics and Integrity - Anti-corruption and whistleblowing - Legal compliance	Monthly operation reviews Semi-annual operation review Preparation of budget Regular meetings Anti-bribery and corruption briefings	Monthly Semi-annually Annually On going On going
Suppliers: - Procurement practices - Supply-chain practices	Evaluation of suppliers Live interactions Supplier audit Anti-bribery and corruption briefings	On going On going On going On going
Investors: Sustainability governance and strategy	Quarterly Bursa announcements Annual general meeting Press releases Corporate website	Quarterly Annually On going On going
Government and regulators: - Compliance - Product certification	Inspections and audits Participation of government or regulator organised events	On going On going
Community: Community development	Donations Sponsorships	On going On going

The Group will consistently evaluate the appropriateness of engagements with relevant stakeholders and is open to any suggestions regarding reporting disclosures.

For any comments and feedback, please contact us through:

Name: Ms Lim Yi Wen

Email: info@rgt.com.my

Phone: 04-501 3990

SUSTAINABILITY STATEMENT (Cont'd)

Sustainability Governance

Our sustainability strategy is spearheaded by the Board and is trickled down to operations through various working groups. The Enterprise Risk Management Framework ("ERM") serves as a core document for the Group to incorporate the everchanging sustainability landscape. The ERM is implemented through the Risk Management Committee ("RMC") to provide guidance for the operationalization of sustainability and risk related initiatives throughout the Group.

There is an expectation and understanding throughout the Group that all members of the management team embody the spirit of sustainability.



Ethics and integrity

As dictated by the Group's Code of Conduct, there is an expectation of the highest standards of corporate ethics for all stakeholders, from suppliers to employees. We continuously strive to maintain a culture that safeguards sustainable business practices, based on a solid foundation of strong values and integrity.

In conjunction with this, we have established avenues for those who wish to report a violation of any law, rule, regulation, or provision of our Code of Conduct through our Whistleblowing policy, which has been elaborated below.

Any forms of complaints can be sent via email to: antibribery@rgt.com.my

For more details on our ethics and integrity, please log on to: <https://rgtberhad.com/corporate-governance>

The Group maintains a zero-tolerance policy for bribery, fraud, and corruption. To prevent various forms of corruption, the Group is governed by the:

- Anti-Bribery Policy;
- Code of Conduct; and
- Confidentiality Statement

These policies are compliant with the Malaysian Anti-Corruption Commission Act 2009 and the new provision of Malaysian Anti-Corruption Commission Act 2018.

As part of the employment process, we require mandatory briefings of the Anti-Bribery Policy and Procedures. The Group has also conducted regular Anti-Bribery Awareness Training, with the most recent one in April 2021.

The Group's Anti-Bribery and Corruption procedures outlines the relevant governance processes to manage potential risk on bribery and corruption. The Group has nominated duly authorised executives to ensure the Group's ethical standards and procedures and gift and corporate hospitality policy is adhered to. The Group also conducts an annual internal audit on this matter to review, monitor, and enforce matters related to bribery and corruption.

Aligned to this, the Group has opened avenues for whistleblowing activities through the RGT Whistleblowing Policy. We are committed to conducting our affairs in an ethical, responsible, and transparent manner and we actively encourage our stakeholders to disclose suspected activities which may involve the Group's directors, management, and employees. Whistle-blowers are accorded protection of their identity unless disclosure is required by law.

The Group is also pleased to report that in FYE 2021, there have been no legal cases regarding corrupt practices or anti-competitive behaviour brought against the Group and our employees.

Membership of associations

SEDEX Members Ethical Trade (SMETA) 4-Pillars

SMETA is an ethical audit methodology encompassing multiple aspects of responsible business practices. The SMETA Best Practice Guidance describes the key steps of planning, executing and documenting a SMETA Audit against the SMETA 4-Pillars, namely:

- 1) Labor Standards
- 2) Health and Safety
- 3) Environmental Assessment
- 4) Business Ethics

SUSTAINABILITY STATEMENT *(Cont'd)*

SEDEX Members Ethical Trade (SMETA) 4-Pillars (Cont'd)

The essence of the SMETA 4-Pillar is based on the conventions of the International Labor Organisation.

A component of the SMETA 4-Pillar audit includes a Corrective Action Plan report where the Group can objectively determine areas of improvement required for business operations. This ensures that we examine key areas of non-compliances raised during the audit and undergo the necessary corrective measures to ensure that we meet international standards on ethical business practices.

Being a SEDEX member ensures that we receive independent verification of our ethical compliance. Through this, we are also able to achieve greater visibility of our supply chain, while also improving supplier relations.

Customs – Trade Partnership against Terrorism (C-TPAT)

C-TPAT is a voluntary supply chain security program led by the United States Customs and Border Protection (CBP) focused on improving the security of private companies' supply chains with the objective of minimizing risks and customs examinations associated with terrorism.

The Group undergoes regular audits to meet the requirements of C-TPAT whereby the following components are frequently tested and examined:

- Outside barriers and physical security
- Factory internal security
- Factory employee security
- Shipping dock security
- Key and seal controls
- Security procedures
- Container and merchandise movement
- Computer systems security and controls
- Management commitment to a culture of security
- Cybersecurity and protection from social threats
- Preventing money laundering and terrorism financing

National Sanitation Foundation ("NSF") International Certification

As an ODM and OEM, it is of utmost importance that our product is safe for public usage. We believe in the importance of ensuring that all our food equipment product meet NSF International Certification. Our products undergo the stringent requirements of an independent, third-party certification company that tests, inspects, validates, and verifies the safety of our products.

By obtaining the NSF certification we can ensure that:

- Our products are only produced with Federal Drug and Administration (FDA) approved raw materials
- Our products have passed numerous NSF testing for material safety, design, and product performance

Supply Chain and Procurement Practices

Standards for suppliers

To promote sustainability practices across the supply chain, the Group subjects each supplier to relevant environmental and social standards. The Group adheres to ISO 9001:2015 and ISO 13485:2016 industrial standards as criteria to assess suppliers on quality management. The Group also conducts quarterly performance reviews of suppliers. Examples of the metrics that the Group subjects its suppliers and vendors to comply with includes:

- 1) Business requirements
 - All products must meet specifications required by our operations and engineering department
- 2) Environmental requirements
 - Suppliers meet all local and national environmental regulatory requirements
 - Suppliers are conscious about the energy, materials, and water usage required to produce products
- 3) Societal requirements
 - Suppliers meet all relevant labour standards
 - Suppliers meet all local and national health and safety regulatory requirements
 - Suppliers meet necessary business ethics standards

In the event a supplier has failed to meet the criteria determined by the Group, the Group will conduct an assurance review and collaborate with the supplier on methods of improvement.

In FYE 2021, the Group has identified four (4) new suppliers that have met the criteria set by the Group.

SUSTAINABILITY STATEMENT *(Cont'd)*

Supply Chain and Procurement Practices *(Cont'd)*

Promoting usage of local suppliers

The Group is actively contributing to the local economy through purchasing from local suppliers. In FYE 2021, we have managed to source 70% of materials for our operations from local suppliers.

Percentage of suppliers by type of product supply and geographical location:

Type of product supply	Local	Overseas	Total
Plastic and rubber related products	20%	12%	32%
Electronic and metal related products	24%	12%	36%
Packaging and others	26%	0%	26%
Fragrance oil	0%	6%	6%
Total	70%	30%	100%

We believe that by engaging and developing with our local suppliers we provide opportunities to increase local employment, help grow local businesses and further enhance thriving and vibrant communities. We will continuously strive to ensure that, when possible, we will locally source our goods and services.

Community investment

In terms of voluntary contributions made by the Group to enhance socio-economic benefits and create a positive social impact the Group has made the following donations during FYE 2021:

1. Tzu-Chi Foundation Malaysia, RM50,000
2. Tabung Kebajikan dan Pendidikan Yayasan Tzu Chi Malaysia, RM15,000
3. Kriyalakshmi Mandir Shree Sai Gurukul Charitable Society (KMSSG) Malaysia, RM5,000

The Tzu-Chi Foundation Malaysia is a Malaysian based non-profit organisation ("NGO") that has been donating to the "Malaysia Solidarity COVID-19 Fund" which has provided medical equipment to relevant medical beneficiaries. For Tabung Kebajikan dan Pendidikan Yayasan Tzu Chi, the Group has donated to a school dedicated to providing a comprehensive and wholesome education system to future generations. We have also donated to KMSSG Charitable Society, which is a NGO registered with the Registrar of Society Malaysia, that has been collecting funds to distribute provision packs consisting of necessities to those impacted by the pandemic.

The contributions covered multiple initiatives that are near and dear to the Group's heart. This year, the Group's community contribution efforts were centred around COVID-19 local community relief.

Environment disclosures

The Group has identified the following environmental sustainability matters as material to our business:

- Water and effluents
- Energy and emissions
- Waste (Hazardous and Non-Hazardous Waste)

The following disclosures were also guided by the materiality matrix produced through our assessments with our stakeholders.

With regards to environmental regulation, we are bound to the following local laws pertaining to environmental matters:

1. Environmental Quality Act 1974
2. Environmental Quality Clean Air Regulation 2014
3. Sewage Regulations 2009
4. Industrial Effluent Regulations 2009
5. All requirements by the Department of Environment
6. Solid Waste and Public Cleansing Act 2007

The Group is pleased to report that there were no issues of non-compliance with laws of regulations on issues pertaining to the environment in FYE 2021.

SUSTAINABILITY STATEMENT *(Cont'd)*

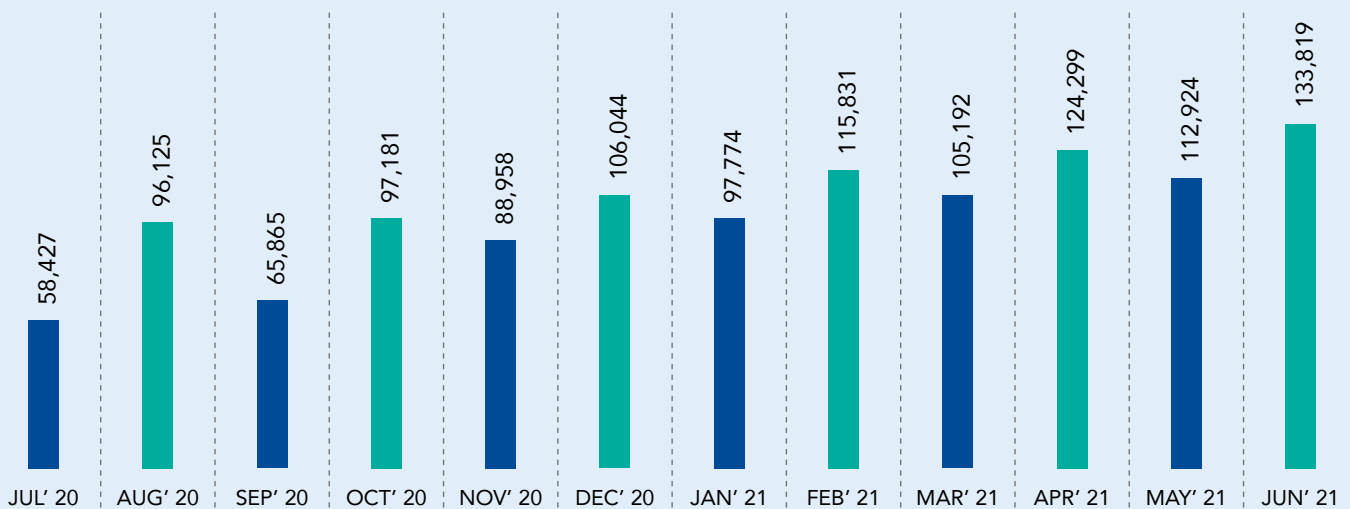
Environment disclosures *(Cont'd)*

As a SEDEX member, we adhere to the guidance for suppliers for environment assessment. We have been routinely audited on the extended environment pillar and we meet SMETA 4-Pillar's environmental assessment requirements.

Water and effluents

The Groups' main water supply is sourced from Perbadanan Bekalan Air Pulau Pinang ("PBA"). As a manufacturer, we rely on consistent water supply as a key component of our business. Water supply and usage is crucial to the Group in both the manufacturing of products, and for the sanitary needs of our employees.

TOTAL WATER USAGE FYE 2021 (M³)



We conduct regular testing of our wastewater discharge to meet regulatory requirements. In FYE 2021, there were no reported incidents of non-compliance with water quality/quantity permits, standards, and regulations.

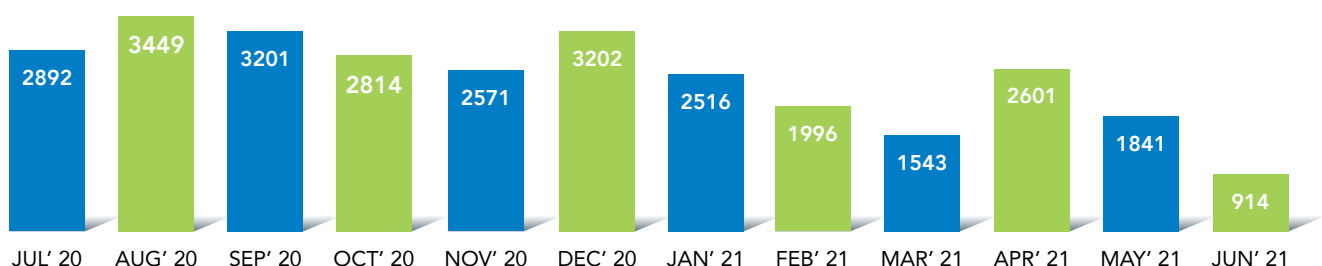
Energy and Emissions

Direct (Scope 1) GHG Emissions

The Group recognizes the importance of managing our emissions as a component of greater efficiency. Our main source of direct emissions is from transportation of our trucks. In FYE 2021, there was a significant drop in Greenhouse Gas ("GHG") emissions in March due to stricter movement controls as a result of COVID-19.

Our total direct GHG emissions through diesel and petrol consumption stood at 29,531kg CO₂e. Data was collected from our diesel and petrol usage throughout the organisation and was calculated through <http://www.greentechmalaysia.my/>.

DIRECT (SCOPE 1) GHG EMISSIONS (KG CO₂e)



SUSTAINABILITY STATEMENT *(Cont'd)*

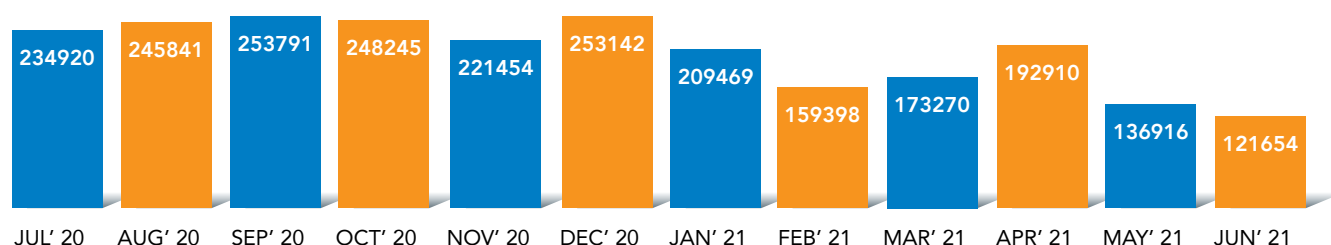
Environment disclosures *(Cont'd)*

Indirect (Scope 2) GHG Emissions

The main source of indirect emissions is from electricity usage in our business operations. The Group has undertaken the initiative of installing solar panels for future energy savings for completion by 31 December 2021. We received approval for the installation of Solar PV from the Sustainable Energy Development Authority (SEDA) Malaysia with an installed capacity of 425kWac, and we have invested approximately RM1.0million into this project. We look forward to reporting further reductions of our energy consumption in the next sustainability report.

In FYE 2021, our total indirect GHG emissions through electricity usage stood at 245,101kg CO₂e. Data was collected from our electricity usage throughout the organisation and was calculated through <http://www.greentechmalaysia.my/>.

DIRECT (SCOPE 2) GHG EMISSIONS (KG CO₂e)



Waste (Hazardous and Non-hazardous waste)

In FYE 2021, the Group produced the following hazardous wastes:

Hazardous waste code (Item)	Average monthly waste produced (kg)
SW305 (Spent Lubricant Oil)	20
SW306 (Spent Hydraulic Oil)	10
SW322 (Non-halogenated Solvents)	40
SW410 (Contaminated Rags)	200
SW409 (Contaminated Containers)	400

The Group is consistently monitoring the amount of waste produced to minimize waste production. The Group takes proactive measures to ensure that the discharge of industrial effluent is below the Permissible Exposure Limit. The Group will also ensure that the necessary steps are taken to dispose of all waste in a safe and environmentally friendly manner through engaging with contractors licensed by the Department of Environment.

In FYE 2021, the Group produced the following non-hazardous waste products:

Non-hazardous general waste item	Average monthly waste produced (kg)
Paper cartons	4,500
Plastic related products	2,400
Wooden pallet	250
General waste	2,000

For non-hazardous general waste items, the Group adopts recycling measures to reduce the pollution caused by waste (except for general waste, which is disposed of in landfills).

SUSTAINABILITY STATEMENT *(Cont'd)*

Social disclosures

The Group has identified the following social sustainability matters as important to our business:

- Diversity
- Employment practices
- Training and education
- Occupational health and safety

The following disclosures were also guided by the materiality matrix produced through our assessments with our stakeholders.

As a SEDEX member and SMETA 4 Pillars member, we are subject to stringent business ethics audits related to specific social matters. This includes a review of our labour standards and health and safety standards. Through these audits, we are able to identify relevant risk-related issues and rectify them throughout our operations.

We are also bounded by the following regulations pertaining to social practices:

1. Employment Act 1955 & Regulations
 - We do not restrict the rights of our employees to join, participate or organize trade unions
 - There is no forced or involuntary labour within the organisation
 - Our employees' wages are paid in a timely manner
 - Our working hours do not exceed 48 hours per week
 - Total working hours to not exceed 60 hours in a seven-day period
 - Sexual harassment and discrimination policies are addressed
 - The minimum wage standards are met
2. Employees Provident Fund Act
 - We fulfil our responsibilities as an employer by providing mandatory retirement contributions to our employees
3. Employees' Social Security Act 1969
 - We fulfil our responsibilities as an employer through registering and contributing to the Social Security Organisation (SOCSO)
4. Employment Insurance System Act 2017
 - We fulfil our responsibilities as an employer by contributing to the Employment Insurance System (EIS) to provide protection to workers in the event of loss of employment
5. Anti-Trafficking in Persons and Anti-Smuggling of Migrant Act 2017
 - We ensure that all migrant workers have a valid pass and permit
6. Human Rights Act 1999
 - We uphold the principles of basic human rights whereby "all human beings are born free and equal in dignity and rights"

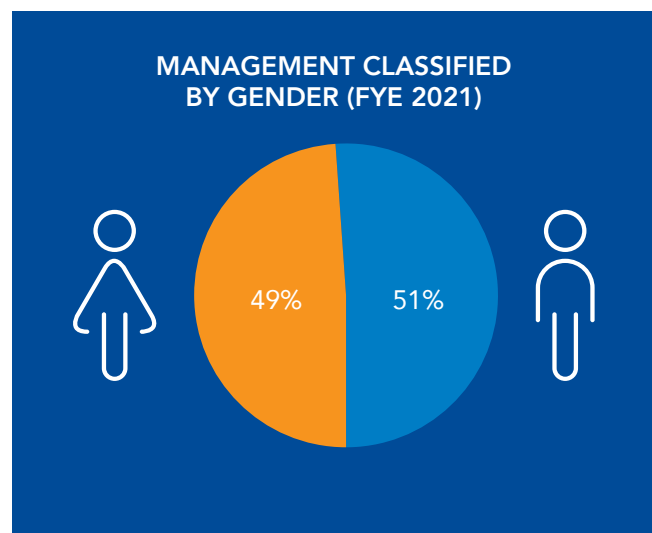
7. Children and Young Persons (Employment Act) 1966
 - We ensure that there is no hiring of child labour or young person within the organisation

The Group is pleased to report that there were no issues of non-compliance with laws or regulations on issues pertaining to the social practices in FYE 2021.

Diversity

Employees are the driving force of the Group, and everyone provides valuable insights into creating a performance driven culture that values inclusivity. The lack of female representation in management levels has been a pervasive issue globally, despite this, the Group continues to ensure that females are able to adopt management positions.

In FYE 2021, the Group is pleased to report that we have achieved gender diversity, whereby there is an even split between male and female employees. The same equal gender split is seen amongst the Management staff.



SUSTAINABILITY STATEMENT *(Cont'd)*

Employment practices

Throughout the organisation, the Group has established a Discrimination Policy, a Sexual Harassment Policy, a Grievance Policy and a Business Code of Conduct for the application of fair practices to our employees.

We believe in the importance of maintaining the wellbeing of our employees. Aligned to this, the Group offers competitive compensation and benefits to all staff.

The COVID-19 pandemic has also shed light on the importance of long-term savings for retirement. The Group provides statutory EPF contributions to employees as stipulated by the EPF Act. The Group also ensures that SOCSO and EIS payments are made on behalf of the employees as a safety net for industrial accidents. In addition to these contributions, employees also have access to the Group's Insurance Benefits.

Maternity and paternity leave are both observed in the organisation. While there is no current legislation on paternity leave, the Group is pleased to report that we do provide paternity leave to employees as stipulated by our employee handbook. Offering employees leave in the event of the birth of a child is an important benefit that provides families the opportunity to spend quality time together during a momentous occasion.

It is important to monitor employee turnover rates as an indication of employee satisfaction and to continuously ensure that we are an attractive company to potential employees. In FYE 2021, the Group reported a 5% employee turnover rate amongst permanent employees. Measuring and monitoring our employee turnover rate enables to be a competitive employer.

We strictly adhere to a zero-cost recruitment process. We bear the recruitment service charges of migrant workers such as the visa fee, airfares, security screenings and other related costs. Our policy on zero-cost recruitment is aligned to the United Nations Convention for the Protection of the Rights of All Migrant Workers and Members of their Families, and we hope that this exemplifies our commitment to protecting human rights.

A component of our employment practices includes providing our workers with accommodation at relative proximity to our offices. Our accommodations are fully equipped with amenities and facilities. All accommodation meets the standards set by Jabatan Keselamatan dan Kesihatan Pekerjaan Pulau Pinang (JKKP).



We pride ourselves in providing our workers with comfortable accommodations to ensure that they achieve both work and life satisfaction.

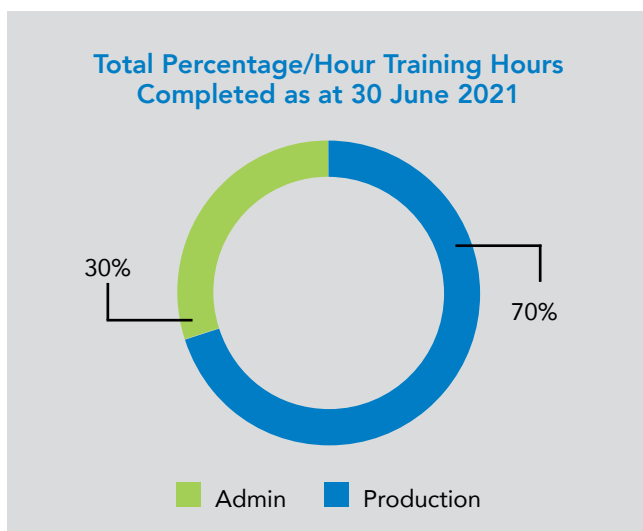
SUSTAINABILITY STATEMENT *(Cont'd)*

Training and Education

The ability to attract quality employees through employment benefits is a component of our strategy to generate quality talent. However, we also recognize the need to enhance the knowledge of our employees and provide them with avenues to upskill and continuously build better capabilities. Due to this, we provide employees with relevant training to benefit our business growth and build a robust talent pipeline.

Our training framework is designed to support all employment levels, from non-executives to senior management. The training programmes cover both governance (anti-corruption and bribery) and business specific training (CTPAT, safety). We also provide regular briefings to our employees on the operating procedures caused by the COVID-19 pandemic.

We provide equal opportunities to our staff to undergo training for further skills development. In FYE 2021, the amount of training hours completed by staff in our admin team was equal to the hours completed by the production team.



Occupational health and safety

As a response to the COVID-19 pandemic, the Group has adopted stringent precautionary measures in our daily operations to ensure that the safety needs of all employees are met. Safety measures for all staff includes:

- Increasing sanitation activities in the workplace
- Temperature checks throughout the organisation
- Wearing of face masks at all times
- Availability of hand sanitisers at the workplace; and
- Social distancing measures.

These measures were implemented to minimise contact between employees as a means of curbing the spread of the virus.

In addition to ramping up safety precautions to curb the spread of COVID-19, the Group is registered under the Ministry of International Trade and Industry's (MITI) Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS). We believe that the best long-term solution to moving forward towards some semblance of normalcy is to support the nation's immunization efforts. Through this programme, we have vaccinated all employees and although this activity was outside the bounds of our reporting period, we felt that it was a relevant topic to be covered under occupational health and safety.

For occupational health and safety purposes, the Group has implemented policies to anticipate, recognize, evaluate, and control hazards arising in or from the workplace that may be harmful to the well-being of employees. These measures comply with the Occupational Safety and Health Act 1994 for workplace health and safety requirements.

The policies relevant to occupational health and safety are governed by the Safety, Health and Environmental Committee (SHE) and the implementation is under the purview of the Emergency Response Team (ERT).

Aligned with our views on occupational health and safety, all staff have undergone health and safety training in FYE 2021. The Group is also pleased to announce that there were no work-related accidents and injuries and no lost days due to work injury.

Health and safety related to products and services

In terms of health and safety related to products and services, the Group adheres to the latest versions of ISO 9001 and ISO 13485 as a form of quality control management to demonstrate that we consistently provide products and services that meet customer and regulatory requirements.

As part of our culture of providing quality products and services to our customers, we consistently conduct annual assessments to monitor customer satisfaction. Customers are given a customer satisfaction form where they can assess performance of aspects such as delivery and quality.

The Group has an internal system to handle customer complaints. Customers are also able to issue complaints to the Group via the business development department on any issues they face regarding the products. Complaints that are unable to be resolved at the working level will be escalated to upper management. All complaints are filed and recorded with the Group's quality assurance department.

For FYE 2021, there have been no grievances received by customers related to the health and safety of our products.

SUSTAINABILITY STATEMENT *(Cont'd)*

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of RGT 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 2021 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 2021 ("FYE 2021").

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.

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 ("MD")'s role is to provide strategic business decision and implementing Board policies whereas the Chief Executive Officer ("CEO"), who is also an Executive Director, is in charge of the day-to-day operations of the business. Datuk Lim Seat Hoe (CEO) has assumed the role of MD during FYE 2021.

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 26 August 2021 and the revised Board Charter is published in the Company's website at www.rgtberhad.com.

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.

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 adopted 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

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

I **Board Responsibilities *(Cont'd)***

The Group has adopted an Anti-Bribery and Corruption Policy to comply with the Malaysian Anti-Corruption Commission Act 2009 and the new provision of Malaysian Anti-Corruption Commission Act 2018 ("MACC ACT") and any of its amendments from time to time. The Group is committed to conduct its business ethically by having procedures for prevention, deterrence and detection of fraud, bribery and all other corrupt business practices. The Company and its subsidiaries had conducted proper briefings and training to all the employees to create awareness on the Anti-Bribery and Corruption Policy as the Group are legally obliged zero-tolerance on the corruption practices.

The Board is supported by two (2) Company Secretaries, both have legal credentials, and are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 ("CA").

Further details relating to the Board Charter, Code of Ethics, Whistleblowing Policy and Anti-Bribery and Corruption 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 26 August 2021, an assessment of the effectiveness of the Board, respective Board Committee and Independence were carried out in respect of the FYE 2021. 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.

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

As at 30 June 2021

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

During FYE 2021, the Company complied with Paragraph 15.02 of the MMLR and as at 30 June 2021, there were four (4) Independent Directors out of the total of seven (7) members in the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

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

II Board Composition *(Cont'd)*

The Board size has been maintained at seven (7) members as at 30 June 2021 (6 members as at 30 June 2020). The percentage of women representation on the Board of RGTBHD was at 14% as at 30 June 2021 if compare to 17% as at 30 June 2020. The Independence element of the Board has increased from 50% (FYE 2020) to 57% (as at 30 June 2021) 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	8 / 8 [^]	100%
Datuk Lim Seat Hoe	Executive Director/CEO	7 / 7	100%
Lee Soo Ching	Executive Director	7 / 7	100%
Dato' Ong Choon Heng	Independent Non-Executive Director	8 / 8 [^]	100%
Dr. Ooi Hun Pin	Independent Non-Executive Director	8 / 8 [^]	100%
Ng Choon Keat	Executive Director	7 / 7	100%
Dato' Lim Yong Jin	Independent Non-Executive Director (Appointed on 18 January 2021)	3 / 3	100%

[^] Including an Emergency Board of Directors' Meeting held on 17 September 2020 among the Independent Directors (being the Non-interested Directors for the earlier proposed acquisition and proposed exemption) only.

Directors' Training

The training programmes or seminars attended by the Directors during FYE 2021 are as follows:-

Name of Director	Training Programmes / Seminars attended	Day spent
Dato' Ir. Low Keng Kok	Briefing and update on amendments to the Main Market Listing Requirements	1 day
Datuk Lim Seat Hoe	Share buy-back, and dealings in listing securities, closed period and insider trading	1 day
Lee Soo Ching	(i) Company Virtual, Hybrid and Physical AGM Meetings	1 day
	(ii) Share buy-back, and dealings in listing securities, closed period and insider trading	1 day
Dato' Ong Choon Heng	Malaysia Tax Budget 2021	1 day
Dr. Ooi Hun Pin	Virtual Conference Series : Audit Committee Conference 2021	1 day
Ng Choon Keat	Share buy-back, and dealings in listing securities, closed period and insider trading	1 day
Dato' Lim Yong Jin (Appointed on 18 January 2021)	Share buy-back, and dealings in listing securities, closed period and insider trading	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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

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

III Remuneration *(Cont'd)*

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 39th Annual General Meeting of the Company ("AGM") held on 17 December 2020.

On 26 August 2021, 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 40th AGM, in accordance with Sections 230 and 340 (1) (c) of the CA.

A summary of the Directors' remuneration paid or payable to all Directors of the Company and the Group FYE 2021 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	48,000	-	5,000	-	53,000
Datuk Lim Seat Hoe	-	-	-	-	-
Lee Soo Ching	-	-	-	-	-
Dato' Ong Choon Heng	30,000	-	5,000	-	35,000
Dr. Ooi Hun Pin	30,000	-	5,000	-	35,000
Ng Choon Keat	-	-	-	-	-
Dato' Lim Yong Jin (Appointed on 18 January 2021)	12,000	-	2,000	-	14,000 [^]
TOTAL	120,000	-	17,000	-	137,000

* Including working allowance paid to Executive Directors

[^] Subject to shareholders' approval at the 40th AGM

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

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

III Remuneration *(Cont'd)*

	Fees (RM)	Salaries (RM)	Bonuses, Allowances* and Other Emoluments (RM)	Statutory Contributions (RM)	Total (RM)
The Group					
Dato' Ir. Low Keng Kok	48,000	-	5,000	-	53,000
Datuk Lim Seat Hoe	-	432,000	364,900	52,944	849,844
Lee Soo Ching	-	288,000	212,914	54,784	555,698
Dato' Ong Choon Heng	30,000	-	5,000	-	35,000
Dr. Ooi Hun Pin	30,000	-	5,000	-	35,000
Ng Choon Keat	-	328,000	258,997	69,488	656,485
Dato' Lim Yong Jin <i>(Appointed on 18 January 2021)</i>	12,000	-	2,000	-	14,000 [^]
TOTAL	120,000	1,048,000	853,811	177,216	2,199,027

* Including working allowance paid to Executive Directors

[^] Subject to shareholders' approval at the 40th AGM

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 number of AC members has increased from three (3) to four (4) following the appointment of Dato' Lim Yong Jin as a member on 20 January 2021. The AC 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.

Dr. Ooi Hun Pin 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

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

II Risk Management and Internal Control Framework

The Board acknowledges its responsibilities in the risk governance and oversight functions in order to manage the overall risk exposure of the Group. The Board has formed a RMC and is currently chaired by Dato' Ong Choon Heng.

The Company has outsourced to 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 26 August 2021, the Board received assurance from the CEO and Chief Financial Officer 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 : INTEGRITY 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 39th 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 39th AGM of the Company held on 17 December 2020 (re-scheduled from 19 November 2020 to 17 December 2020 due to the Conditional Movement Control Order), 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 39th AGM was conducted by way of manual poll-voting.

At the extraordinary general meeting ("EGM") held on a fully virtual basis (Online Meeting Platform) on 3 June 2021, all members of the Board and representatives of the Management attended the meeting virtually to respond to the question raised by shareholders or proxies. Shareholders/proxies also voted at the EGM using the remote participation and electronic voting remotely.

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 29 September 2021.

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 2021 ("FYE 2021") 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 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 compliance with Code of Ethics;
- (e) Ensure the effectiveness and efficiency of operations to achieve objectives of the Group; and
- (f) 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.

The Risk Management Committee ("RMC") which is headed by Dato' Ong Choon Heng 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.

RISK MANAGEMENT

The Board has established an Enterprise Risk Management ("ERM") framework to continuously identify and evaluate all key risks faced by the Group and RMC is tasked to report to the Board. 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(Cont'd)*

RISK MANAGEMENT FRAMEWORK

Key aspects of the risk management process during the year under review were:

Risk Identification

- Identifying the sources of risk, both internal and external, the causes and consequences of the risk and the existence of controls currently in place

Risk Assessment and Evaluation

- Assessment of the likelihood and impact of the risks identified
- Evaluating the control strategies in relation to the risks

Risk Profiling Treatment Risk

- Senior Management facilitated discussion with Head of Department to assess the reasonableness of the risks identified and the appropriateness of the proposed mitigating actions.

Monitoring and Reporting

- Baseline risk profile for all risks identified and shortlisted principal risk will be presented to Board
- Report and tracking the outcome of ERM through risk register dashboard to Board and RMC

The framework is reviewed and revised as and when necessary to ensure it remains relevant and adequate to manage the Group's risks, which continue to evolve along with the changing business environment.

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:-

1. 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.

2. 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.

3. Limit of Authorities

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

4. 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.

5. 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(Cont'd)*

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

6. 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.

7. 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.

8. Anti-Bribery and Corruption Policy

Anti-Bribery and Corruption Policy is to provide procedures for the prevention, deterrence and detection of fraud, bribery and all other corrupt business practices which can lead to serious reputational damage to the Group. The Policy is applicable to the Board, Management, and all employees of the Group including the company's suppliers, contractors, subcontractors, agents or intermediary, and any other person associated with or acting on behalf of the Group. The Group is committed to conduct its business ethically with zero-tolerance on the corruption practices within the organisation.

9. 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.

10. Audits

- (a) The Board has outsourced the internal audit function to BDO Governance Advisory Sdn Bhd ("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 conducted a total of five (5) core auditable areas, covering the following business processes:-

- Procurement Management;
- General Safety & Security;
- Sales to Receipt;
- Treasury Management; and
- Management of Corporate Liability.

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 auditors conduct 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 regular 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.

- (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 audit plan and audit review memorandum are tabled annually to the AC for deliberation and approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(Cont'd)*

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

11. 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 carrying amount and "replacement values", that is the prevailing market price for the same or similar item, where applicable.

12. 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 2021, there were no major non-compliance issues encountered.

BOARD ASSURANCE AND LIMITATION

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer 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 2021 Annual Report. As set out in their terms of engagement, the procedures were performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report.

Based on review by External Auditors, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of the Listed Issuers and Practice 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, 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 2021, 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 29 September 2021.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of RGT Berhad ("RGTBHD") is pleased to present the Audit Committee ("AC" or "Committee") Report for the financial year ended 30 June 2021 ("FYE 2021").

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 AC comprise the following Directors:-

Chairman : **Dr. Ooi Hun Pin**
(Independent Non-Executive Director)

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

Dato' Ong Choon Heng
(Independent Non-Executive Director)

Dato' Lim Yong Jin
(Independent Non-Executive Director)
(Appointed on 20 January 2021)

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"].

Dr. Ooi Hun Pin (the Chairman of AC) and Dato' Ong Choon Heng 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 seven (7) meetings in the FYE 2021 including one emergency AC Meeting. Save for such emergency AC Meeting, 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
Dr. Ooi Hun Pin	7 / 7	100%
Dato' Ir. Low Keng Kok	7 / 7	100%
Dato' Ong Choon Heng	7 / 7	100%
Dato' Lim Yong Jin (Appointed on 20 January 2021)	3 / 3	100%

The meetings were held on 24 August 2020, 17 September 2020 (Emergency Meeting), 25 September 2020, 27 October 2020, 26 January 2021, 31 March 2021 and 27 April 2021.

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 2021 in the discharge of its duties and responsibilities are as follows:-

1. Financial Reporting

Except for the meeting held on 17 September 2020, 25 September 2020 and 31 March 2021, the AC reviewed the quarterly financial statements and draft audited financial statements (as the case may be), 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	Main items of the agenda of meeting(s)
24 August 2020	• Audited 4th quarter results of the Group for financial year ended 2020 ("FYE 2020"); • Draft Audited Financial Statements for FYE 2020; and • Draft Internal Audit Plan for the financial year ending 2021
17 September 2020	Variation made to the Principal Agreement entered between RGTBHD with the Vendors dated 21 August 2019 in relation to the earlier proposed acquisition
25 September 2020	Audit Committee Report and Statement on Risk Management and Internal Control
27 October 2020	Unaudited 1 st quarter results for the period ended 30 September 2020
26 January 2021	Unaudited 2 nd quarter results for the period ended 31 December 2020
31 March 2021	Draft circular in relation to the Proposed New Shareholders' Mandate for Recurrent Related Party Transaction of a revenue or trading nature
27 April 2021	Unaudited 3 rd quarter results for the period ended 31 March 2021

The quarterly financial statements for the 1st, 2nd and 3rd quarters of FYE 2021, 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 26 August 2021, the AC had also reviewed the draft audited 4th quarter financial results of FYE 2021 and the Draft audited financial statements of the Company and the Group for the FYE 2021. The Committee's recommendations were presented to the subsequent Board's meeting for approval.

2. External Audit

During FYE 2021, the Committee had on 24 August 2020 and 27 April 2021 respectively met with the External Auditors without the presence of the Executive Members.

On 24 August 2020:-

- the AC received and reviewed the Audit Review Memorandum for FYE 2020 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;
- the AC reviewed and discussed with CM on the draft Audited Financial Statements for the FYE 2020 and to recommend for the Board's approval before presentation and receipt by shareholders of the Company at the 39th AGM.

On 27 April 2021, CM tabled the Audit Plan prior to the commencement of audit of financial statements for FYE 2021, particularly, outlined the audit approach, Areas of Audit Emphasis and Accounting Standards Update to the Committee.

AUDIT COMMITTEE REPORT *(Cont'd)*

SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE *(Cont'd)*

2. External Audit *(Cont'd)*

During the meeting held on 26 August 2021, CM tabled its Audit Review Memorandum FYE 2021 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 2021 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 FYE 2021 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 40th AGM:-

- after having satisfied with its audit independence and the performance of CM throughout its course of audit FYE 2021;
- satisfied that the calibre, 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.

SUMMARY OF WORK PERFORMED BY INTERNAL AUDIT ("IA") FUNCTION

The Group currently does not have in-house internal audit department. The IA function has been outsourced to an independent professional consulting firm, BDO Governance Advisory Sdn Bhd ("BDO") 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 2021 was RM33,000.00 (for 5 Audit areas/cycles namely, Management of Corporate Liability, Procurement Management, General Safety & Security, Sales to Receipt and Treasury Management). The Committee is of the opinion that the amount spent in FYE 2021 is adequate to provide an effective internal audit function.

The Internal Auditors presented its findings together with recommendation and management action plan to the Committee for review on 24 August 2020, 27 October 2020 and 26 January 2021 respectively. On 24 August 2020, the Committee reviewed and approved the IA Plan FYE 2021 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 2021 are as follows:-

- Management of Corporate Liability;
- Procurement Management;
- General Safety & Security;
- Sales to Receipt; and
- Treasury Management

During the meeting held on 26 August 2021, the Committee had met with the Internal Auditors without the presence of the Executive Members. Internal Auditors has concluded that the staff and the Management have been providing full co-operation throughout their audit thus far and no major internal control issue the IA would require the Committee's attention.

The Committee had assessed the adequacy and effectiveness of IA Function for FYE 2021 at its meeting held on 26 August 2021 ("IA Assessment"). The AC concluded that based on the IA Assessment, the IA Function was found to be adequate.

The Committee reviewed the Statement on Risk Management and Internal Control in respect of FYE 2021 on 29 September 2021 for publication in the Annual Report 2021. Information pertaining to the Company's internal controls is shown in the Statement on Risk Management and Internal Control set out on page 38 to 41 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

On 25 November 2020, the Company announced to undertake a private placement of up to 10% of the total number of issued shares of RGTBHD ("Private Placement") to third party investor(s). The Private Placement was completed on 18 December 2020, following the listing and quotation of 40,000,000 Placement Shares on the Main Market of Bursa Securities raising RM23,400,000 for the Company. As at 30 June 2021, the summary of the utilisation of the proceeds were as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation as at 30.06.2021 RM'000	Balance as at 30.06.2021 RM'000	Intended timeframe for utilisation
Capital expenditure for capacity expansion purposes	20,000	17,558	2,442	Within 12 months from receipt of placement funds
Working capital requirements	3,327*	3,327	0	Within 12 months from receipt of placement funds
Expenses for the Private Placement	73	73	0	Immediate
	<u>23,400</u>	<u>20,958</u>	<u>2,442</u>	

Notes:-

* Include the excess funds allocated for the Expenses for the Private Placement of RM27,000 which was utilised for general working capital purposes

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 financial year ended 30 June 2021 ("FYE 2021") 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	122,000	137,500
Subsidiaries	84,815	19,700
Total	<u>206,815</u>	<u>157,200</u>

^ Non-audit fees consist of professional fee for the purpose of the earlier proposed acquisition of remaining 40% in RGTSB and taxation fees.

EMPLOYEES SHARE OPTION SCHEME

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

MATERIAL CONTRACTS

Save for the undermentioned, 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 2021:-

RGTBHD had on 21 August 2019 entered into a conditional share sale agreement ("Principal Agreement") 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 ("RGTBHD Share(s)") at an issue price of RM0.17 per RGTBHD Share to RGT Equity Holdings Sdn Bhd ("RGT Equity"), being a nominee company owned by the Vendors, subject to the terms and conditions contained in the Principal Agreement. RGTBHD and the Vendors had on 19 June 2020 mutually agreed in writing to extend the period for fulfilment of the Conditions Precedent pursuant to the Principal Agreement from 19 June 2020 to 30 June 2021.

ADDITIONAL COMPLIANCE INFORMATION *(Cont'd)*

MATERIAL CONTRACTS *(Cont'd)*

On 18 September 2020, RGTBHD entered into a supplemental share sale agreement ("Supplemental SSA") with the Vendors to amend and supplement the terms and conditions of the Principal Agreement, amongst others, a revised purchase consideration of approximately RM124,800,000 to be satisfied entirely via issuance of 283,636,363 RGTBHD Shares ("Consideration Share(s)") at an issue price of RM0.44 per Consideration Share to RGT Equity, being a nominee company owned by the Vendors, subject to the terms and conditions contained in the Principal Agreement and Supplemental SSA.

As the conditions precedent to the Principal Agreement and Supplemental SSA had not been fulfilled on its expiry date, which fell on 30 June 2021 ("SSA Expiry"), both the Principal Agreement and Supplemental SSA shall accordingly be rendered null and void.

On 6 September 2021, RGTBHD had entered into a conditional Share Sale Agreement ("SSA") with Vendors for the acquisition of the remaining 40% equity interest in RGTSB, for a purchase consideration of RM85,600,000 to be satisfied entirely via issuance of 267,500,000 new RGTBHD Shares at an issue price of RM0.32 per RGTBHD Share to RGT Equity, being a nominee company owned by the Vendors, subject to the terms and conditions contained in the SSA.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE AND TRADING NATURE ("RRPT")

The Company had obtained its shareholders' approval in an extraordinary general meeting held on 3 June 2021 for a new shareholders' mandate for RRPT between RGTSB (60%-owned subsidiary) and RGT Industries Sdn Bhd ("RISB") (70%-owned subsidiary) for the undermentioned transactions which were of a revenue or trading nature pursuant to Paragraph 10.09(1)(a) of the Main Market Listing Requirements of Bursa Securities. Details of the RRPT made during the FYE 2021 are as follows:-

Transacting Parties within the Group	Nature of RRPT	Amount Transacted during FYE 2021	Nature of Relationship
RGTSB and RISB	(i) Provision of secondary services (e.g. spray painting under cleanroom environment) from RISB to RGTSB which are complementary to our business operations.	3,650,477	1. Ng Choon Keat, a common director of RGTBHD and RGTSB. He is also a substantial shareholder and a major shareholder of RGTBHD and RGTSB respectively.
	The application of precision spray painting in a cleanroom facility serves to improve the quality of the paint finish by reducing sources of pollutant contamination and eliminating any areas of paint defects thereof.		2. Hor Lim Chee, mother of Lee Soo Ching and a director of RGTSB. She is also a common major shareholder of RGTSB and RGTBHD.
	Different techniques of spray painting such as 2k paint, high gloss finishing, Ultraviolet (UV) finishing and rubberised finishing are applied to achieve a variety of product design and development objective.		3. Lee Soo Ching, daughter of Hor Lim Chee and a common director of RGTBHD, RGTSB and RISB.
	(ii) RISB purchases the materials ie, manufactured and assembled of moulded plastic products from RGTSB.	2,010	
TOTAL		3,652,487	

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, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

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 29 September 2021.

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 2021.

Principal activities

The principal activity of the Company is that of investment holding. The principal activities and other details of the subsidiaries are disclosed in Note 7 to the financial statements.

Results

	Group RM	Company RM
Profit/(Loss) for the financial year attributable to:-		
- Owners of the Company	10,014,008	(603,351)
- Non-controlling interests	7,090,711	0
	<u>17,104,719</u>	<u>(603,351)</u>

Dividends

No dividends were recommended, declared or paid by the Company during the financial year.

In July 2021, the Company declared an interim single tier dividend of 0.6 sen per share amounting to RM3,918,707 in respect of the financial year ending 30 June 2022. The dividend was paid in August 2021.

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

During the financial year, the Company issued 75,837,500 ordinary shares pursuant to the following:-

- (i) Private placement of 40,000,000 ordinary shares at RM0.585 per share; and
- (ii) Exercise of 35,837,500 warrants at an exercise price of RM0.10 per share.

The Company did not issue any 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.

DIRECTORS' REPORT *(Cont'd)*

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.

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
Datuk Lim Seat Hoe
Dato' Ong Choon Heng
Dr. Ooi Hun Pin
Lee Soo Ching
Ng Choon Keat
Dato' Lim Yong Jin (appointed on 18.1.2021)

Directors of subsidiaries (other than directors of the Company)

Hor Lim Chee
Lam Kim Goon
See Han Liong
Tan Song Chai
Yew Chong Hooi

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			Balance at 30.6.2021
	Balance at 1.7.2020/*	Allotted/ Bought	(Sold)	
Datuk Lim Seat Hoe	17,000,000	0	0	17,000,000
Dato' Ong Choon Heng	4,100,000	0	(4,100,000)	0
Ng Choon Keat	42,500,000	0	0	42,500,000
Dato' Lim Yong Jin	*0	2,000,000	0	2,000,000

* Date of appointment

Name of director	Number of warrants over ordinary shares in the Company			Balance at 30.6.2021
	Balance at 1.7.2020	Bought	(Sold)	
Dato' Ong Choon Heng	1,000,000	0	(1,000,000)	0

Name of director	Number of ordinary shares in a subsidiary, Rapid Growth Technology Sdn. Bhd.			Balance at 30.6.2021
	Balance at 1.7.2020	Bought	(Sold)	
Datuk Lim Seat Hoe	600,000	0	0	600,000
Ng Choon Keat	1,500,000	0	0	1,500,000

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 23 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.

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.

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 2021/2022 amounted to approximately RM5,000.

Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 22 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 26 August 2021

Datuk Lim Seat Hoe

Lee Soo Ching

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 56 to 94 give a true and fair view of the financial position of the Group and the Company as at 30 June 2021 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 26 August 2021

Datuk Lim Seat Hoe

Lee Soo Ching

STATUTORY DECLARATION

I, Lee Soo Ching, being the director primarily responsible for the financial management of RGT Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 94 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
Lee Soo Ching at George Town in the State of Penang
on this 26 August 2021

Lee Soo Ching

Before me

Shamini A/P M Shanmugam
No : P157
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of RGT Berhad
198101004909 (71024-T) (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of RGT Berhad, which comprise the statements of financial position as at 30 June 2021 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 56 to 94.

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 2021, 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 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 6 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:- • 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

(Cont'd)

to the members of RGT Berhad
198101004909 (71024-T) (Incorporated in Malaysia)

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
<u>Valuation of inventories (Refer to Notes 3 and 9 to the financial statements)</u> 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.	Our audit procedures included, among others:- • Obtaining an understanding of:- • 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.
<u>Impairment of receivables (Refer to Notes 3 and 10 to the financial statements)</u> 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.	Our audit procedures included, among others:- • Obtaining an understanding of:- • 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.

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.

INDEPENDENT AUDITORS' REPORT *(Cont'd)*

to the members of RGT Berhad
198101004909 (71024-T) (Incorporated in Malaysia)

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

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

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.
- 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.

INDEPENDENT AUDITORS' REPORT *(Cont'd)*

to the members of RGT Berhad
198101004909 (71024-T) (Incorporated in Malaysia)

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and 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
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Date: 26 August 2021

Penang

Eddy Chan Wai Hun
02182/10/2021 J
Chartered Accountant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note	2021 RM	2020 RM
Non-current assets			
Property, plant and equipment	4	56,562,843	28,922,549
Right-of-use assets	5	17,783,270	12,538,343
Goodwill	6	17,147,367	17,147,367
Deferred tax assets	8	199,000	249,000
		91,692,480	58,857,259
Current assets			
Inventories	9	21,800,523	13,344,510
Receivables	10	6,503,925	17,196,772
Derivatives	11	0	7,824
Prepayments	12	3,381,488	2,320,843
Current tax assets		912,210	2,959
Cash and cash equivalents	13	56,104,807	32,027,104
		88,702,953	64,900,012
Current liabilities			
Payables	14	15,207,183	17,691,218
Term loans - secured	15	2,436,000	763,971
Lease liabilities	16	1,257,714	714,268
Derivatives	11	7,101	4,956
Contract liabilities	17	569,237	1,779,407
Current tax liabilities		0	518,334
		19,477,235	21,472,154
Net current assets		69,225,718	43,427,858
Non-current liabilities			
Term loans - secured	15	15,410,945	2,723,254
Lease liabilities	16	2,303,768	781,486
Deferred tax liabilities	8	5,337,951	5,003,311
		23,052,664	8,508,051
Net assets		137,865,534	93,777,066
Equity			
Share capital	18	78,147,586	49,351,705
Warrant reserve	19	7,006,379	8,818,511
Retained profits		17,124,379	7,110,371
Equity attributable to owners of the Company		102,278,344	65,280,587
Non-controlling interests	20	35,587,190	28,496,479
Total equity		137,865,534	93,777,066

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2021

	Note	2021 RM	2020 RM
Revenue	21	130,364,802	77,493,467
Cost of goods sold		(97,231,331)	(55,819,561)
Gross profit		33,133,471	21,673,906
Interest income		638,010	821,144
Other income		88,986	348,003
Administrative and general expenses		(14,621,994)	(12,582,002)
Finance costs		(431,575)	(235,829)
Profit before tax	22	18,806,898	10,025,222
Tax expense	24	(1,702,179)	(2,019,175)
Profit for the financial year		17,104,719	8,006,047
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		17,104,719	8,006,047
Profit for the financial year attributable to:-			
- Owners of the Company		10,014,008	4,970,878
- Non-controlling interests	20	7,090,711	3,035,169
		17,104,719	8,006,047
Comprehensive income for the financial year attributable to:-			
- Owners of the Company		10,014,008	4,970,878
- Non-controlling interests		7,090,711	3,035,169
		17,104,719	8,006,047
Earnings per share:-	25		
- Basic (sen)		1.61	0.86
- Diluted (sen)		1.35	0.77

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2021

	<u>Non-distributable</u>		<u>Distributable</u>		<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
	Share capital	Warrant reserve	Retained profits		RM	RM	RM
Balance at 1 July 2019	49,351,705	8,818,511	3,870,284		62,040,500	26,361,310	88,401,810
Issue of shares to non-controlling interests	0	0	0		0	300,000	300,000
Interim single tier dividend of 0.3 sen per share	0	0	(1,730,791)		(1,730,791)	0	(1,730,791)
Dividends to non-controlling interests	0	0	0		0	(1,200,000)	(1,200,000)
Total transactions with owners	0	0	(1,730,791)		(1,730,791)	(900,000)	(2,630,791)
Profit (representing comprehensive income) for the financial year	0	0	4,970,878		4,970,878	3,035,169	8,006,047
Balance at 30 June 2020	49,351,705	8,818,511	7,110,371		65,280,587	28,496,479	93,777,066
Issue of shares pursuant to:-							
- Private placement	23,400,000	0	0		23,400,000	0	23,400,000
- Exercise of warrants	5,395,881	(1,812,132)	0		3,583,749	0	3,583,749
Total transactions with owners	28,795,881	(1,812,132)	0		26,983,749	0	26,983,749
Profit (representing comprehensive income) for the financial year	0	0	10,014,008		10,014,008	7,090,711	17,104,719
Balance at 30 June 2021	78,147,586	7,006,379	17,124,379		102,278,344	35,587,190	137,865,534

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2021

	Note	2021 RM	2020 RM
Cash flows from operating activities			
Profit before tax		18,806,898	10,025,222
Adjustments for:-			
Depreciation of property, plant and equipment		3,469,723	2,763,272
Depreciation of right-of-use assets		1,546,534	956,432
Gain on disposal of property, plant and equipment		(15,695)	(78,994)
Interest expense		431,575	235,829
Interest income		(638,010)	(821,144)
Inventories written down		657,008	221,091
Property, plant and equipment written off		2,542	3,269
Reversal of inventories written down		(367,342)	(156,592)
Unrealised (gain)/loss on foreign exchange		(30,951)	134,308
Unrealised loss/(gain) on derivatives		7,101	(2,868)
Operating profit before working capital changes		23,869,383	13,279,825
Changes in:-			
Inventories		(8,745,679)	(4,081,821)
Receivables		10,732,964	(2,044,677)
Prepayments		692,594	(1,073,927)
Payables		(2,494,368)	7,041,540
Contract liabilities		(1,210,170)	1,733,955
Derivatives		2,868	(13,379)
Cash generated from operations		22,847,592	14,841,516
Tax paid		(2,825,401)	(2,799,216)
Tax refunded		80,277	1,999,051
Net cash from operating activities		20,102,468	14,041,351
Cash flows from investing activities			
Acquisition of property, plant and equipment	26	(32,676,123)	(2,463,122)
Acquisition of right-of-use assets	26	(3,796,801)	(407,719)
Interest received		638,010	821,144
Proceeds from disposal of property, plant and equipment		19,851	94,000
Net cash used in investing activities		(35,815,063)	(1,955,697)

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

CONSOLIDATED STATEMENT OF CASH FLOWS *(Cont'd)*

for the financial year ended 30 June 2021

	Note	2021 RM	2020 RM
Cash flows from financing activities			
Dividend paid to owners of the Company		0	(1,730,791)
Dividends paid to non-controlling interests		0	(1,200,000)
Drawdown of term loans	26	18,662,945	0
Interest paid		(431,575)	(235,829)
Issue of shares pursuant to exercise of warrants		3,583,749	0
Issue of shares pursuant to private placement		23,400,000	0
Issue of shares to non-controlling interests		0	300,000
Payment of lease liabilities	26	(1,122,763)	(660,951)
Placement of cash and cash equivalents pledged as security (net)		(52,957)	(84,128)
Repayment of term loans	26	(4,303,225)	(1,476,761)
Net cash from/(used in) financing activities		39,736,174	(5,088,460)
Currency translation differences		1,167	(10,798)
Net increase in cash and cash equivalents		24,024,746	6,986,396
Cash and cash equivalents brought forward		28,843,006	21,856,610
Cash and cash equivalents carried forward	13	52,867,752	28,843,006

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note	2021 RM	2020 RM
Non-current assets			
Investments in subsidiaries	7	59,565,850	60,348,620
Current assets			
Receivables	10	2,100,000	0
Prepayments	12	19,800	5,500
Cash and cash equivalents	13	24,302,899	1,097,503
		26,422,699	1,103,003
Current liabilities			
Payables	14	109,937	1,953,409
		109,937	1,953,409
Net current assets/(liabilities)		26,312,762	(850,406)
Net assets		85,878,612	59,498,214
Equity			
Share capital	18	78,147,586	49,351,705
Warrant reserve	19	7,006,379	8,818,511
Retained profits		724,647	1,327,998
Total equity		85,878,612	59,498,214

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

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2021

	Note	2021 RM	2020 RM
Revenue	21	1,050,000	1,800,000
Interest income		294,506	87,993
Other income		5,936	2,791,132
Administrative and general expenses		(1,953,793)	(949,844)
(Loss)/Profit before tax	22	(603,351)	3,729,281
Tax expense	24	0	(6,239)
(Loss)/Profit for the financial year		(603,351)	3,723,042
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		(603,351)	3,723,042

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2021

	Share capital RM	Non-distributable Warrant reserve RM	Distributable (Accumulated losses)/ Retained profits RM	Total equity RM
Balance at 1 July 2019	49,351,705	8,818,511	(664,253)	57,505,963
Interim single tier dividend of 0.3 sen per share (representing total transactions with owners)	0	0	(1,730,791)	(1,730,791)
Profit (representing comprehensive income) for the financial year	0	0	3,723,042	3,723,042
Balance at 30 June 2020	49,351,705	8,818,511	1,327,998	59,498,214
Issue of shares pursuant to:-				
- Private placement	23,400,000	0	0	23,400,000
- Exercise of warrants	5,395,881	(1,812,132)	0	3,583,749
Total transactions with owners	28,795,881	(1,812,132)	0	26,983,749
Loss (representing comprehensive income) for the financial year	0	0	(603,351)	(603,351)
Balance at 30 June 2021	78,147,586	7,006,379	724,647	85,878,612

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

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2021

	Note	2021 RM	2020 RM
Cash flows from operating activities			
(Loss)/Profit before tax		(603,351)	3,729,281
Adjustments for:-			
Depreciation of property, plant and equipment		0	5,625
Dividend income		(1,050,000)	(1,800,000)
Impairment loss on investment in subsidiary		788,706	5,936
Interest income		(294,506)	(87,993)
Loss on disposal of property, plant and equipment		0	4
Reversal of impairment loss on investment in subsidiary		(5,936)	(2,791,126)
Operating loss before working capital changes		(1,165,087)	(938,273)
Changes in:-			
Prepayments		(14,300)	(5,500)
Payables		(356,382)	(632,666)
Cash absorbed by operations		(1,535,769)	(1,576,439)
Tax paid		0	(6,239)
Net cash used in operating activities		(1,535,769)	(1,582,678)
Cash flows from investing activities			
Dividends received		1,050,000	1,800,000
Interest received		294,506	87,993
Net (advance to)/repayment from subsidiary		(2,100,000)	774,473
Proceeds from disposal of property, plant and equipment		0	15,000
Subscription for shares in subsidiary		0	(700,000)
Net cash (used in)/from investing activities		(755,494)	1,977,466
Cash flows from financing activities			
Dividend paid		0	(1,730,791)
Issue of shares pursuant to exercise of warrants		3,583,749	0
Issue of shares pursuant to private placement		23,400,000	0
Net repayment to subsidiary	26	(1,487,090)	(6,909)
Net cash from/(used in) financing activities		25,496,659	(1,737,700)
Net increase/(decrease) in cash and cash equivalents		23,205,396	(1,342,912)
Cash and cash equivalents brought forward		1,097,503	2,440,415
Cash and cash equivalents carried forward	13	24,302,899	1,097,503

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2021

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 principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 7.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, 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 56 to 60 together with the notes thereto cover the Company and its subsidiaries ("Group"). The separate financial statements of the Company set out on pages 61 to 64 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 in accordance with a resolution of the directors dated 26 August 2021.

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
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The Group and the Company have also early applied the Amendment to MFRS 16 *Covid-19-Related Rent Concessions* beyond 30 June 2021 which is effective for annual periods beginning on or after 1 April 2021.

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

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

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

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 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
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 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

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

2.2 Basis of consolidation *(Cont'd)*

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.6. 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.

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 2.6.

Capital work-in-progress is not depreciated. 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%
Cleanroom facility and equipment	20%
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 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Initial recognition and measurement

When the Group acts as a lessee, it recognises 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) at the commencement date. The Group has elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

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

2.4 Leases *(Cont'd)*

Initial recognition and measurement *(Cont'd)*

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

Subsequent measurement

A right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.6.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term.

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

As a practical expedient, the Group has elected not to assess whether a rent concession occurring as a direct consequence of the covid-19 pandemic is a lease modification. Accordingly, any change in lease payments resulting from such rent concession is accounted for as a variable lease payment in profit or loss.

2.5 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 2.6.

2.6 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 deferred tax assets and 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.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

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

2.8 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 2.9. 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.

2.9 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 2.15). 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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

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

2.9 Financial assets *(Cont'd)*

Impairment *(Cont'd)*

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.

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.

2.10 Financial liabilities

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

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.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

Derecognition

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

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

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

2.11 Foreign currency transactions and translation *(Cont'd)*

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.

2.12 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.

2.13 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.

2.14 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 *(Cont'd)*

for the financial year ended 30 June 2021

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

2.14 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).

2.15 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.

2.16 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.

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statement of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are deducted in reporting the related expense in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

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

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

3. Judgements and estimation uncertainty *(Cont'd)*

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 6.

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 9).

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 10).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the financial year ended 30 June 2021

4. Property, plant and equipment

Group

	Buildings RM	Cleanroom facility and equipment RM	Computer RM	Machinery RM	Motor vehicles RM	Office equipment, furniture, fittings and renovation RM	Tools and equipment RM	Capital work-in- progress RM	Total RM
Cost									
Balance at 1 July 2019	20,039,999	0	1,906,052	15,541,282	567,082	2,612,419	4,842,056	0	45,508,890
Additions	0	0	49,938	1,726,356	0	39,568	273,929	0	2,089,791
Disposals/Write-offs	0	0	(4,190)	(88,000)	(311,913)	(13,399)	(1,900)	0	(419,402)
Balance at 30 June 2020	20,039,999	0	1,951,800	17,179,638	255,169	2,638,588	5,114,085	0	47,179,279
Additions	5,306,805	11,700	470,777	4,532,957	0	1,103,852	1,084,644	18,605,980	31,116,715
Disposals/Write-offs	0	0	(8,000)	(51,833)	0	(12,462)	(7,584)	0	(79,879)
Balance at 30 June 2021	25,346,804	11,700	2,414,577	21,660,762	255,169	3,729,978	6,191,145	18,605,980	78,216,115
Accumulated depreciation									
Balance at 1 July 2019	654,045	0	1,786,004	8,950,299	476,106	1,463,189	2,564,942	0	15,894,585
Depreciation	560,610	0	109,996	1,245,716	71,896	203,507	571,547	0	2,763,272
Disposals/Write-offs	0	0	(4,190)	(87,999)	(296,908)	(10,131)	(1,899)	0	(401,127)
Balance at 30 June 2020	1,214,655	0	1,891,810	10,108,016	251,094	1,656,565	3,134,590	0	18,256,730
Depreciation	670,587	870	167,584	1,669,943	4,071	312,339	644,329	0	3,469,723
Disposals/Write-offs	0	0	(7,999)	(51,832)	0	(6,203)	(7,147)	0	(73,181)
Balance at 30 June 2021	1,885,242	870	2,051,395	11,726,127	255,165	1,962,701	3,771,772	0	21,653,272
Carrying amount									
Balance at 1 July 2019	19,385,954	0	120,048	6,590,983	90,976	1,149,230	2,277,114	0	29,614,305
Balance at 30 June 2020	18,825,344	0	59,990	7,071,622	4,075	982,023	1,979,495	0	28,922,549
Balance at 30 June 2021	23,461,562	10,830	363,182	9,934,635	4	1,767,277	2,419,373	18,605,980	56,562,843

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

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

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	2021 RM	2020 RM
Buildings	22,571,048	18,825,344
Capital work-in-progress	18,605,980	0
	41,177,028	18,825,344

Company

	Motor vehicles RM
Cost	
Balance at 1 July 2019	150,000
Disposal	(150,000)
Balance at 30 June 2020 / 30 June 2021	0
Accumulated depreciation	
Balance at 1 July 2019	129,371
Depreciation	5,625
Disposal	(134,996)
Balance at 30 June 2020 / 30 June 2021	0
Carrying amount	
Balance at 1 July 2019	20,629
Balance at 30 June 2020 / 30 June 2021	0

5. Right-of-use assets

Group

	Leasehold land RM	Buildings RM	Cleanroom facility and equipment RM	Motor vehicles RM	Total RM
Carrying amount					
Balance at 1 July 2019	11,233,164	695,167	0	1,008,894	12,937,225
Additions	0	0	0	557,550	557,550
Depreciation	(241,573)	(379,182)	0	(335,677)	(956,432)
Balance at 30 June 2020	10,991,591	315,985	0	1,230,767	12,538,343
Additions	3,469,238	1,595,971	1,337,320	0	6,402,529
Remeasurement of lease liabilities	0	388,932	0	0	388,932
Depreciation	(305,818)	(646,802)	(156,021)	(437,893)	(1,546,534)
Balance at 30 June 2021	14,155,011	1,654,086	1,181,299	792,874	17,783,270

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

5. Right-of-use assets *(Cont'd)*

The Group acquired the right to use the leasehold land as its principal place of business for 50 to 60 years. It also leases factory buildings from third parties for 1 to 5 years (2020 : 2). The rights to use the cleanroom facility and equipment and motor vehicles were acquired under hire purchase financing whereby ownership will be transferred by the end of the lease terms of 5 (2020 : 3 to 5) years.

The leasehold land has been pledged as security for credit facilities granted to the Group.

6. Goodwill

Group

	2021 RM	2020 RM
Balance at 1 July / 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 19.08% (2020 : 14.74%) 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.

7. Investments in subsidiaries

Company

	2021 RM	2020 RM
Unquoted shares - at cost	60,657,066	60,657,066
Impairment losses	(1,091,216)	(308,446)
	59,565,850	60,348,620

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2021	2020	
AKnight Resources Sdn. Bhd.	Malaysia	100%	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 dispensers, hygiene care products and plastic parts

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

7. Investments in subsidiaries *(Cont'd)*

The details of the subsidiaries are as follows:- *(Cont'd)*

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2021	2020	
RGT Industries Sdn. Bhd.	Malaysia	70%	70%	Manufacture and sale of plastic hygiene care products under cleanroom environment

Subsidiary of RGTSB

Rapid Growth Industries Sdn. Bhd.	Malaysia	60%	60%	Inactive
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8. Deferred tax assets and deferred tax liabilities

	2021 RM	Group 2020 RM
Balance at 1 July	(4,754,311)	(5,003,311)
Deferred tax expense relating to origination and reversal of temporary differences	(392,640)	(274,000)
Deferred tax assets underrecognised in prior year	8,000	0
Recognition of previously unrecognised deferred tax assets	0	523,000
Balance at 30 June	<u>(5,138,951)</u>	<u>(4,754,311)</u>
Disclosed as:-		
- Deferred tax assets	199,000	249,000
- Deferred tax liabilities	<u>(5,337,951)</u>	<u>(5,003,311)</u>
	<u>(5,138,951)</u>	<u>(4,754,311)</u>
In respect of:-		
- (Taxable)/Deductible temporary differences of:-		
- Property, plant and equipment	(2,568,951)	(3,077,311)
- Right-of-use assets	(3,297,000)	(2,294,000)
- Inventories	22,000	37,000
- Financial instruments	(1,000)	47,000
- Lease liabilities	341,000	81,000
- Unused capital allowances	15,000	1,000
- Unused tax losses	350,000	451,000
	<u>(5,138,951)</u>	<u>(4,754,311)</u>

As at 30 June 2021, the future availability of unused tax losses for which no deferred tax assets have been recognised by the Group and the Company amounted to RM14,618,000 and RM14,618,000 (2020 : RM14,618,000 and RM14,618,000) respectively. The unused tax losses can be carried forward until the year of assessment 2025.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

9. Inventories

Group

	2021 RM	2020 RM
Raw materials	13,402,910	8,077,640
Work-in-progress	1,259,253	1,890,664
Finished goods	5,369,949	1,531,918
Goods-in-transit	1,768,411	1,844,288
	<u>21,800,523</u>	<u>13,344,510</u>

10. Receivables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables	6,096,049	16,867,698	0	0
Other receivables	407,876	329,074	0	0
Amount due from subsidiary	0	0	2,100,000	0
	<u>6,503,925</u>	<u>17,196,772</u>	<u>2,100,000</u>	<u>0</u>

Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 June 2021, there were 2 (2020 : 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 RM3,438,567 (2020 : RM12,023,080). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2021 RM	2020 RM
Malaysia	1,600,871	2,087,318
United States of America	2,063,229	5,705,859
Europe	1,591,012	8,564,862
Others	840,937	509,659
	<u>6,096,049</u>	<u>16,867,698</u>

The credit terms of trade receivables range from 30 to 126 days. The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	Group	
	2021 RM	2020 RM
Not past due	5,348,861	15,642,593
1 to 30 days past due	661,529	837,520
31 to 90 days past due	85,659	387,585
	<u>6,096,049</u>	<u>16,867,698</u>

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

10. Receivables *(Cont'd)*

Trade receivables *(Cont'd)*

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.

Amount due from subsidiary

The amount due from subsidiary is unsecured, bearing interest at 3.95% per annum and repayable on demand.

11. Derivatives

Group

	2021 RM	2020 RM
Forward exchange contracts - at fair value		
- Current assets	0	7,824
- Current liabilities	(7,101)	(4,956)
	<u>(7,101)</u>	<u>2,868</u>

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 30 June 2021, the Group had contracts with financial institutions due within 1 year to deal with the following currencies at contractual forward rates:-

	2021		2020	
	To buy	To sell	To buy	To sell
Contract I	RM2,279,000	USD550,000	RM437,000	USD100,000
Contract II	<u>0</u>	<u>0</u>	<u>USD139,000</u>	<u>RM603,000</u>

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).

12. Prepayments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Prepayments for acquisition of property, plant and equipment	1,978,239	418,831	0	0
Prepayments for acquisition of right-of-use assets	525,000	331,169	0	0
Prepayments for operating expenses	878,249	1,570,843	19,800	5,500
	<u>3,381,488</u>	<u>2,320,843</u>	<u>19,800</u>	<u>5,500</u>

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

13. Cash and cash equivalents

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Highly liquid investments	49,591,711	25,347,023	24,256,817	833,740
Term deposits	3,237,055	3,184,098	0	0
Cash and bank balances	3,276,041	3,495,983	46,082	263,763
	56,104,807	32,027,104	24,302,899	1,097,503

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 term deposits have been pledged as security for credit facilities granted to the Group and are not freely available for use.

The effective interest rates of term deposits as at 30 June 2021 ranged from 1.45% to 1.85% (2020 : 1.70% to 2.85%) per annum.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and cash equivalents	56,104,807	32,027,104	24,302,899	1,097,503
Term deposits pledged as security	(3,237,055)	(3,184,098)	0	0
	52,867,752	28,843,006	24,302,899	1,097,503

14. Payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	7,768,096	12,642,227	0	0
Other payables	7,439,087	5,048,991	109,937	466,319
Amount due to subsidiary	0	0	0	1,487,090
	15,207,183	17,691,218	109,937	1,953,409

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.

Amount due to subsidiary

The amount due to subsidiary was unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

15. Term loans - secured

Group

	2021 RM	2020 RM
Term loans	17,846,945	3,487,225
Disclosed as:-		
- Current liabilities	2,436,000	763,971
- Non-current liabilities	15,410,945	2,723,254
	17,846,945	3,487,225

Term loans are secured against the leasehold land (Note 5), buildings and capital work-in-progress (Note 4).

The effective interest rates of term loans as at 30 June 2021 ranged from 2.69% to 3.19% (2020 : 4.52% to 4.72%) per annum.

Term loans are repayable over 4 to 10 years. The repayment analysis is as follows:-

	2021 RM	2020 RM
Gross loan instalments:-		
- Within 1 year	2,927,445	910,752
- 1 to 5 years	16,784,907	3,009,416
- After 5 years	0	18,308
Total contractual undiscounted cash flows	19,712,352	3,938,476
Future finance charges	(1,865,407)	(451,251)
Present value of term loans	17,846,945	3,487,225

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.

16. Lease liabilities

Group

	2021 RM	2020 RM
Gross lease liabilities:-		
- Within 1 year	1,396,302	764,136
- 1 to 5 years	2,489,460	831,566
Total contractual undiscounted cash flows	3,885,762	1,595,702
Future finance charges	(324,280)	(99,948)
Present value of lease liabilities	3,561,482	1,495,754
Disclosed as:-		
- Current liabilities	1,257,714	714,268
- Non-current liabilities	2,303,768	781,486
	3,561,482	1,495,754

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

16. Lease liabilities *(Cont'd)*

The incremental borrowing rates applied to lease liabilities as at 30 June 2021 ranged from 3.91% to 5.95% (2020 : 3.17% to 5.01%) per annum.

17. Contract liabilities

Group

	2021 RM	2020 RM
Balance at 1 July	1,779,407	45,452
Revenue recognised from opening contract liabilities	(1,779,407)	(45,452)
Excess of consideration over revenue recognised	569,237	1,779,407
Balance at 30 June	569,237	1,779,407

As disclosed in Note 2.15, 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.

18. Share capital

	No. of ordinary shares with no par value	RM
Issued and fully paid		
Balance at 1 July 2019 / 30 June 2020	576,930,356	49,351,705
Issue of shares pursuant to private placement	40,000,000	23,400,000
Issue of shares pursuant to exercise of warrants	35,837,500	5,395,881
Balance at 30 June 2021	652,767,856	78,147,586

During the financial year, the Company issued 75,837,500 ordinary shares pursuant to the following:-

- (i) Private placement of 40,000,000 ordinary shares at RM0.585 per share; and
- (ii) Exercise of 35,837,500 warrants at an exercise price of RM0.10 per share.

19. Warrant reserve

Group and Company

	No. of warrants	RM
Balance at 1 July 2019 / 30 June 2020	174,398,724	8,818,511
Exercise of warrants	(35,837,500)	(1,812,132)
Balance at 30 June 2021	138,561,224	7,006,379

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

19. Warrant reserve *(Cont'd)*

In April 2018, the Company undertook a renounceable rights issue of 348,797,448 new ordinary shares at RM0.10 per share together with 174,398,724 free new detachable warrants.

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.

20. Non-controlling interests ("NCI")

Group

	Accumulated NCI		Profit/(Loss) allocated to NCI	
	2021 RM	2020 RM	2021 RM	2020 RM
Rapid Growth Technology Sdn. Bhd. and its subsidiary	35,331,300	28,199,651	7,131,649	3,038,341
RGT Industries Sdn. Bhd.	255,890	296,828	(40,938)	(3,172)
	35,587,190	28,496,479	7,090,711	3,035,169

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
		2021	2020	
Rapid Growth Technology Sdn. Bhd. ("RGTSB")	Malaysia	40%	40%	Manufacture and sale of air freshener dispensers, hygiene care products and plastic parts
RGT Industries Sdn. Bhd. ("RGTI")	Malaysia	30%	30%	Manufacture and sale of plastic hygiene care products under cleanroom environment

Subsidiary of RGTSB

Rapid Growth Industries Sdn. Bhd.	Malaysia	40%	40%	Inactive
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NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

20. Non-controlling interests ("NCI") *(Cont'd)*

The summarised financial information (before inter-company eliminations) of the above subsidiaries is as follows:-

	RGTSB RM	RGTI RM
2021		
Non-current assets	69,223,146	3,940,243
Current assets	56,409,464	2,139,601
Current liabilities	(16,285,553)	(3,190,661)
Non-current liabilities	(21,018,809)	(2,036,215)
Net assets	88,328,248	852,968
Revenue	120,497,831	3,717,935
Profit/(Loss) (representing comprehensive income)	17,829,122	(136,458)
Net cash from operating activities	19,405,810	514,390
Net cash used in investing activities	(33,096,141)	(2,947,813)
Net cash from financing activities	13,644,314	1,566,452
Net cash outflow	<u>(46,017)</u>	<u>(866,971)</u>
2020		
Non-current assets	39,697,770	208,486
Current assets	58,628,605	954,303
Current liabilities	(19,457,786)	(34,775)
Non-current liabilities	(8,369,463)	(138,588)
Net assets	70,499,126	989,426
Revenue	67,241,511	0
Profit/(Loss) (representing comprehensive income)	7,595,852	(10,574)
Dividends paid to NCI	(1,200,000)	0
Net cash from/(used in) operating activities	14,270,614	(7,124)
Net cash used in investing activities	(2,012,071)	(44,020)
Net cash (used in)/from financing activities	(5,061,670)	999,900
Net cash inflow	<u>7,196,873</u>	<u>948,756</u>

21. Revenue

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers:-				
- Sale of goods	130,364,802	77,493,467	0	0
Other source of revenue:-				
- Dividend income	0	0	1,050,000	1,800,000
	<u>130,364,802</u>	<u>77,493,467</u>	<u>1,050,000</u>	<u>1,800,000</u>

The disaggregation of revenue by geographical areas is disclosed in Note 28. Information about other disaggregation of revenue has not been disclosed as the Group generates revenue principally from selling moulded plastic products.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

22. Profit/(Loss) before tax

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) before tax is arrived at after charging:-				
Auditors' remuneration:-				
- Statutory:-				
- Current year	144,815	108,585	60,000	45,000
- Prior year	10,000	(26,800)	5,000	(37,000)
- Non-statutory	0	152,000	0	152,000
Depreciation of property, plant and equipment	3,469,723	2,763,272	0	5,625
Depreciation of right-of-use assets	1,546,534	956,432	0	0
Employee benefits expense (Note 23)	19,522,968	14,704,719	138,865	131,040
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss	9,969	0	0	0
Fee expense for financial instruments not measured at fair value through profit or loss	73,531	84,825	141	325
Impairment loss on investment in subsidiary*	0	0	788,706	5,936
Interest expense for financial liabilities not measured at fair value through profit or loss	284,494	174,873	0	0
Interest expense for lease liabilities	147,081	60,956	0	0
Inventories written down	657,008	221,091	0	0
Lease expense relating to:-				
- Short-term leases	149,890	35,250	0	0
- Leases of low-value assets (other than short-term leases)	15,415	15,150	0	0
Loss on disposal of property, plant and equipment	0	0	0	4
Loss on foreign exchange:-				
- Realised	408,585	0	0	0
- Unrealised	0	134,308	0	0
Professional fees and disbursements for corporate exercise	456,038	422,370	456,038	422,370
Property, plant and equipment written off	2,542	3,269	0	0

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

22. Profit/(Loss) before tax *(Cont'd)*

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
and crediting:-				
Fair value gains on financial instruments mandatorily measured at fair value through profit and loss	0	16,247	0	0
Gain on disposal of property, plant and equipment	15,695	78,994	0	0
Gain on foreign exchange:-				
- Realised	0	246,164	0	0
- Unrealised	30,951	0	0	0
Interest income for financial assets measured at amortised cost	638,010	821,144	294,506	87,993
Reversal of impairment loss on investment in subsidiary**	0	0	5,936	2,791,126
Reversal of inventories written down	367,342	156,592	0	0

* Included in administrative and general expenses

** Included in other income

23. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company:-				
- Fees	120,000	116,000	120,000	116,000
- Other short-term employee benefits	1,903,677	1,834,089	18,865	15,040
- Defined contribution plans	177,217	172,263	0	0
	2,200,894	2,122,352	138,865	131,040
Directors of subsidiaries:-				
- Fees	48,000	48,000	0	0
- Other short-term employee benefits	551,270	446,600	0	0
- Defined contribution plans	67,860	52,420	0	0
	667,130	547,020	0	0
Other employees:-				
- Short-term employee benefits	15,590,553	11,138,986	0	0
- Defined contribution plans	1,236,294	920,361	0	0
- Government grants under Wage Subsidy Programme	(171,903)	(24,000)	0	0
	16,654,944	12,035,347	0	0
	19,522,968	14,704,719	138,865	131,040

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

23. Employee benefits expense (including directors' remuneration) *(Cont'd)*

The estimated money value of benefits received or receivable by directors otherwise than in cash is as follows:-

	Group	
	2021 RM	2020 RM
Directors of the Company	73,558	75,079
Directors of subsidiaries	28,125	10,550
	101,683	85,629

24. Tax expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Tax based on results for the year:-				
- Current tax	1,370,000	2,500,000	0	0
- Deferred tax	392,640	(249,000)	0	0
	1,762,640	2,251,000	0	0
Tax (over)/under provided in prior year:-				
- Current tax	(52,461)	(231,825)	0	6,239
- Deferred tax	(8,000)	0	0	0
	1,702,179	2,019,175	0	6,239

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Applicable tax rate	24.00	24.00	(24.00)	24.00
Non-deductible expenses	2.50	5.14	66.00	5.46
Non-taxable income	(0.07)	(1.49)	(42.00)	(29.50)
Tax incentives claimed	(17.06)	0.00	0.00	0.00
(Decrease)/Increase in unrecognised deferred tax assets	0.00	(5.20)	0.00	0.04
Average effective tax rate	9.37	22.45	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

25. Earnings per share

Group

The basic earnings per share is calculated by dividing the Group's profit 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:-

	2021	2020
Profit for the financial year attributable to owners of the Company (RM)	10,014,008	4,970,878
Number of shares in issue as at 1 July	576,930,356	576,930,356
Effect of shares issued	44,284,710	0
Weighted average number of shares for computing basic earnings per share	621,215,066	576,930,356
Number of shares under warrants deemed to have been issued for no consideration	121,592,862	65,399,524
Weighted average number of shares for computing diluted earnings per share	742,807,928	642,329,880
Basic earnings per share (sen)	1.61	0.86
Diluted earnings per share (sen)	1.35	0.77

26. Notes to statements of cash flows

Acquisition of property, plant and equipment

	2021 RM	Group 2020 RM
Cost of property, plant and equipment acquired (Note 4)	31,116,715	2,089,791
Cost prepaid in current year (Note 12)	1,978,239	418,831
Cost prepaid in prior year (Note 12)	(418,831)	(45,500)
Net cash disbursed	32,676,123	2,463,122

Acquisition of right-of-use assets

	2021 RM	Group 2020 RM
Cost of right-of-use assets acquired (Note 5)	6,402,529	557,550
Acquisition by means of leases	(2,799,559)	(481,000)
Cost prepaid in current year (Note 12)	525,000	331,169
Cost prepaid in prior year (Note 12)	(331,169)	0
Net cash disbursed	3,796,801	407,719

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

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

Term loans

	2021 RM	Group 2020 RM
Balance at 1 July	3,487,225	4,963,986
Drawdowns	18,662,945	0
Repayments	(4,303,225)	(1,476,761)
Balance at 30 June (Note 15)	<u>17,846,945</u>	<u>3,487,225</u>

Lease liabilities

	2021 RM	Group 2020 RM
Balance at 1 July	1,495,754	1,675,705
Acquisition of right-of-use assets	2,799,559	481,000
Remeasurement from reassessment or lease modifications	388,932	0
Payments	(1,122,763)	(660,951)
Balance at 30 June (Note 16)	<u>3,561,482</u>	<u>1,495,754</u>

The total cash outflow for leases is as follows:-

	2021 RM	Group 2020 RM
Operating activities		
Lease expense recognised in profit or loss (Note 22)	165,305	50,400
Investing activities		
Acquisition of right-of-use assets	3,796,801	407,719
Financing activities		
Interest portion of lease liabilities (Note 22)	147,081	60,956
Principal portion of lease liabilities	1,122,763	660,951
	<u>5,231,950</u>	<u>1,180,026</u>

Amount due to subsidiary

	2021 RM	Company 2020 RM
Balance at 1 July	1,487,090	1,493,999
Net cash flow changes	(1,487,090)	(6,909)
Balance at 30 June (Note 14)	<u>0</u>	<u>1,487,090</u>

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

27. Related party disclosures

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Key management personnel compensation:-				
- Short-term employee benefits	3,122,158	2,987,784	138,865	131,040
- Defined contribution plans	291,409	278,482	0	0
	3,413,567	3,266,266	138,865	131,040
Interest charged to subsidiary	0	0	37,659	566

28. 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.

Geographical information

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

	External revenue	
	2021 RM	2020 RM
Malaysia	9,764,460	9,518,437
United States of America	86,908,274	46,236,114
Europe	30,870,143	18,211,559
Others	2,821,925	3,527,357
	130,364,802	77,493,467

Major customers

For the financial year ended 30 June 2021, there was 1 (2020 : 1) major group of customers under common control that contributed 10% or more of the Group's total revenue and the total revenue generated from this major group of customers amounted to RM112,871,864 (2020 : RM59,550,848).

29. Contractual commitments

Group

	2021 RM	2020 RM
Acquisition of property, plant and equipment	21,120,000	4,271,000
Acquisition of right-of-use assets	4,725,000	2,981,000
	25,845,000	7,252,000

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

30. Financial guarantee contracts

Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions and trade suppliers for credit facilities granted to certain subsidiaries up to a total limit of RM7,204,000 (2020 : RM4,671,000). The total utilisation of these credit facilities as at 30 June 2021 amounted to RM1,204,000 (2020 : RM1,196,000). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be called at any time in the event of default by the subsidiaries.

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.10. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

31. 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 Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 30.

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 10. 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 currency transacted is US Dollar ("USD"), 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	
	2021	2020
	RM	RM
Receivables	4,361,542	14,730,680
Cash and cash equivalents	1,009,652	687,396
Payables	(3,276,079)	(5,645,418)
	2,095,115	9,772,658

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

31. Financial risk management *(Cont'd)*

Currency risk *(Cont'd)*

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.

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:-

	Increase/ (Decrease) in profit 2021 RM	Group Increase/ (Decrease) in profit 2020 RM
Appreciation of USD against RM by 2%	31,846	148,544
Depreciation of USD against RM by 2%	<u>(31,846)</u>	<u>(148,544)</u>

Interest rate risk

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

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 follows:-

	2021 RM	Group 2020 RM
Fixed rate instruments		
Financial assets	3,237,055	3,184,098
Financial liabilities	3,561,482	1,495,754
Floating rate instruments		
Financial liabilities	<u>17,846,945</u>	<u>3,487,225</u>

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

for the financial year ended 30 June 2021

31. Financial risk management *(Cont'd)*

Interest rate risk *(Cont'd)*

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 2021 RM	Increase/ (Decrease) in profit 2020 RM
Increase in interest rates by 0* (2020 : 40) basis point(s)	0	(10,601)
Decrease in interest rates by 0* (2020 : 40) basis point(s)	0	10,601

* Using standard deviation to measure interest rate volatility for the past 12 months, the Group did not foresee any reasonably possible change in interest rate at the end of the reporting period.

32. 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.

The Group considers its total equity and total interest-bearing debts 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 interest-bearing debts divided by total equity as follows:-

	Group	
	2021 RM	2020 RM
Loans and borrowings	17,846,945	3,487,225
Lease liabilities	3,561,482	1,495,754
Total interest-bearing debts	21,408,427	4,982,979
Total equity	137,865,534	93,777,066
Total capital	159,273,961	98,760,045
Debt-to-equity ratio	16%	5%

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

33. Significant events after the reporting period

On 15 July 2021, the Company declared an interim single tier dividend of 0.6 sen per share amounting to RM3,918,707 in respect of the financial year ending 30 June 2022. The dividend was paid on 16 August 2021.

LIST OF PROPERTIES

as at 30 June 2021

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 2021	Carrying amount as at 30 June 2021 (RM'000)	Date of acquisition
Registered Owner:- Rapid Growth Technology Sdn. Bhd. ("RGT")							
1032, Plot 170 & 170 A, Jalan Perindustrian Bukit Minyak, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, S.P.T Penang	Factory building and land/ Head office, manufacturing facility, warehouse and clean room	Leasehold (2067 & 2068)	17,837	9,597	12	26,832	25.05.2007
No. 1024, Lgk Perindustrian Bukit Minyak 2, Taman Bukit Minyak, 14100 Simpang Ampat, Penang	Warehouse	Leasehold (2070)	5,296	3,816	12	7,711	31.01.2020
11A, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	14	312	28.05.2007
15, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	14	312	28.05.2007
16, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	14	444	18.08.2020
17, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	14	312	28.05.2007
19, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	14	312	28.05.2007
20, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	14	446	05.10.2020
21, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	14	312	28.05.2007

LIST OF PROPERTIES *(Cont'd)*

as at 30 June 2021

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 2021	Carrying amount as at 30 June 2021 (RM'000)	Date of acquisition
Registered Owner:- Rapid Growth Technology Sdn. Bhd. ("RGT")							
39, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	14	312	11.05.2011
41, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	14	312	11.05.2011

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

ANALYSIS OF SHAREHOLDINGS

as at 30 September 2021

Total number of issued shares : 665,449,456
 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	599	0.00
100 – 1,000	246	143,964	0.02
1,001 – 10,000	1,529	8,017,399	1.20
10,001 – 100,000	1,155	42,427,532	6.38
100,001 – 33,272,471	269	356,435,501	53.56
33,272,472 and above	5	258,424,461	38.84
Total	3,249	665,449,456	100.00

WARRANTS 2018/2023

Unit of Warrants in Issue : 125,879,624

DISTRIBUTION OF WARRANTS

Holdings	No. of Holders	Total Holdings	%
1 – 99	7	222	0.00
100 – 1,000	22	9,644	0.01
1,001 – 10,000	121	750,400	0.59
10,001 – 100,000	183	7,262,150	5.77
100,001 – 6,293,980	101	42,393,120	33.68
6,293,981 and above	4	75,464,088	59.95
Total	438	125,879,624	100.00

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

as at 30 September 2021

THIRTY LARGEST ORDINARY SHARES ACCOUNT HOLDERS

Name	Shareholdings	%
1. Vertical Portal Sdn Bhd	78,000,000	11.72
2. Hor Lim Chee	68,000,000	10.22
3. Ng Choon Keat	42,500,000	6.39
4. Pahangply Holdings Berhad	35,924,461	5.40
5. Tan Song Chai	34,000,000	5.11
6. See Seng Lai & Sons Realty Sdn Bhd	27,714,817	4.16
7. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Provincial Equity Sdn Bhd	24,018,352	3.61
8. Lim Seat Hoe	17,000,000	2.55
9. CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	12,794,300	1.92
10. Citigroup Nominees (Asing) Sdn Bhd Qualifier: Exempt An For Citibank New York (Norges Bank 14)	12,620,300	1.90
11. CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: CIMB Commerce Trustee Berhad For Kenanga Growth Opportunities Fund (50154 TR01)	12,565,900	1.89
12. Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	12,527,800	1.88
13. Tokio Marine Life Insurance Malaysia Bhd Qualifier: As Beneficial Owner (TMEF)	11,330,600	1.70
14. See Teck Wah	10,903,000	1.64
15. Goodwill Hexagon Sdn Bhd	10,283,900	1.55
16. CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: CIMB Commerce Trustee Berhad - Kenanga Growth Fund	9,038,100	0.36
17. Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Lai Cheng Kuan (8058893)	8,750,000	1.31
18. Tan Ann Chee	8,500,000	1.28
19. Lim Boon Tiang	7,061,800	1.06
20. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chun Sau Chin (M02)	6,912,500	1.04
21. Teh Swee See	6,866,200	1.03
22. RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For See Han Liong	6,627,470	1.00
23. Mercsec Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chew Beow Soon	4,940,000	0.74
24. Tokio Marine Life Insurance Malaysia Bhd Qualifier: As Beneficial Owner (PF)	4,716,300	0.71
25. Lee Wai Chin	4,600,000	0.69
26. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For See Teck Wah	4,020,812	0.60
27. NGE Leasing & Credit Sdn Berhad	3,848,649	0.58
28. Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Trustees Berhad For Kenanga Syariahextra Fund (N14011960240)	3,843,100	0.58
29. See Seng Hong	3,003,000	0.45
30. Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Trustees Berhad For Kenanga Equityextra Fund (990405)	2,816,100	0.42

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

as at 30 September 2021

THIRTY LARGEST WARRANTS ACCOUNT HOLDERS

Name	Warrant holdings	%
1. Vertical Portal Sdn Bhd	39,000,000	30.98
2. Provincial Equity Sdn Bhd	17,451,826	13.86
3. Pahangply Holdings Berhad	9,538,769	7.58
4. See Seng Lai & Sons Realty Sdn Bhd	9,473,493	7.53
5. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For See Teck Wah	3,421,500	2.72
6. Khaw Seang Chuan	2,367,800	1.88
7. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For See Han Liong	1,594,530	1.27
8. Kenanga Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Mak Tian Meng	1,500,000	1.19
9. Teh Swee See	1,450,000	1.15
10. Hee Chern Wen	1,152,800	0.92
11. NGE Leasing & Credit Sdn Berhad	1,099,421	0.87
12. Tham Kin Foong (John)	1,046,100	0.83
13. Cheng Seow Fong	836,100	0.66
14. Chun Sau Chin	800,000	0.64
15. Teh Bak Heong	795,600	0.63
16. T C Holdings Sendirian Berhad	750,000	0.60
17. Gan Peoy Heng	637,800	0.51
18. Lee Chun Wah	634,000	0.50
19. RHB Capital Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Cheng Seow Fong	628,100	0.50
20. Tham Kin Yip	620,000	0.49
21. Heng Sze Siang	605,000	0.48
22. Yee Mei Yoke	570,000	0.45
23. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Qualifier: For Shankar A/L Sammantha Murthy	551,400	0.44
24. Ong Teng Leong	529,900	0.42
25. Tham Kin Leong	528,500	0.42
26. Goh Keong Teik	520,000	0.41
27. Low Chee Min	500,000	0.40
28. See Seng Hong	500,000	0.40
29. Teoh Giap Seng	484,800	0.39
30. Tham Kin Yip	484,600	0.38

ANALYSIS OF SHAREHOLDINGS (Cont'd)

as at 30 September 2021

SUBSTANTIAL SHAREHOLDERS

Name	Direct No. of shares held	%	Indirect No. of shares held	%	Notes
See Teck Wah	14,923,812	2.24	81,774,879	12.29	2,3,4,5,6,7,8 & 10
See Han Liong	6,628,100	1.00	90,070,591	13.53	2,3,4,5,6,7,8 & 9
See Seng Hong	3,003,000	0.45	45,256,420	6.80	2,5,6,7 & 8
Pahangply Holdings Berhad	35,924,461	5.40	-	-	-
Vertical Portal Sdn Bhd	78,000,000	11.72	-	-	-
Century Action Limited	-	-	78,000,000	11.72	1
Kwan Yee Fai	-	-	78,000,000	11.72	1^
Hor Lim Chee	68,000,000	10.22	-	-	-
Tan Song Chai	34,000,000	5.11	-	-	-
Ng Choon Keat	42,500,000	6.39	-	-	-

Notes for Indirect interest held through:-

Note	Name	No. of Shares held
1	Vertical Portal Sdn Bhd*	78,000,000
2	Pahangply Holdings Berhad*	35,924,461
3	See Seng Lai & Sons Realty Sdn Bhd*	27,714,817
4	Prime Forest Products (M) Sdn Bhd*	2,175,542
5	NGE Leasing & Credit Sdn Bhd*	3,848,649
6	Nanyang General Enterprises Sdn Bhd*	2,333,310
7	Nanyang Timber Industry Sdn Berhad*	2,100,000
8	Far East Navigation (Malaysia) Sdn Berhad*	1,050,000
9	See Teck Wah#	14,923,812
10	See Han Liong#	6,628,100

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

^ Deemed interest pursuant to Section 8(4) of the Act by virtue of his substantial interest in Century Action Limited

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

DIRECTORS' SHAREHOLDINGS

Name	Direct No. of shares held	%	Indirect No. of shares held	%	Notes
Dato' Ir. Low Keng Kok	-	-	-	-	-
Datuk Lim Seat Hoe	17,000,000	2.55	-	-	-
Lee Soo Ching	-	-	-	-	-
Dato' Ong Choon Heng	-	-	-	-	-
Dr. Ooi Hun Pin	-	-	-	-	-
Ng Choon Keat	42,500,000	6.39	-	-	-
Dato' Lim Yong Jin	2,000,000	0.30	-	-	-

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

as at 30 September 2021

DIRECTORS' WARRANTHOLDINGS

Name	Direct No. of unit held	%	Indirect No. of unit held	%	Notes
Dato' Ir. Low Keng Kok	-	-	-	-	-
Datuk Lim Seat Hoe	-	-	-	-	-
Lee Soo Ching	-	-	-	-	-
Dato' Ong Choon Heng	-	-	-	-	-
Dr. Ooi Hun Pin	-	-	-	-	-
Ng Choon Keat	-	-	-	-	-
Dato' Lim Yong Jin	-	-	-	-	-

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PROXY FORM



NUMBER OF ORDINARY SHARES HELD		CDS ACCOUNT NO.	
CONTACT NO.		EMAIL ADDRESS	

*I/We, _____ (NRIC / Passport No. _____)
of _____
being a Member of RGT BERHAD hereby appoint (Please tick (✓) whichever is applicable):-

☐ The following proxy(ies):-

Name	NRIC / Passport No.	Address	Proportions of my/our holdings to be represented (%)
(1)			
AND * / OR FAILING HIM*,			
(2)			
Total...			100.0%

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

AND * / OR FAILING HIM*,

☐ Chairman of the Meeting

as *my/our proxy(ies), to vote for *me/us on *my/our behalf at the 40th ANNUAL GENERAL MEETING of the Company to be held on fully virtual basis through live streaming and online remote voting from the online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC – D6A357657) provided by Boardroom Share Registrars Sdn Bhd on Monday, 29 November 2021 at 10.00 a.m. and at any adjournment thereof as indicated below:-

* Strike out whichever is inapplicable

(Please indicate with an "X" in the spaces provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)

Ordinary Resolutions		For	Against
1.	To approve the payment of Directors' Fee of RM22,000 to Dato' Lim Yong Jin for the period from 18 January 2021 until 30 November 2021.		
2.	To approve an increase of the Directors' Fee from RM117,000 to RM143,000 for the period from 1 December 2021 until the next Annual General Meeting ("AGM") of the Company.		
3.	To re-elect the following directors retiring under the respective provision of the Company's Constitution, and who being eligible, offered themselves for re-election:- Dato' Ong Choon Heng		
4.	Ng Choon Keat		
5.	Dato' Lim Yong Jin		
6.	To approve the benefits payable (excluding Directors' Fees) to Dato' Lim Yong Jin, an Independent Director up to an amount of RM4,500 from 18 January 2021 until 30 November 2021.		
7.	To approve the benefits payable (excluding Directors' Fees) to the Independent Directors up to an amount of RM20,000 from 1 December 2021 until the next AGM of the Company.		
8.	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.		
Special Business			
9.	To approve the resolution pursuant to Authority to Issue Shares.		
10.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Signed this on ___ day of _____, 2021.

Signature/Common Seal
of Member: _____



Notes:

1. The 40th AGM of the Company will be conducted on fully virtual basis through live streaming and online remote voting using remote participation and electronic voting facilities provided by Boardroom Share Registrars Sdn Bhd via its online meeting platform at <https://meeting.boardroomlimited.my>. Please refer to the Administrative Guide to members for the detailed steps on remote participation and electronic voting.
2. For the purpose of determining a member who shall be entitled to attend and vote at the 40th AGM, the Company shall be requesting the Record of Depositors as at 22 November 2021. Only a depositor whose name appears on the Record of Depositors as at 22 November 2021 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.
3. A member may appoint up to two (2) proxies in relation to the AGM, provided that he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
6. The instrument appointing a proxy shall be deposited at the Company's Share Registrar's Office at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or submitted via fax at 03-7890 4670 or emailed to bsr.helpdesk@boardroomlimited.com, not less than 48 hours before the time set for holding the AGM or any adjournment thereof. The Proxy appointment may also be lodged electronically via electronic means through the smart investor portal at <https://boardroomlimited.my>.

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AFFIX
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The Share Registrar
RGT BERHAD

Registration No. 198101004909 (71024-T)

11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan

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