



RGT Berhad
Registration No. 198101004909 (71024-T)

2022
ANNUAL REPORT

STEERING FOR
GROWTH
AND **EXPANSION**



CONTENTS

STEERING FOR GROWTH AND EXPANSION

Ranking as one of the leading integrated solution providers of Hygiene Care and Air Care in the region, alongside our newest business segment, Automation and Precision Engineering, we have since strategically reinforced our position as a vertically integrated "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.



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-First Annual General Meeting ("41st AGM") of RGT BERHAD ("the Company") will be held at Pangkor Room, Hotel Jen Penang, Jalan Magazine, 10300 George Town, Pulau Pinang, Malaysia on Friday, 18 November 2022 at 10.00 a.m. for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of Directors and Auditors thereon.
2. To re-elect the following Directors who are retiring in accordance with Clause 102 of the Company's Constitution:
 - (a) Lee Soo Ching; and Ordinary Resolution 1
 - (b) Dr. Ooi Hun Pin Ordinary Resolution 2
3. To approve the payment of Directors' Fees and benefit payable to the Independent Non-Executive Directors of the Company up to an aggregate amount of approximately RM177,000.00 from 1 December 2022 until the conclusion of the next AGM of the Company. Ordinary Resolution 3
4. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 4

AS SPECIAL BUSINESS

5. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

"THAT, subject always to the Companies Act 2016 ("the Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant government or regulatory authorities, where such approvals are required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company at any time, at such price, upon such terms and conditions, for such purposes and to such person or persons, as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. Ordinary Resolution 5

AND THAT the Directors are also empowered to obtain the approval from the Bursa Securities for the listing and quotation for the additional shares to be issued and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT pursuant to Section 85 of the Act, read together with Clause 62 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued of the Company arising from issuance of new shares pursuant to this mandate.

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. **PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")** Ordinary Resolution 6

"THAT subject to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant regulatory authorities and parties, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company on the Main Market of Bursa Securities and/or hold from upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:-

- (a) the aggregate number of ordinary shares purchased ("Purchased Share(s)") and/or held as treasury shares pursuant to this ordinary resolution shall not exceed 10% of the total number of issued shares of the Company at any point in time;
- (b) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained earnings of the Company at the time of the purchase;
- (c) the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-
 - (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM is required by law to be held; or
 - (iii) revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and / or any other relevant governmental and /or regulatory authorities (if any).

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

- (a) to cancel the ordinary shares so purchased; or
- (b) to retain the ordinary shares so purchased as treasury shares; and/or
- (c) to retain part thereof as treasury shares and cancel the remainder.

AND THAT the Board be and is hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back."

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

By Order of the Board

Ong Tze-En (MAICSA 7026537 SSM PC No. 202008003397)

Company Secretary

Penang, 18 October 2022

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes on Appointment of Proxy:

1. A proxy may but need not be a member.
2. 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.
3. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. If the appointor is a corporation this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 November 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Note on Ordinary Business:

1. **Ordinary Resolution 3** concerns directors' fees and the benefits payable to the Independent Non-Executive Directors ("INEDs") which have been reviewed by the Remuneration Committee and approved by the Board of Directors ("Board") of the Company. The directors' fees and the benefits payable are in the best interest of the Company and in accordance with the remuneration framework. The directors' fees comprised fees payable to INEDs as members of Board and Board Committees. The amount also includes a contingency sum to cater to unforeseen circumstances such as the appointment of any additional Director and/or for the formation of additional Board Committees and/or increase in directors' fees. The benefits payable comprised of meeting allowance per meeting day.
Upon approval, this will facilitate payment of directors' fees and benefits payable on current financial year basis, based on the current board size and assuming that all INEDs shall hold office until the end of the financial year. In the event the proposed directors' fees and benefits payable is insufficient (due to the enlarged board size), approval will be sought at the next AGM for additional fees to meet the shortfall. It will also authorised payment to be made by the Company on a monthly basis and/or as and when incurred. The Board is of the view that it is fair and equitable for the INEDs to be paid on a monthly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company throughout the relevant period.
Details of directors' fees for the financial year ended 30 June 2022 are enumerated under the Corporate Governance Overview Statement in the Annual Report 2022.
2. **Ordinary Resolution 5** is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give authority to the Board of Directors to issue shares and allot up to a maximum of ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.
As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the last AGM held on 29 November 2021 and which will lapse at the conclusion of the 41st AGM.
The renewal of this General Mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.
At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make announcement in respect thereof.
3. **Ordinary Resolution 6**, if passed, will allow and empower the Directors of the Company to exercise the power of the Company to purchase its own shares. The total number of shares purchased shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. This authority will, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required to be held, whichever occurs first.
Please refer to the Circular to shareholders dated 18 October 2022 for further information.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities)

No individual is standing for election as a Director at the forthcoming 41st AGM of the Company.

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

DR. OOI HUN PIN
Independent Non-Executive Director

NG CHOON KEAT
Executive Director

DATO' LIM YONG JIN
Independent Non-Executive Director

DATO' ONG CHOON HENG
*Independent Non-Executive Director
(Retired on 29 November 2021)*

AUDIT COMMITTEE

Chairman
DR. OOI HUN PIN

Member
DATO' IR. LOW KENG KOK
DATO' LIM YONG JIN
DATO' ONG CHOON HENG
(Retired on 29 November 2021)

NOMINATION COMMITTEE

Chairman
DATO' IR. LOW KENG KOK

Member
DR. OOI HUN PIN
DATO' LIM YONG JIN
DATO' ONG CHOON HENG
(Retired on 29 November 2021)

REMUNERATION COMMITTEE

Chairman
DATO' IR. LOW KENG KOK

Member
DR. OOI HUN PIN
DATO' LIM YONG JIN
DATO' ONG CHOON HENG
(Retired on 29 November 2021)

RISK MANAGEMENT COMMITTEE

Chairman
DATO' LIM YONG JIN
(Appointed on 9 December 2021)
DATO' ONG CHOON HENG
(Retired on 29 November 2021)

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

COMPANY SECRETARY

ONG TZE-EN
MAICSA 7026537 /
SSM PC NO.: 202008003397

REGISTERED OFFICE

170-09-01,
Livingston Tower,
Jalan Argyll,
10050 George Town, Penang
Tel : 604 229 4390 / 227 7762
Fax : 604 226 5860

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
Maybank 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 2022



PROFILE OF DIRECTORS

DATO' IR. LOW KENG KOK

Independent Non-Executive Chairman

Nationality / Gender / Age	Malaysian / Male / 68
Date first appointed to the Board	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.
Membership of Board Committee	1. Nomination Committee (Chairman) 2. Remuneration Committee (Chairman) 3. Audit Committee (Member)
Occupation	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 40 years of experience in management of building, infrastructural and privatization projects. He was a Director and Chairman of the Audit Committee of Universiti Teknologi Malaysia (UTM) and was also 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, Chairman of Fajarbaru Builder Group Berhad from 2016 until March 2021 and Independent Non-Executive Chairman of Fitters Diversified Berhad from 2012 until April 2022.

DATUK LIM SEAT HOE

Executive Director / Chief Executive Officer ("CEO")

Nationality / Gender / Age	Malaysian / Male / 73
Date first appointed to the Board	30 May 2018
Qualification	Datuk Lim graduated from Chung Ling High School with O-Level certificate in 1966.
Membership of Board Committee	–
Occupation	Director
Working Experience	Datuk Lim is the Executive Director & CEO of RGT Berhad ("RGTBHD" or "the Company") since 24 August 2018 with responsibility for overseeing the day-to-day operation functions and executive decisions in RGTBHD and its subsidiaries. He started his career in 1967 as sales representative. He then went on to hold other key executive positions with increasing responsibilities before joining Mizuno Corporation HK Ltd as its president in 1992. 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.



PROFILE OF DIRECTORS (CONT'D)

LEE SOO CHING

Executive Director

DR. OOI HUN PIN

Independent Non-Executive Director

Nationality / Gender / Age	Malaysian / Female / 45	Malaysian / Male / 59
Date first appointed to the Board	30 May 2018	1 August 2019
Qualification	Ms Lee graduated from Deakin University in Australia with a Bachelor of Commerce, majoring in Marketing and Business Systems Management in 2003.	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).
Membership of Board Committee	Risk Management Committee (Member)	1. Audit Committee (Chairman) 2. Nomination Committee (Member) 3. 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 also responsible on the Group's environmental, social and governance (ESG) programs in support of the Group's sustainability initiative.	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 a few other organisations before joining Avenue Securities Sdn Bhd as its Deputy Chief Executive Officer. He left Avenue Securities Sdn Bhd in 2004 to start his own business. In 2010, he joined Corton-Smith Asset Management Sdn Bhd as the Head of Investment Research before retiring in 2017 to manage his own portfolio of investments. He was the Independent Non-Executive Director, Chairman of the Audit Committee and a member of both the Remuneration and Nomination Committee of Pentamaster Corporation Berhad from 2002 until 2014.

PROFILE OF DIRECTORS (CONT'D)

NG CHOON KEAT

Executive Director

DATO' LIM YONG JIN

Independent Non-Executive Director

Nationality / Gender / Age	Malaysian / Male / 55	Malaysian / Male / 62
Date first appointed to the Board	1 August 2019	18 January 2021
Qualification	Mr. Ng completed his studies in Mechanical Engineering from Chiba University in Japan in 1992.	Dato' Lim graduated with a Bachelor of Mechanical Engineering (Hons) degree from the University of Technology Malaysia in 1983.
Membership of Board Committee	–	1. Risk Management Committee (Chairman) 2. Audit Committee (Member) 3. Nomination Committee (Member) 4. Remuneration Committee (Member)
Occupation	Director	Director
Working Experience	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.	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

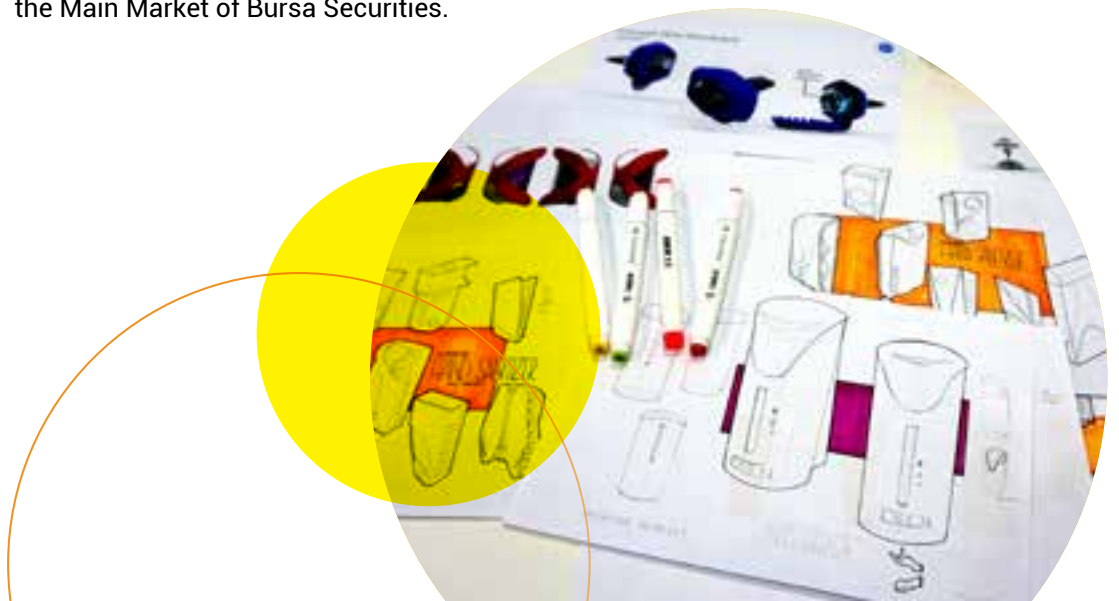
The details are disclosed on page 121 of this Annual Report.

KEY SENIOR MANAGEMENT INFORMATION

LAM KIM GOON

ONG ENG KEONG

Nationality / Gender / Age	Malaysian / Male / 51	Malaysian / Male / 49
Date first appointed to the Board	1 March 2019	1 March 2019
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 of RGTSB
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 Financial 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

YEW CHONG HOOI

Nationality / Gender / Age	Malaysian / Male / 47	Malaysia / Male / 40
Date first appointed to the Board	1 March 2019	1 July 2020
Qualification	Mr. Sehu graduated with a Bachelor of Business (Accounting & Economics) from Deakin University, Australia in 1999.	Mr. Yew completed his studies from Pantai Remis Yik Ching High School in 1999.
Membership of Board Committee	Risk Management Committee (Member)	–
Occupation	General Manager of T-Venture Industries (M) Sdn Bhd	Director of RGT Industries Sdn Bhd ("RISB")
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. In 2012, he left Intel as a Senior Accountant and joined 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.	Mr. Yew started his career as Production Spray Assistant with Hong Wei Enterprise in 2000. He resigned and joined Unifabrication Industries Sdn Bhd ("Unifabrication") in 2002 as a Production Spray Supervisor and promoted to Production Manager. His last position was Operation Manager in Unifabrication before joining RISB in 2020. He is responsible for overseeing the overall operations of RISB. He has more than 20 years' experience in secondary process (spray painting & printing).



KEY SENIOR MANAGEMENT INFORMATION (CONT'D)

KAU YOON THIAM

ONG LIANG KHENG

Nationality / Gender / Age	Malaysia / Male / 62	Malaysia / Male / 51
Date first appointed to the Board	25 October 2021	25 October 2021
Qualification	Mr. Kau completed his studies from Institute Montfort Boys Town in 1981.	Mr. Ong graduated from VTAR Institute (formerly known as JayaDiri Institute of Technology) with a Certificate in Electronic and Electrical Engineering in 1992.
Membership of Board Committee	–	–
Occupation	Managing Director of Top Degree (M) Sdn Bhd ("TDSB")	Deputy Managing Director of TDSB
Working Experience	Mr. Kau started his career as a Machinist with Matsushita Electric Company (M) Bhd in 1981 and subsequently joined various companies such as Hewlett-Packard before leaving to co-found TDSB with his other partners. He was then appointed as the Managing Director of TDSB where he oversees the operations of TDSB. He has more than 40 years' experience in Precision Engineering and Automation machinery.	Mr. Ong started his career as a Technician with KESP Sdn Bhd in 1992. He left in 1998 before joining Intel Technology Sdn Bhd as a General Service Support Engineer. In 2001, he joined ZV Technology Sdn Bhd as a Sales and Service Manager. He left the company in 2003 and set up various companies to supply general automation parts and components He joined TDSB in 2014 as a Sales Director and he is responsible for overseeing the sales and marketing of TDSB. He is promoted to Deputy Managing Director of TDSB on 1 August 2022.



KEY SENIOR MANAGEMENT INFORMATION (CONT'D)

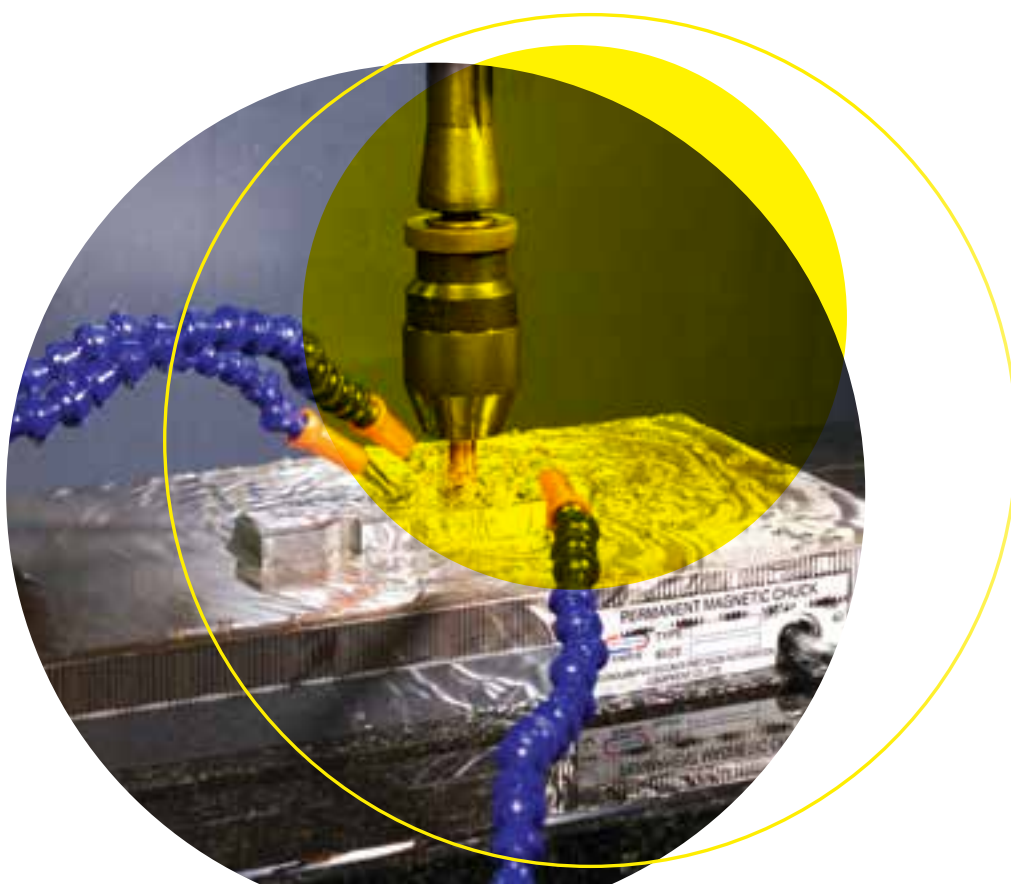
OOI SWANG KIEAT

Nationality / Gender / Age	Malaysia / Male / 44
Date first appointed to the Board	4 January 2022
Qualification	Mr. Ooi completed his studies from Vocational School in 1995.
Membership of Board Committee	–
Occupation	Managing Director of Keenness Precision Engineering Sdn. Bhd. ("KPSB")
Working Experience	Mr. Ooi started his career as Wire Cut Machinist with K-Tool Engineering Sdn Bhd in 1995 and subsequently joined Indah Tool Sdn Bhd as a Wire Cut Supervisor. He left Indah Tools Sdn Bhd in 2012 and he co-founded KPSB with his other partner. He was then appointed as Managing Director of KPSB where he oversees the overall operations of KPSB. He has more than 20 years' experience in High Precision Engineering Industry.

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 ("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 2022 ("FYE 2022").

The COVID-19 pandemic created significant disruptions to the worldwide supply chain which resulted in slowdown of the global economy. During the year, many countries have transitioned from the pandemic to the endemic phase and the global economy has started to revive. However, the Russia/Ukraine conflict hindered the global growth with the increase in energy prices and this aggravated inflationary pressures. To counter the inflation, most central banks hiked up interest rates, which slowed down their economic conditions. RGTBHD was not spared from experiencing this slower demand in its core products. Despite these challenges, the Group achieved a profit attributable to owner of RM10.00 million.

PERFORMANCE AND OPERATIONAL REVIEW

The Group achieved a revenue of RM121.2 million in FYE 2022, a drop of RM9.2 million or 7% from a revenue of RM130.4 million in FYE 2021. The decrease in revenue was mainly due to weaker demand for Hygiene Care Products this year. As a result, the Group reported a basic earnings per share of 1.25 sen for FY2022.

A higher Administrative and General Expenses were incurred during the year as there was RM1.2 million of non-recurring professional fees incurred on the acquisition of its subsidiaries as part of this year's corporate exercises. Nevertheless, the Group's financial position remains strong with a net current asset of RM40.0 million.

Throughout the year, the Group maintained its focus on cost management in order to ensure operational efficiency, remain competitive, and generate reasonable results in the presently challenging business environment.

CORPORATE DEVELOPMENT

Before venturing into the Automation and Precision Engineering segment ("APE"), RGTBHD's business portfolio only relies on a single business segment, Original Design Manufacturer ("ODM") for the Hygiene and Air-Care industry. As the Corporate Strategy is for Growth and Expansion, the Group carried out the following Corporate Exercises:-

- 1) On 1 October 2021, 70% of Top Degree (M) Sdn Bhd ("TDSB") was acquired for a cash consideration of RM14.00 million.
- 2) On 3 January 2022, 70% of Keenness Precision Engineering Sdn Bhd ("KPSB") was acquired for a cash consideration of RM9.80 million.
- 3) On 25 January 2022, the Group acquired the remaining 40% of Rapid Growth Technology Sdn Bhd ("RGTSB") shares for a consideration of RM85.60 million which was satisfied entirely via the issuance of 267,500,000 shares of RGTBHD.
- 4) On 29 April 2022, the Group has completed the acquisition of the remaining 30% of RGT Industries Sdn Bhd ("RISB") shares for a cash consideration of RM4.50 million.

TDSB and KPSB's acquisitions enabled RGTBHD to increase its customer base (from Hygiene and Air-Care customers) to include those from other industries such as Hard Disk Drive, Semiconductor and Medical. It also empowers the Group to expand its manufacturing segments and at the same time, leverage on these companies' current and prospective customer base and network.

We believe that the acquisitions will contribute positively to RGTBHD's future earnings and shareholder value.

PROSPECTS

RGTBHD's Strategy is to seize opportunities that may arise once the Global Economic problems from the COVID-19 pandemic subsides. In this regard, we expanded the total production floor space by more than 3 times, invested in new machineries/ equipment, to enhance both the financial strength and production capabilities of our business segments, ie. ODM and APE segment.

CHAIRMAN'S STATEMENT (CONT'D)

Currently, we are inundated with many requests for quotations ("RFQ") from potential customers whom have started to diversify into South East Asia to enhance their global supply chain. We have also made travel arrangements to visit our potential and existing customers from United States of America and Europe as most of the countries have re-opened their borders to international travellers.

We are optimistic about the Future Prospect of the Group as all our capacity expansion and investments had been completed and our added capacity will allow us to accept any new orders.

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 to building a sustainable business that delivers value for all shareholders and stakeholders especially employees, our business partners, society, and the environment. In ensuring the 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

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

ACKNOWLEDGEMENT

I would like to take this opportunity to extend my sincere thanks to all my fellow Board members for their invaluable contributions.

On behalf of the Board, I would like to express our appreciation to Dato' Ong Choon Heng, who has retired from the Board, for his invaluable contribution and guidance.

I would like to further express my gratitude to our CEO, Datuk Lim Seat Hoe and Executive Directors, for their commitment in leading and motivating the Group towards achieving a reasonable set of results despite a challenging year.

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

Lastly, I wish to extend our heartfelt thanks to the dedicated management team and staff for their commitment and hard work for the Group.

DATO' IR. LOW KENG KOK
CHAIRMAN



MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL PERFORMANCE

For the financial year ended 30 June 2022 ("FYE 2022"), RGT Berhad ("RGTBHD" or the "Group") achieved a revenue of RM121.2 million with a Profit Before Tax of RM13.8 million.

Financial Result	FYE 2022 RM' million	FYE 2021 RM' million	RM' million	Variance %
Revenue	121.2	130.4	(9.2)	(7%)
Gross Profit ("GP")	31.1	33.1	(2.0)	(6%)
Profit Before Tax ("PBT")	13.8	18.8	(5.0)	(27%)
Profit After Tax ("PAT")	11.8	17.1	(5.3)	(31%)
Profit Attributable to Owners	10.0	10.0	0	0%

Revenue for the FYE 2022 decreased by 7% compared to the previous financial year mainly due to lower demand for hygiene care products. Nevertheless, the Gross Profit Margin for both years were consistent at approximately 25%.

However, the Group's PBT fell from RM18.8 million in FYE 2021 to RM13.8 million in FYE 2022. This was due to higher Administrative and General Expenses of approximately RM3.0 million in FYE 2022. This included Non-Recurring Expenses like professional fees of RM1.2 million which were charged out after completion of the acquisition of the 4 subsidiaries.

As at 30 June 2022, the Group's financial position remains strong with net current assets of RM40.0 million, while total assets increased by 31% to RM236.1 million. The Group's cash and cash equivalents decreased to RM30.3 million (FYE 2021: RM56.1 million) as the Group used RM28.3 million cash to acquire 70% of its newly owned subsidiaries in the Automation and Precision Engineering segment, Top Degree (M) Sdn Bhd ("TDSB") and Keenness Precision Engineering Sdn Bhd ("KPSB") and acquired the 30% remaining shares in RGT Industries Sdn Bhd ("RISB").

Capital Expenditure ("CAPEX")

During the year, the Group invested RM47.4 million in CAPEX, increasing and enhancing its production capacity and capabilities, adding new machineries and expanding the production floor space.

In June 2022, TDSB moved from its previous factory on Penang Island to Bukit Minyak Industrial Park, thus increasing its production built-up area by more than 3 times, in anticipation of future business growth. Similarly, RISB's precision spray-painting and printing business also set up new production facilities with the expansion of new cleanrooms complete with 2 robotic spray-painting systems. The new robotic spray-painting systems will enable a smoother, more consistent finishing while significantly reducing production time and wastage.

This CAPEX is partly financed with internally generated cash while the rest are through bank borrowings. As a result, the Group's total borrowings increased to RM54.0 million as at 30 June 2022 (FYE 2021: RM17.9 million).

BUSINESS OVERVIEW

The Group's subsidiaries are involved in the following two business segments, namely:

- Original Design Manufacturer ("ODM")
- Automation and Precision Engineering ("APE")

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Original Design Manufacturer

The Group has been expanding its services as an ODM for Hygiene Care and Air Care Products while still manufacturing products based on the product designs 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 in Hygiene Care and Air-Care products. With its internal R&D division, the Group can leverage on its accumulated technical expertise to collaborate with its customers beginning from the ideation stage, and product design and development until the commercialization of the product. Part of our strength stem from integrating different auto sensor technologies that are able to dispense liquids such as soaps and sanitizers efficiently.

Automation and Precision Engineering

The Group ventured into the APE segment after acquiring TDSB and KPSB. This segment provides an Integrated Automation Solution (complete machine equipment assembly with software integration), including a strong in-house capability to design and fabricate High Precision Machining Parts and Components. These 2 companies will enable the Group to provide a more comprehensive suite of offerings from the manufacturing of High Precision machining parts and components to the designing, building, and commissioning of automated systems that are "Build to Requirements" to industries such as Hard Disk drives, Semiconductors and Medical.

Going forward, we believe that there is a healthy demand for our products across all segments.

FUTURE DIRECTION

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

We have developed a solid reputation as a reliable partner in providing one-stop solutions. We design, innovate, and manufacture quality products for global customers with high quality requirements and service expectations.

Management's main focus and aim is to realise and deliver the Group's potential and enhance our shareholder value through innovation, development, and production and delivery of quality products and services.

RISK MANAGEMENT

Foreign Exchange Risks

The Group is exposed to foreign exchange risk arising mainly from the US Dollar which is the main currency used for the export/import of goods. The Group is subject to currency risks as it is pre-dominantly an export-based entity. Any movements in US Dollar against Ringgit Malaysia may affect the financial performance of the Group. To mitigate this risk, the Group uses a forward exchange contract to hedge its foreign currency risk that is 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 players and the emergence of potential new players. Customers' demand may fluctuate periodically and may affect the Group's ability to operate at optimum capacity and thus enjoy optimal cost benefits in certain periods. Management seeks to limit this risk through prudent financial policies and the continuous review of operations to improve efficiency.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

FUTURE OUTLOOK AND PROSPECTS

Management is optimistic about securing more business due to the global economic recovery from COVID-19 Pandemic, the US-China trade war, and the opportunities arising from multinational companies diversifying into South East Asia to strengthen their future supply chain. Meanwhile, the Group will continue to invest in research and product development as well as enhancing its manufacturing capabilities further to be even more competitive, agile, and resilient.

Management believes that demand for all its segments will continue on a uptrend.

DIVIDENDS

No dividend has been declared for the financial year under review.

CONCLUSION

The Management hopes that this Annual Report will help investors to make informed investment decisions and give shareholders a better understanding of the Group's business operations and financial performance.

The Management Discussion & Analysis was made in accordance with a Board resolution dated 28 September 2022.

SUSTAINABILITY STATEMENT

RGT Berhad and its subsidiaries ("the Group") are presenting the Sustainability Statement ("this Statement") to include disclosures on the governance structure which we have put in place to manage the Environmental, Social and Governance programmes ("ESG"). The Board of Directors' ("Board") is committed to build 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 Factors, and
- (iv) To strive for good governance.

As in previous year, we have prepared this Statement in compliance with Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("Bursa Securities") which is guided by Bursa Securities updated Sustainability Guide and Toolkits and in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") Core Option. We have also mapped our sustainability approach with the 17 Sustainable Development Goals ("SDGs") which were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

We consider the principles of stakeholders' inclusiveness, sustainability context, materiality and completeness in preparation for this report.

1. Stakeholders' inclusiveness

The Group aims to demonstrate our willingness to engage with 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.

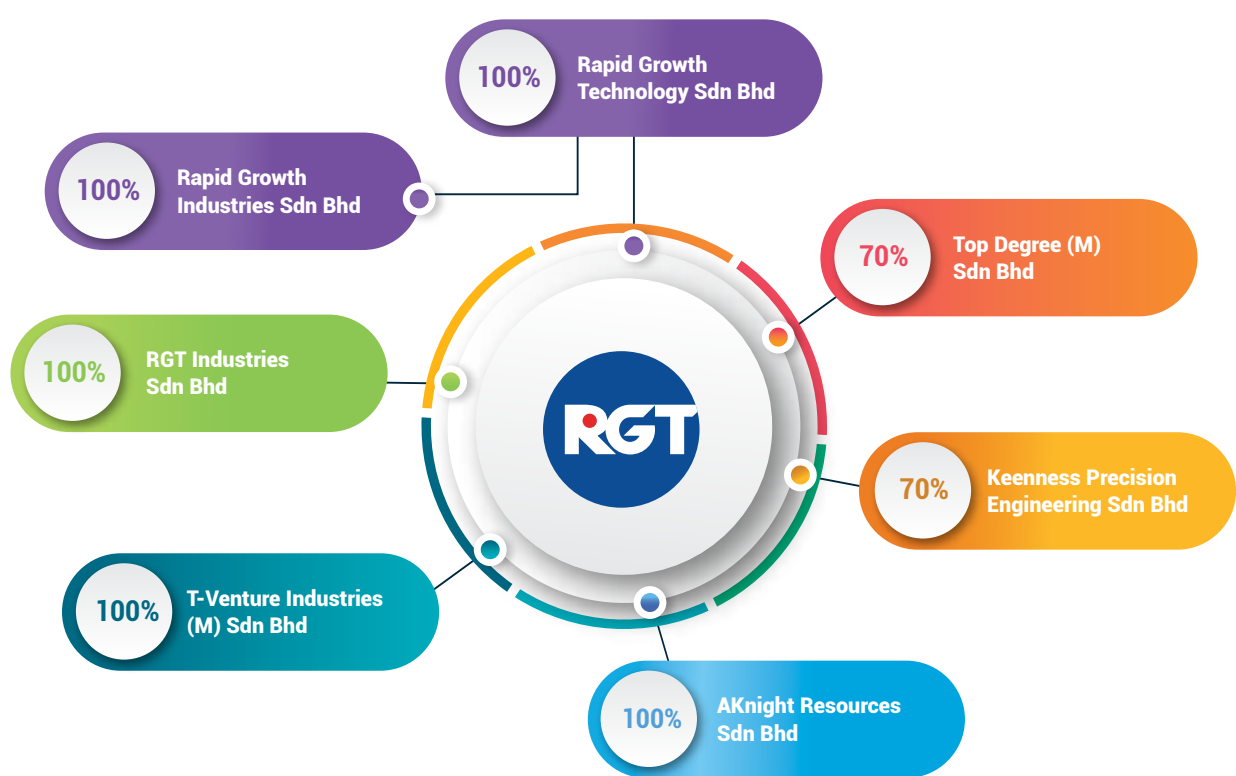
3. Materiality

This statement shall reflect the Group's significant ESG 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 Group's ESG impact. This allows readers to assess the Group's sustainability performance during the reporting period.

SUSTAINABILITY STATEMENT (CONT'D)



OUR CORPORATE STRUCTURE

The information in this Statement includes the reporting period from 1 July 2021 to 30 June 2022. The scope and boundary of this Statement covers the Group's business operation in Malaysia. Where possible, information from previous years have been included to provide comparative data.



SUSTAINABILITY STATEMENT (CONT'D)

The Group

The Group's main activities are mainly from the Original Equipment Manufacturer ("OEM") and Original Design Manufacturer ("ODM"). It has more than 20 years of experience and one of the leading integrated solution providers of Hygiene Care and Air Care in the region with products such as soap, sanitiser and fragrance dispensers.

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.

We provide value-added services in the form of product design in Hygiene Care, Air Care and Medical Product segments. Through in-house Research and Development (R&D) efforts, the Group assist 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.

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 the 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.

For any queries, please contact our Executive Director, Ms Lee Soo Ching at info@rgt.com.my or +604-501 3990

CORPORATE VALUES

Responsible Organisation

- We practise good governance while safeguarding the interests of our stakeholders, employees, and environment.

Aim to Exceed Expectations

- We strive to excel and to consistently exceed our customers' expectations.

Partnership with Customers and Suppliers

- We work synergistically with our suppliers to source for high quality materials sustainably.

Innovative

- We push ourselves to come up with the most innovative ideas and turn them into solutions.

Dynamic and Dedicated

- We have a dynamic and dedicated team that is ever ready to meet the challenges of the business environment.

SUSTAINABILITY STATEMENT (CONT'D)

LEADERSHIP TEAM

The Board of Directors are led by Dato' Ir. Low Keng Kok, with the support from the Executive Directors and Independent Non-Executive Directors.

DATO' IR. LOW KENG KOK

*Independent Non-Executive
Chairman*

DATUK LIM SEAT HOE

*Executive Director /
Chief Executive Officer*

LEE SOO CHING

Executive Director

DR. OOI HUN PIN

*Independent Non-Executive
Director*

NG CHOON KEAT

Executive Director

DATO' LIM YONG JIN

*Independent Non-Executive
Director*

KEY HIGHLIGHTS OF 2022



**MALAYSIA
@ SEMICON SEA 2022
21-23 JUNE 2022**

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY APPROACH

Sustainability is guided by the Sustainability Framework which support the Group's Vision and Mission. The efforts taken are guided by the sustainability material matters identified through the materiality assessments that were carried out. The Sustainability Framework sets out the Group's approach to sustainability, defines how sustainability is carried out in line with the sustainability strategies, reporting performance and stakeholder engagement.

SUSTAINABILITY GOVERNANCE

Our sustainability strategy is driven by the Board of Directors and is executed by 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 operationalisation 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. ”

Board of Directors

- Responsible for sustainability strategies.
- Ensure goals are met through sustainable manner integrated into business operations.

Sustainability Working Committee

- Chaired by Executive Director, Ms Lee Soo Ching supported by HOD.
- Setting and oversees the implementation of sustainability strategies.
- Evaluates overall sustainability related risks and opportunities.
- Responsible to ensure proper implementation of sustainability initiative are being carried out throughout the Group.

Head of Departments

- Various functions within the Group such as Human Resources ("HR"), Finance, Business Development, Supply Chain, Warehouse, Quality Control and Productions.
- Monitoring of sustainability initiatives.
- Reporting on the performance of processes and controls associated with managing the sustainability matters.

STAKEHOLDER ENGAGEMENT

The Group's stakeholders refer to groups or individual who business activities impact the Group and/or who are impacted by our business operations. The Group interacts with various stakeholders via certain communication channels, as part of our business operations. Stakeholder engagement is an important practice to help the Group to better understand challenges and concerns faced by the various groups. It will also help the Group to obtain business insights to improve overall business outcomes and strengthen our working relationships.

Stakeholder Engagement, as a business function and focus area fall under the purview of various departments and subsidiaries within the Group, depending on the nature of the engagement and its purpose. The table below provides an overview of the various engagements with stakeholders and their frequency.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

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

SUSTAINABILITY STATEMENT (CONT'D)

Materiality Assessment

In FYE 2022, the Group conducted an assessment exercise with various stakeholders including management, employees, customers, suppliers, and community partners. Based on this engagement, a range of ESG 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 to enhance future decision making.



Identification of Material Matrix

The materials topics were identified based on the value and impact to the Group, as well as our stakeholders and group them in the following manners.

Environment	Social	Governance
Energy and GHG Emissions	Local Communities Engagement	Economic Performance
Waste and Effluent	Employee Welfare and Engagement	Corporate Governance and Ethical Practices
Water Management	Occupational Health and Safety	Innovation and Product Excellence
Supply Chain management	Diversity and Equal Opportunity	
Procurement Practices	Training and Education	
Environmental compliance	Human Rights	
	Product Quality and Safety	

SUSTAINABILITY STATEMENT (CONT'D)

Material Sustainability Matters	GRI Standards Specific Topics	UN SDGs
Environmental Compliance	GRI 307: Environmental compliance	   
Energy and GHG Emissions	GRI 302: Energy 2016 GRI 305: Emissions 2016	    
Waste and Effluent	GRI 306: Waste 2020	    
Water Management	GRI 303: Water and Effluents 2018	 
Supply Chain Management	GRI 204: Procurement practices GRI 308: Supplier environmental assessment GRI 414: Supplier social assessment	 
Local Communities Engagement	GRI 203: Indirect Economic Impacts 2016 GRI 413: Local Communities 2016	   
Employee Welfare and Engagement	GRI 403: Occupational Health and Safety 2018	  
Occupational Health and Safety	GRI 403: Occupational Health and Safety 2018	  
Diversity and Equal Opportunity	GRI 401: Employment 2016 GRI 405: Diversity and Equal Opportunity 2016	  
Training and Education	GRI 404: Training and Education 2016	  
Human Rights	GRI 406: Non-Discrimination 2016 GRI 407: Freedom of Association and Collective Bargaining 2016 GRI 408: Child Labour 2016 GRI 409: Forced or Compulsory Labour 2016 GRI 412: Human Rights Assessment 2016	  
Product Quality and Safety	GRI 416: Customer health & safety 2016 GRI 417: Marketing & labelling	 
Economic Performance	GRI 201: Economic Performance 2016	 
Corporate Governance and Ethical Practices	GRI 205: Anti-Corruption 2016	
Innovation and Product Excellence	GRI 203: Indirect Economic Impacts 2016	   

SUSTAINABILITY STATEMENT (CONT'D)

ETHICS AND INTEGRITY

As indicated in the Code of Conduct and Ethics, in the RGT Employee Handbook, the Group expects each and every employee to give their fullest attention, dedication and efforts to their duties to the Group, when dealing with our stakeholders. The Group shall maintain a high standard of sustainable business practices, based on the company core values.

In the event that anyone wish to report a misconduct or violation of any laws, rules, regulations or provisions in our Code of Conduct and Ethics, they can do so by sending the disclosure via email to whistleblowing@rgt.com.my.

For further information on the Group's Corporate Governance, please visit: <https://rgtberhad.com/corporate-governance/>.

Anti-Bribery and Corruption ("ABC")

The Group is committed to conduct its business ethically by having procedures for the prevention, deterrence and detection of fraud, bribery and all other corrupt business practices by adopting this ABC Policy. The Group maintains a zero-tolerance policy for bribery, fraud and corruption, and will 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 evaluates and manages corruption-related risks in an interval as appropriate. The head of each business unit analyses corruption risk related to fraud, bribery and corruption on needed basis. The Group considers its business processes and focuses on those that are prone to bribery and corruption risk and carefully assesses existing controls and procedures in these areas. The ABC compliant unit will look into areas such as procurement, payment, sales, charity, sponsorship, business gifts and hospitality and interaction with business partners, government officials and suppliers.

All employees were to attend briefing on Anti-Bribery & Corruption briefing when they first joined the company. 100% of our employees has completed our annual ABC training in April 2022.

Whistleblowing

The Group implement policies and procedures on whistleblowing for stakeholders of the Group to report genuine concerns or allegations about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group. We hope to achieve transparent, effective and clear communication in our organisation. More information about our whistleblowing policy can be found at <https://rgtberhad.com/corporate-governance/>.

The whistle-blower may raise concerns by describing the misconduct and attaching relevant supporting documents and other audio and visual evidence, and submitting them to whistleblowing@rgt.com.my.

The Group is also pleased to report that in FYE 2022, there have been no legal cases regarding corrupt practices or anti-competitive behaviour brought against the Group and our employees.

SUSTAINABILITY STATEMENT (CONT'D)

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

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



National Sanitation Foundation ("NSF") International Certification

As a preferred ODM and OEM, it is of utmost importance that our products are safe for public usage. We believe in the importance of ensuring that all our food equipment products 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 are ensured 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



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 minimising 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

SUSTAINABILITY STATEMENT (CONT'D)



SUPPLY CHAIN AND PROCUREMENT PRACTICES

The Group endeavours to act ethically and requires the suppliers to conduct their businesses within the same ethical framework. Our Code of Conduct and Ethics includes a commitment to treat the employees in a way that ensures equal opportunities.

The Group recognises that our operations can probably result in social and environmental impacts. The Group takes responsibility for performing the operations in a sustainable way and also sets high standards for our suppliers to ensure that they adapt to our procurement practices. The Group would eventually seek to work with suppliers who are committed to the principles of sustainable development.

During the selection stage, potential suppliers will be assessed based on their competencies in delivering a particular product or service. To demonstrate this, the Group organises field inspections and supplier audits (more so when product certification for imported products is required by the local authorities, which entails field audits by licensed certification bodies), evaluation on the financial standings of the suppliers, and looks at their feedbacks.

The Group also sets requirements for suppliers on basic responsible business practices. These are outlined in the Group Code of Conduct and Ethics relating to business ethics, social liability, high integrity way of doing business. Besides, the Group also emphasises zero tolerance towards child labour, all forms of slavery, and this shall form an essential part of our business contracts.

The Group also pays close attention to suppliers' approaches to managing Environmental, Health and Safety ("EHS") issues. During the selection of suppliers, we carefully review assessment forms completed by potential suppliers in terms of safety and environmental issues. We shall also conduct face-to-face interviews (where applicable) if necessary.

Some 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 customers
- 2. Environmental requirements**
 - Suppliers must meet all regulatory and environmental requirements
 - Suppliers need to be conscious about the usage of energy, materials, and water during production
- 3. Social requirements**
 - Suppliers must meet all relevant labour laws
 - Suppliers must meet all regulatory health and safety requirements
 - Suppliers must meet necessary business ethics and standards

SUSTAINABILITY STATEMENT (CONT'D)

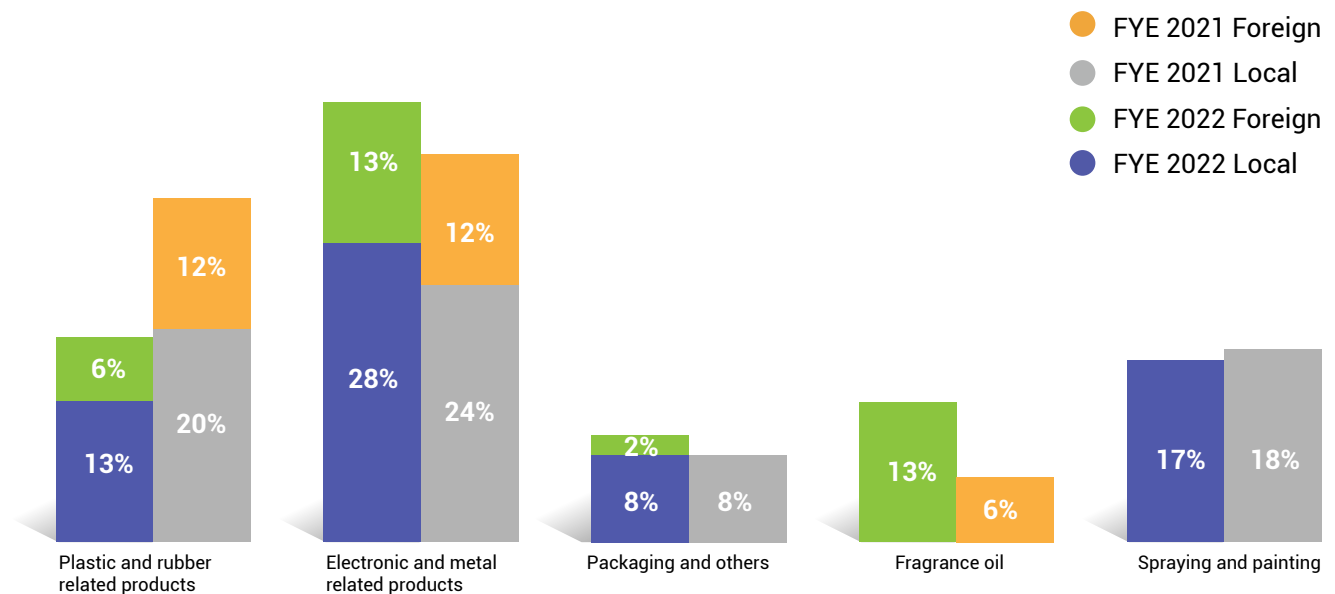
In the event a supplier has failed to meet the criteria determined by the Group, the Group will conduct an assurance review and collaborate with the supplier on methods of improvement.

There were 4 new suppliers identified during the review period.

CONTRIBUTING TO THE PROSPERITY OF REGION FROM OUR OPERATIONS

The majority of our operations are based in Penang, Malaysia. The Group contributes significantly to the socio-economic development of areas in which the Group operates. The Group prioritises the procurement of goods and services from local suppliers that meet our requirements, wherever possible.

Percentage of suppliers by type of product supply and geographical location in 2021 and 2022:



During the review period, the Group has total gross purchase of RM50.5 million (FYE 2021: RM 76.8 million) of all material for the manufacturing process. Local purchase has accounted for 66% (2021: 70%) of total purchase, whereas material from overseas purchase accounted to about 34%, (2021: 30%) from the total purchase value.

The Group will continue engaging and developing our local suppliers, and that we provide opportunities also to increase local employment, help to grow local businesses and further develop our local communities. The Group shall continuously to ensure that, when possible, we will locally source our goods and services.

SUSTAINABILITY STATEMENT (CONT'D)

SUPPORTING LOCAL COMMUNITY

We recognise the importance of giving back to the communities we operate in and do so through various contributions and donations. We strive to create a positive impact to our local communities especially those that are underserved.

In term 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 2022:

- Tabung Pembangunan Chung Ling High School - RM20,000.00
- Tabung Kebajikan dan Pendidikan Yayasan Tzu Chi Malaysia - RM10,000.00
- Olympic Council of Malaysia - Donation to Kuala Lumpur Table Tennis Association - RM10,000.00
- Tabung Pembangunan SJK (C) Damansara - RM5,000.00
- Malaysia Semiconductor Industry Association (MSIA) - Fund Raising for Oxy-meters (program of PGCare Alliance supported by Penang State Government) - RM3,000.00

Throughout the year, we continue to support local efforts against combatting the impacts of the COVID-19 pandemic. The Group hope the small contribution able to provide some relief to those who were affected by the pandemic, one way or another.

In line with the Group's belief that education is the key to the long-term betterment of life, the Group has donated to several local schools. The Group also provides internship programme to students from universities, colleges, polytechnics and other technical/vocational institutions. Internship programme enables us to cultivate future talents and enhance the sustainability of our business.

BOOSTING ENERGY EFFICIENCY

Environmental Management

The Group recognises that continuous growth in its production capacities could create significant environmental challenges and obligations. To manage business operations responsibly, the Group has proposed the reduction of adverse environmental impacts to be of its primary goals. The Group's medium and long-term goals are to reduce the potential negative effects of our day-to-day activities to provide a safe environment in our place of business operations and surroundings.

We strive to comply with all applicable environmental regulations and to meet the expectations of our stakeholders.

According to our EHS, our Group will use appropriate technology to complement the complexity of today's environmental practices. During the reporting period, the Group has not received any penalty for non-compliance with environmental breaches.

Environmental Strategy

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

SUSTAINABILITY STATEMENT (CONT'D)

The Group is pleased to report that there were no issues of non-compliance with laws or regulations on issues pertaining to the environment in FYE 2022.

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.

Energy and Emissions

Direct (Scope 1) Green House Gases (GHG) Emissions

As a manufacturing plant, our main source of direct emissions is from the usage of transportation (e.g., Trucks). The total direct GHG emission from diesel and petrol consumption are depicted in the table below:

Energy Source	Total Consumption (Litre)	Total GHG Emission (tonneCO2)
Diesel	2,338	7.4
Petrol	8,806	23.2
Total		30.6

A total of 30.6 tonneCO2 was emitted from the usage of fuel for transportation. This emission can be optimised further with the improvements of internal processes.

Indirect (Scope 2) Green House Gases (GHG) Emissions

Scope 2 GHG emission are emissions caused indirectly when the energy it purchases and uses is produced.

Energy Source	Unit of Measurement	Total Consumption	Total GHG Emission (tonneCO2)
Electricity	kWh	3,451,692	2,395.5
Total			2,395.5

The Group consumed a total of 2,395.5 tonneCO2 for Scope 2 emission during the review period. This consumption came primarily from the usage of electricity from the manufacturing processes (88.8%), the rest were from the usage in the employees' hostels.

During the financial year under review, we continue to focus our investments in environmental technologies and efforts in improving plant operations management systems that result in the delivery of products manufactured through processes that reduce our environmental footprint.

Solar energy is renewable and clean energy; it is free from greenhouse gas emission during operation, and able to generate clean energy (electricity) to support operations. A 550.6 kWp industrial scale Solar Photovoltaic (PV) System has been installed and approved by the Energy Commission on 8th July 2022 for use, work and operate solar photovoltaic system. The installation, which cover the roof of the building featured a total of 1,200 panels and is estimated to generate up to 75,000 kWh of electricity annually. In this circumstance, the energy generated from the PV system is equivalent to 20,000 trees cleansing the air for one year and it contributes offsets amounting to 438 tons of carbon emission annually.

Water and Effluents

The Group's primary water intake comes from Perbadanan Bekalan Air Pulau Pinang (PBA) for production processes, equipment cooling needs, fire safety as well as drinking and household purposes.

Energy Source	Total Consumption (m3)	GHG Emission (tonneCO2)
Water	1,697,874	7,114.1

Total consumption of water during the review period was 1,697,874 cubic meter, with a total GHG emission of 7,114.1 tonneCO2.

SUSTAINABILITY STATEMENT (CONT'D)

We conduct regular testing of our wastewater discharge to meet regulatory requirements. In FYE 2022, there were no reported incidents of non-compliance with water quality/quantity permits, standards, and regulations.

Waste (Non-hazardous and hazardous)

Hazardous Waste Code	Item Description	Total waste produced (kg)
SW104	Dust, ash containing heavy metals	31
SW322	Non-halogenated organic solvents	91
SW409	Contaminated containers	3,545
SW410	Contaminated rags	602

The table above showed the hazardous waste produced by the Group from its manufacturing operation during the review period.

The group is consistently monitoring the amount of waste produced to minimise waste production. The Group takes proactive measure 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.

Non-hazardous Waste

Non-hazardous General Waste Item	Average monthly waste produced
Paper cartons	1,503 kg
Plastic related products	777 kg
Wooden pallet	102 units
General waste	160 units

Note: the figures above are rounded.

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).

Developing Our Employees

The Group recognises that the achievement and success it takes pride in would not be possible without the considerable efforts of the employees.

For this reason, the Group works continuously in ensuring the effectiveness of the personnel management practices, including those relating to employee recruitment, retention, and education, increasing employee engagement, and developing internal social programmes. Besides, the Group takes measures to ensure equal rights and opportunities are provided to all our employees.

The management of human resources is formalised in the Code of Conduct and Ethics in the RGT Employee Handbook, whereby acceptable requirements of fair treatment of legitimate employees are specified for strict compliance. No discrimination of gender (including acts of sexual harassment), sexual orientation, race, religion, ethnicity, nationality, age, political affiliation, marital/pregnant, and disabled status is allowed, and strict enforcement of no illegal and child labour in the workplace.

The Group is committed to create conducive working conditions and providing social security, safeguarding employee rights, and adhering to the principles of equality and non-discrimination.

All types of modern slavery and child labour are strictly prohibited and also apply to the suppliers of the Group. The Group is committed to conducting business ethically and requiring the suppliers to agree to the same ethical framework.

SUSTAINABILITY STATEMENT (CONT'D)

The Group complies with the respective legislations and applicable international labour standards. The activities in this area are regulated by the Code of Conduct and Ethics Policy, Anti-Bribery and Corruption Policy, Corporate Disclosure Policy which can be found on the Company website at <https://rgtberhad.com/corporate-governance/>.

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

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

As a SEDEX member, we are subject to stringent business ethics audited 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 organise 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 2022.

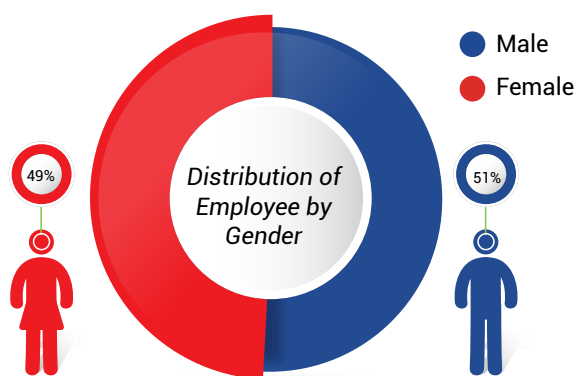
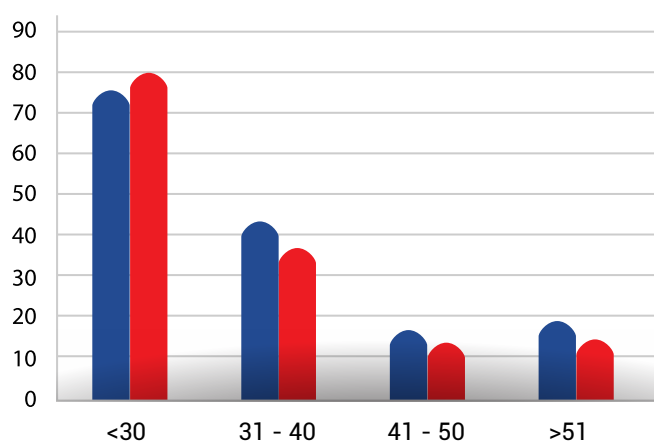
Diversity

Employees are the driving force of the Group. The Group appreciates how workforce diversity can ensure both business development and compliance with ethical standards. Irrespective of race, nationality, gender, or age, the Group will provide an appropriate level playing field for all its employees.

The Group is committed to creating and supporting a healthy work environment that is free from discrimination of any kind. All work-related decisions on the current and potential employees are made based on their professional's skills, abilities and qualities.

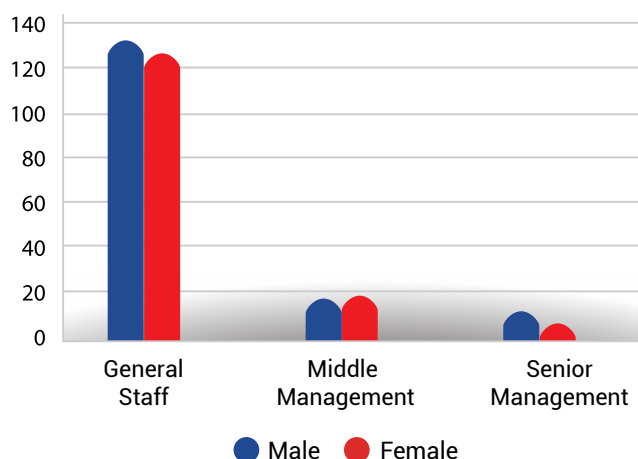
SUSTAINABILITY STATEMENT (CONT'D)

Total Employees by Gender by Age



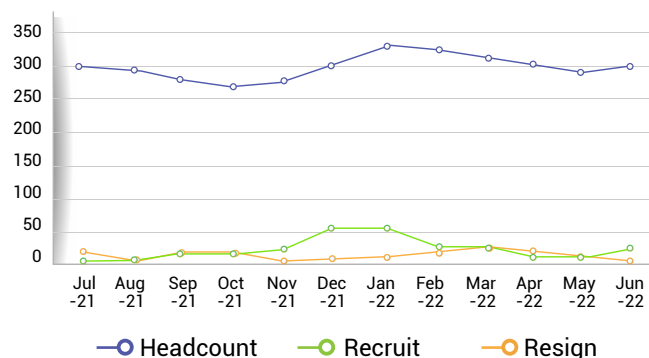
There is almost equal distribution of employees for both genders. From the diagram above, more than half (51.7%) of total employees are age 30 and below, while 26.7% aged 31 – 40. This provides the Group with a dynamic and invigorating workforce, and together with the experiences of the senior management, this will drive the Group to the next level in the new millennia with innovative and technologically advanced products for the industry.

Total Workforce by Categories



The middle and senior management team has a good representation of female executives. This shows the Group is mature and advance in promoting and recognition of the contribution from the female workforce.

Monthly Employee Turnover Rate



Employee turnover rates are an indication of employee satisfaction, and we continuously strive to ensure that we remain an attractive organisation to current and future employees. Measuring and monitoring employee turnover rates will enable us to assess and prioritise changes or adjustments to our culture or practices in order to decrease attrition and ensure retention of employees in the future.

The attrition rate during the review period was at average 3.7% versus target 4.0%. Therefore, the Group has a good grasp of motivating and keep the employee happy in workplace.

The Group 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 cost. Our policy on zero-cost recruitment is aligned to the United Nations Convention for the Protection of the Right of All Migrant Workers and members of their families, and we hope that this exemplifies our commitment to protecting human rights.

SUSTAINABILITY STATEMENT (CONT'D)

Well-Being of Our Employees

Apart from work, the Group also aim to promote harmony and opportunity for the members of the workforce to get to know each other. With this in mind, the Group has organised the following activities during the review period for this purpose:

1. Sport Activities
 - We encourage a healthy lifestyle amongst employees with organised company activities such as friendly sport tournaments and exercise classes.
2. Festival celebrations
 - Celebrations of cultures and festivals are wonderful occasions to inculcate fellowship amongst colleagues.
3. Employee welfare
 - The Company provides benefits and facilities that enhance the work environment, thus allowing employees to be more effective in performing their tasks.

Employment Practices

The Group recognises that factors such as employee engagement, financial and non-financial motivation, and working conditions largely determine operational efficiency Practices. Therefore, HR Department would from time to time perform survey and provide insights to the management team on how best to keep the employees in top shape for optimum performance.

Financial Motivation

The Group endeavours to make the remuneration system transparent and comprehensible for employees, as well as consistent with internal regulations and external competitiveness. Salary levels are determined based on the market range established for each grade and are reviewed annually.



SUSTAINABILITY STATEMENT (CONT'D)

The Group pays the remuneration according to prevailing industry market rates and abide by all the regulatory act such as EPF Act, SOCSO Act. EIS Act is a social network which aims to help workers who lost their jobs which some financial assistance while seeking new jobs.

Non-Financial Motivation

As a socially responsible company, the Group offers the employees a wide range of non-financial compensation packages which are commensurate with the industrial practices, and form part of the total compensation package.

The employees receive medical leave, maternity and paternity leave, annual leave, marriage leave, hospitalisation leave, compassionate leave, unpaid leave, emergency leave, casual leave, prolonged illness benefits, company group insurance benefits et cetera to ensure all employees are well covered and protected on and off working hours.

Employees are also given company uniform and safety shoes, ESD shoes in specific working areas to ensure safety to themselves and to the equipment.

We also provide 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).

Training

The Group focuses on two main training categories:

- 1) Environment, Health and Safety
- 2) Security and Compliance

Through regular and relevant training programs, we are able to build a workforce that is highly skilled, motivated, competitive, and productive. These are the core competencies that we require to achieve our objectives and goal.

The HR department is mainly responsible for all training needs of our employees. We have an on-boarding training for every new employee on Health and Safety, Code of Business Conducts and Ethics, etc. This is to ensure every new employee in the Group is well aware and familiarise with high standards of safety acumen and professionalism when dealing with our internal and external stakeholders.

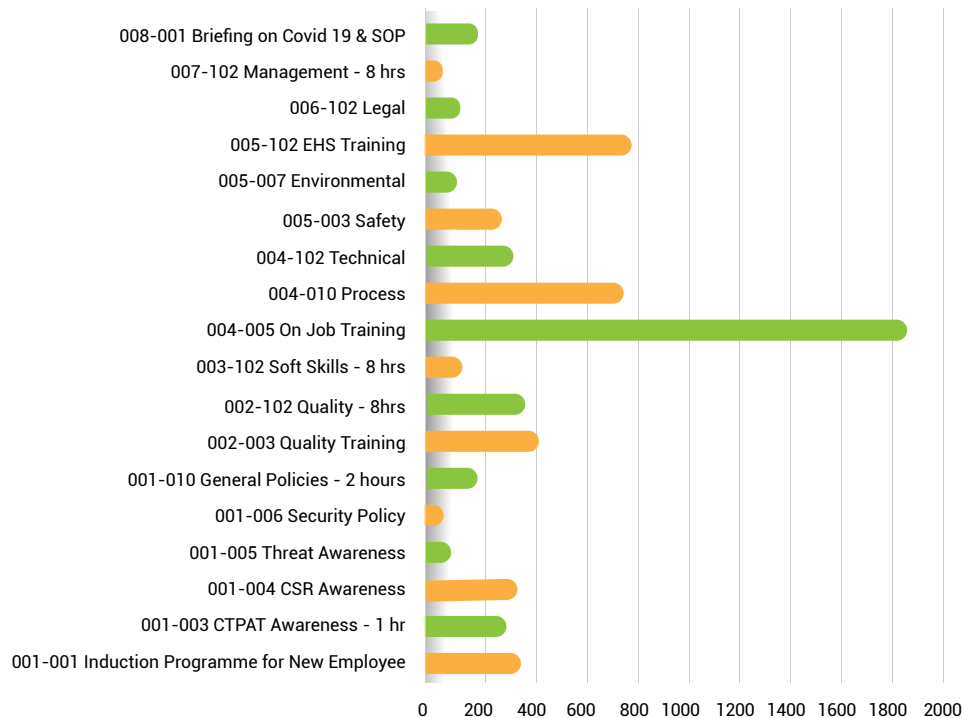
The HR department also work together with the Head of Department to identify training needs and will collaborate with external service providers to conduct training to equip our employees with the necessary skills and knowledge.



SUSTAINABILITY STATEMENT (CONT'D)

During the review period, a total of 6,200 hours were registered by employees, covering various topics which are important and relevant to the upskilling and ensuring the employees were able to familiarize themselves quickly with the new environment (for the new hires) and able to contribute positively to the productivity of the Group.

Training Program for Employees



From the chart above, the most covered training include On Job training, EHS Training, and Processes, which is 53.6% of the total training hours.

Occupational Health and Safety

For occupational health and safety purposes, the Group has implemented policies to anticipate, recognise, evaluate, and control hazards arising in or from the workplace that may be harmful to the safety of our 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 EHS Committee 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 2022. The Group would like to disclose that there were 2 work-related accidents and injuries, however no lost days due to work injury.

Response to 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 screening and registration on MySejahtera app prior to enter RGT's premises;
- Mandatory face mask-wearing within RGT's premises;
- Availability of hand sanitisers at the workplace;
- Introduction of Work-From-Home ("WFH") procedure for non-production employees to reduce the capacity and risk of exposure;
- Declaration by employee on potential exposure to any positive cases and undergo quarantine and swab test; and
- Social distancing measures.

SUSTAINABILITY STATEMENT (CONT'D)

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 participated in Ministry of International Trade and Industry's (MITI) Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS) to offer vaccination to our employees, employees' family and supply chain partners. As at to date, 100% of our total workforce have completed their 2nd dose of COVID-19 vaccination.

Health and Safety Related to Products and Services

We provide quality products and services to our customers; we conduct annual assessments to monitor customer satisfaction level and to ensure what we are producing meet or exceed customers' expectation. A customer satisfaction survey form is sent to the customer, they will then be able to assess various performance aspects such as quality, delivery, ease of ordering, response to feedback etc.

The Group adheres to the industrial standards, 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.

The Group has an internal customer complaints management system. Customers can also report complaints to the Group via the business development department on any issues they face regarding our products and services. Complaints that are not able to be resolved at the front office will be escalated to management. All complaints are filed and recorded with the Group's quality assurance department. This will then be used as a baseline for performance and for future training purposes.

For FYE 2022, there have been no grievances received by customers related to the health and safety of our products.

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of RGT Berhad ("RGTBHD" or "the Company") is committed in ensuring that good corporate governance is practised throughout RGTBHD and its subsidiaries ("the Group") by adopting the principles set out in the Malaysian Code of Corporate Governance ("MCCG" or the "Code") revised by the Securities Commission Malaysia on 28 April 2021. The Corporate Governance ("CG") are applied herewith to safeguard the stakeholders' interests and enhancing its shareholders' value. Good corporate governance practices 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 of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and it is to be read together with the CG Report 2022 ("CG Report") of the Company. Both documents are 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 2022 ("FYE 2022").

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I **Board Responsibilities**

The Board sets directions through strategic planning by leading and directing the Group's business operations to enhance the shareholders' value. The Board discharges its responsibilities by, among others, 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 Board committees, namely, the Audit Committee ("AC"), Remuneration Committee ("RC"), Nomination Committee ("NC") and Risk Management Committee ("RMC"). These Board 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 shareholders' value.

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 invite the Senior Management to attend meetings for reporting on major issues relating to their respective responsibilities.

The 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 all Directors. At a General Meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management. Chief Executive Officer ("CEO"), who is also an Executive Director, is in charge of the day-to-day operations of the business and provide strategic business decision, to be implemented by Management, for the benefit of all stakeholders. There is clear division of responsibilities between Chairman and the CEO. The Board is led by the Independent Non-Executive Chairman while the management is led by CEO.

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 28 September 2022 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. Their findings or recommendation are then tabled to the Board for deliberations for further actions. The Board meets on a quarterly basis with additional meetings convened if there are urgent issues or matters that require attention from the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

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

The Board has formalised a Code of Conduct and Ethics for Directors and Employees in discharging its roles and responsibilities effectively. The Code of Conduct and 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.

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 Group is committed towards sustainable development and believes that sustainable corporate success requires the highest standard of corporate behaviour including measuring up to public expectations on its economic, environmental, social and corporate governance responsibilities. As a socially responsible citizen, the Company shall approach the process of addressing higher expectations of economic, environmental, social and corporate governance responsibilities as part of how the Company normally works and thinks. The Group's effort in this regard including the corporate responsibility activities in the financial year under review have been set out in the Sustainability Statement in this Annual Report.

The Board members have full access to the Company Secretary, who is qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("CA"). She provides advisory services to the Board, in relation to the Company's constitution, policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations to enhances the effective functioning of the Board and to ensure regulatory compliance.

During the financial year, our Internal Auditors, BDO Governance Advisory Sdn. Bhd. conducted a CG Review on the Company and assess its CG guide in accordance with the MCCG.

The Board Charter, Code of Conduct and Ethics, Whistleblowing Policy and Anti-Bribery & Corruption Policy are available at the Company's website at www.rgtberhad.com.

II **Board Composition**

As at the date of this Annual Report, the Board comprised of six (6) Directors: three (3) Independent Non-Executive and three (3) Executive as follows:

<u>Designation</u>	<u>Name of Directors</u>
Independent Non-Executive Director	Dato' Ir. Low Keng Kok, Chairman Dr. Ooi Hun Pin
Executive Director	Dato' Lim Yong Jin Datuk Lim Seat Hoe, CEO Lee Soo Ching Ng Choon Keat

The details of directors' background, experiences and qualifications are set out under Profile of Directors in this Annual Report.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

II Board Composition (Cont'd)

On 29 August 2022, an assessment of the effectiveness of the Board, respective Board Committee and Independence were carried out in respect of the FYE 2022. Appraisal form comprised both qualitative and quantitative performance criteria to evaluate the performance of the Board, each member of the Board as well as each Board Committee. The NC reviewed the required mix of skills, experience and other qualities of the Board and Board Committees 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. However, those Independent Non-Executive Directors that have served more than nine (9) years will be subject to shareholders' approval for the re-appointment during the annual general meeting ("AGM").

The Board is supportive of the gender boardroom diversity in the boardroom. Lee Soo Ching is presently the sole female of the Board.

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

As at 30 June 2022

Directorate	Executive 3	Independent Non-Executive 3	Non-Independent Non Executive 0
Gender	Male 5		Female 1
Nationality	Malaysian 6		Foreigner 0
Ethnicity	Bumiputra 0		Chinese 6
Age	40 - 49 1	50 - 59 2	60 and above 3

The Board complies with both MMLR and MCGG in regards to the ratio of Independent Non-Executive Directors.

Attendance in Board Meetings

During the FYE 2022, the Board held five (5) meetings to deliberate and decide on various issues. The major deliberation, in terms of issues discussed and the conclusion arrived by the Board during the meetings, are recorded by the Company Secretary with the minutes signed by the Chairman of the meetings. Meetings are also organised for the Board Committees.

Details of attendance of each Director at the meetings of the Board and respective Board Committees meetings during the financial year under review are as follows:

Name of Directors	Board	AC	NC	RC	RMC
Dato' Ir. Low Keng Kok	5/5	5/5	1/1	2/2	–
Datuk Lim Seat Hoe	5/5	–	–	–	–
Lee Soo Ching	5/5	–	–	–	1/1
Dr. Ooi Hun Pin	5/5	5/5	1/1	2/2	–
Ng Choon Keat	5/5	–	–	–	–
Dato' Lim Yong Jin ⁽¹⁾	5/5	5/5	1/1	2/2	1/1
Dato' Ong Choon Heng ⁽²⁾	2/2	2/2	1/1	2/2	1/1

Notes:

⁽¹⁾ Dato' Lim Yong Jin was appointed as Chairman of RMC following the resignation of Dato' Ong Choon Heng.

⁽²⁾ Attendance of Dato' Ong Choon Heng at all meetings is up to his date of retirement on 29 November 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

II Board Composition (Cont'd)

The Board is satisfied with the time commitment given by the Directors as demonstrated by their full attendance to the meetings of the Board and Board Committees.

In additional, all of the Directors do not hold more than five (5) directorships in public listed companies as required under paragraph 15.06 of the MMLR of Bursa Securities to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused. A Director shall notify the Chairman before he/she accepts any new directorships in other public listed companies.

Directors' Training

The training programmes or seminars attended by the Directors during FYE 2022 are as follows:-

Name of Director	Training Programmes / Seminars attended	No. of Hours
Dato' Ir. Low Keng Kok	(i) Bursa Sustainability Reporting Workshop: Scope & Materiality in Sustainability Reporting	7 hours
	(ii) MCCG – Raising the Bar on Governance in Malaysia	7 hours
	(iii) AOB Conversation with Audit Committees Confirmation	2.5 hours
	(iv) Cyber Security: What Directors Need to Know	3 hours
Datuk Lim Seat Hoe	MCCG – Raising the Bar on Governance in Malaysia	7 hours
Lee Soo Ching	(i) MCCG – Raising the Bar on Governance in Malaysia	7 hours
	(ii) Cyber Security: What Directors Need to Know	3 hours
Dr. Ooi Hun Pin	(i) How to Develop Super Memory	7 hours
	(ii) AOB Conversation with Audit Committees Confirmation	2.5 hours
Ng Choon Keat	MCCG – Raising the Bar on Governance in Malaysia	7 hours
Dato' Lim Yong Jin	Cyber Security: What Directors Need to Know	3 hours

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 the Directors in the course of their duties as Directors.

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

The current Board Remuneration was approved by the shareholders at the 40th Annual General Meeting of the Company held on 29 November 2021.

On 29 August 2022, 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 41st AGM, in accordance with Sections 230 and 340 (1)(c) of the CA.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

III Remuneration (Cont'd)

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

	Fees (RM)	Salaries (RM)	Bonuses, Allowances and Other Emoluments (RM)	Statutory Contributions (RM)	Total (RM)
The Company					
Dato' Ir. Low Keng Kok	48,000	—	3,500	—	51,500
Datuk Lim Seat Hoe	—	—	—	—	—
Lee Soo Ching	—	—	—	—	—
Dato' Ong Choon Heng (Retired on 29 November 2021)	12,500	—	3,000	—	15,500
Dr. Ooi Hun Pin	30,000	—	3,500	—	33,500
Ng Choon Keat	—	—	—	—	—
Dato' Lim Yong Jin	27,500	—	3,500	—	31,000
TOTAL	118,000	—	13,500	—	131,500
The Group					
Dato' Ir. Low Keng Kok	48,000	—	3,500	—	51,500
Datuk Lim Seat Hoe	—	450,000	42,593	29,520	522,113
Lee Soo Ching	—	300,000	28,923	39,360	368,283
Dato' Ong Choon Heng (Retired on 29 November 2021)	12,500	—	3,000	—	15,500
Dr. Ooi Hun Pin	30,000	—	3,500	—	33,500
Ng Choon Keat	—	342,000	32,923	44,880	419,803
Dato' Lim Yong Jin	27,500	—	3,500	—	31,000
TOTAL	118,000	1,092,000	117,939	113,760	1,441,699

The Board is of the view that disclosure of Top 5 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

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 broad-based 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 9.2 of the MCCG i.e. requires a former key audit partner to observe a cooling-off period of at least three 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 2021 and Paragraph 15.21 of the MMLR.

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. Following the retirement of Dato' Ong Choon Heng on 29 November 2021, Dato' Lim Yong Jin was appointed as the Chairman of RMC.

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 29 August 2022, the Board received assurance from the CEO and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively to safeguard the Group's assets, as well as shareholders' investments, and the interests of other stakeholders. The details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

I Communication with Stakeholders

RGBTHD 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

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 40th AGM to shareholders at least 28-days before the AGM, which is in line with Practice 13.1 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.

The 40th AGM and an extraordinary general meeting were virtually held on 29 November 2021 and 6 January 2022 respectively. All members of the Board and representatives of the management attended the meeting to respond to the question raised by shareholders/proxies. Shareholders/proxies have been able to participate remotely via live streaming webcast and vote in absentia using remote participation and voting facilities.

The Company shall continue 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 28 September 2022.

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") of RGT Berhad ("RGTBHD" or "the Company") is pleased to present the Statement on Risk Management and Internal Control ("this Statement") for the financial year ended 30 June 2022 ("FYE 2022") which was prepared in accordance with 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").

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:-

1. Safeguard the shareholders' interest and assets of the Group;
2. Identify and manage risk affecting the Group;
3. Ensure compliance with regulatory requirements;
4. Ensure compliance with Code of Conduct and Ethics for Directors, Employee Handbook and other internal memorandum;
5. Ensure the effectiveness and efficiency of operations to achieve objectives of the Group; and
6. 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' Lim Yong Jin (previously 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 risks, 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 and Treatment of 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 risks 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 Conduct and Ethics and Employee Handbook

Code of conduct and ethics is established and adopted for the Directors while the Employee Handbook where employment concerns (including ethics) 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:-

- Sales to Receipt;
- Treasury Management;
- Conversion and Production;
- General Safety and Security; and
- Review of Corporate Governance.

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.

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

KEY ELEMENTS OF INTERNAL CONTROL (Cont'd)

10. Audits (Cont'd)

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

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 2022, 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

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for the inclusion in the 2022 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.

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS (Cont'd)

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 10.1 and 10.2 of the MCCG 2021 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 2022, 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 28 September 2022.

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 2022 ("FYE 2022").

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

The AC comprises of three (3) members; all Non-Executive Directors as tabulated. The composition of AC meets the requirement of Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["MMLR"].

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

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

Dato' Lim Yong Jin
(Independent Non-Executive Director)

The AC Chairman, Dr. Ooi Hun Pin is a member of the Malaysian Institute of Accountants ("MIA"). No alternate Director is appointed as a member of AC. All members are financially literate and are able to understand matters under the purview of the AC.

TERMS OF REFERENCE

The Terms of Reference of the AC is published on the Company's website at www.rgtberhad.com.

MEETINGS

The AC held five (5) meetings in the FYE 2022. The meetings were convened in a structured manner by formal notice of meeting with meeting agenda and reports being sent to AC 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	5/5	100%
Dato' Ir. Low Keng Kok	5/5	100%
Dato' Lim Yong Jin	5/5	100%
Dato' Ong Choon Heng (Retired on 29 November 2021)	2/2	100%

The meetings were held on 26 August 2021, 29 September 2021, 29 November 2021, 22 February 2022 and 28 April 2022.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES UNDERTAKEN DURING THE FINANCIAL YEAR

In line with the Terms of Reference of AC, the activities carried out by the AC during the FYE 2022 in the discharge of its duties and responsibilities are as follows:-

1. Financial Reporting

Except for the meeting held on 29 September 2021, the AC reviewed the quarterly financial statements and 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)
26 August 2021	- Audited fourth quarter results of the Group for Financial Year Ended 2021 ("FYE 2021"); - Audited financial statements for FYE 2021; and - Draft Internal Audit ("IA") Plan for the FYE 2022
29 September 2021	Audit Committee Report and Statement on Risk Management and Internal Control
29 November 2021	Unaudited 1 st quarter results for the period ended 30 September 2021
22 February 2022	Unaudited 2 nd quarter results for the period ended 31 December 2021
28 April 2022	Unaudited 3 rd quarter results for the period ended 31 March 2022

The quarterly financial statements for the 1st, 2nd and 3rd quarters of FYE 2022, 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 29 August 2022, the AC had also reviewed the draft audited 4th quarter financial results of FYE 2022 and the audited financial statements of the Company and the Group for the FYE 2022. The AC's recommendations were presented to the subsequent Board's meeting for approval.

2. External Audit

During FYE 2022, the AC had on 26 August 2021 and 28 April 2022 respectively met with the External Auditors ("EA") without the presence of the Management.

On 26 August 2021:-

- the AC received and reviewed the Audit Review Memorandum ("ARM") for FYE 2021 and Crowe Malaysia PLT ("CM") briefed the AC on the status of audit completion of the Group and outstanding audit areas as summarised in the ARM;
- the AC reviewed and discussed with CM on the audited financial statements for the FYE 2021 and to recommend for the Board's approval before presentation and receipt by shareholders of the Company at the 40th AGM.

On 28 April 2022, CM tabled the Audit Plan prior to the commencement of audit of financial statements for FYE 2022, 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 29 August 2022, CM tabled its ARM FYE 2022 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 EA Evaluation Form (as recommended by the Corporate Governance Guide 2021) in respect for the FYE 2022 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 EA Performance for FYE 2022 was found adequate and thereby recommended the re-appointment of CM as the EA of the Group to the Board for approval by its shareholders at the forthcoming 41st AGM:-

- after having satisfied with its audit independence and the performance of CM throughout its course of audit FYE 2022;
- satisfied that the calibre, quality processes/performance of EA;
- able to give adequate technical support when audit issue arises; and
- adequate experience and resources of CM and audit engagements.

IA FUNCTION

The Group had appointed 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 IA Plan. The cost incurred for the IA function of the Group in respect of FYE 2022 was RM33,000.00 (for 5 Audit areas/cycles namely, Review of Corporate Governance, Sales to Receipt, Treasury Management, Conversion and Production and General Safety and Security). The AC is of the opinion that the amount spent in FYE2022 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 26 August 2021, 29 November 2021 and 22 February 2022 respectively. On 26 August 2021, the Committee reviewed and approved the IA Plan FYE 2022 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 2022 are as follows:-

- Review of Corporate Governance;
- Sales to Receipt;
- Treasury Management;
- Conversion and Production; and
- General Safety & Security

During the meeting held on 29 August 2022, the Committee had met with the Internal Auditors without the presence of the Management. 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 AC had assessed the adequacy and effectiveness of IA Function for FYE 2022 at its meeting held on 29 August 2022 ("IA Assessment"). The AC concluded that based on the IA Assessment, the IA Function was found to be adequate.

The AC reviewed the Statement on Risk Management and Internal Control in respect of FYE 2022 on 28 September 2022 for publication in the Annual Report 2022. Further information on the IA function and its activities are set out in the Statement on Risk Management and Internal Control in the Annual Report 2022.

This AC Report is issued in accordance with a resolution dated 28 September 2022.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

On 31 December 2021, the Company had fully utilised the total proceed of RM23.4 million raised from a private placement exercise that was completed on 18 December 2020 following the listing and quotation of 40,000,000 new ordinary shares on the Main Market of Bursa Securities Malaysia Berhad ("Bursa Securities"). The status of the utilisation of the proceeds were as follows: -

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance unutilised RM'000	Expected timeframe for utilisation
Capital expenditure for capacity expansion purposes	20,000	20,000	0	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
	23,400	23,400	0	

Notes: -

* Include the excess funds allocated for the Expenses for the Private Placement of RM27,000 which has been 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 2022 ("FYE 2022") 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	80,000	133,000
Subsidiaries	134,200	109,700
Total	214,200	242,700

[^] Non-audit fees consist of professional fee for the purpose of Proposed Acquisition (as outlined below), due diligence assignments and taxation fees. Only the taxation fees are recurring in nature.

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 Acquisitions, there were no material contracts entered into by the Company and its subsidiaries involving the interest of the directors', chief executive officer's (who is not a director or major shareholders) and major shareholders' interest either still subsisting as at 30 June 2022: -

On 6 September 2021, RGTBHD entered into a conditional Share Sale Agreement ("SSA") with Hor Lim Chee, Ng Choon Keat, Tan Song Chai, Datuk Lim Seat Hoe and Tan Ann Chee (collectively referred to as the "Vendors") for the acquisition of the remaining 40% equity shares in RGTSB, for a purchase consideration of RM85,600,000 to be satisfied entirely via issuance of 267,500,000 new ordinary shares in RGTBHD ("RGTBHD Share(s)") at an issue price of RM0.32 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 SSA.

On 21 January 2022, all conditions precedent pursuant to the SSA were fulfilled. 267,500,000 RGTBHD Shares were allotted, listed and quoted on the Main Market of Bursa Securities on 25 January 2022, marking the completion of the acquisition.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

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

At the 40th Annual General Meeting held on 29 November 2021, the Company had obtained a general mandate from the shareholders to enter into recurrent related party transactions of a revenue or trading nature.

The details of recurrent related party transaction conducted during the financial year ended 30 June 2022 pursuant to the shareholders' mandate are disclosed as follows:-

Transacting Parties with- in the Group	Nature of RRPT	Amount Trans-acted up to 25.01.2022*	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.	5,768,203	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) Purchase of manufactured and assembled of moulded plastic products from RGTSB by RISB.	0	
	TOTAL	5,768,203	

Notes: -

* On 25 January 2022, the Company announced the completion of the acquisition on the remaining 40% equity interest in RGTSB. RGTSB is now a wholly-owned subsidiary of the Company.

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") of RGT Berhad ("RGTBHD" or "the Company") 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 (RGTBHD and its subsidiaries, collectively) 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 28 September 2022.

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 2022.

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 for the financial year attributable to:-		
- Owners of the Company	10,000,040	9,987,086
- Non-controlling interests	1,791,330	0
	<u>11,791,370</u>	<u>9,987,086</u>

Dividends

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 ended 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 293,286,300 ordinary shares pursuant to the following:-

- (i) Exercise of 25,786,300 warrants at an exercise price of RM0.10 per share; and
- (ii) Acquisition of the remaining 40% equity interest in Rapid Growth Technology Sdn. Bhd. from non-controlling interests by issuing 267,500,000 ordinary shares at an issue price of RM0.32 per share. For financial reporting purposes, the transaction was recorded at the market value of the shares on the issuance date of RM0.56 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.

DIRECTORS' REPORT (CONT'D)

Current assets

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

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

Valuation methods

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

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
Lee Soo Ching
Dr. Ooi Hun Pin
Ng Choon Keat
Dato' Lim Yong Jin
Dato' Ong Choon Heng (retired on 29.11.2021)

DIRECTORS' REPORT (CONT'D)

Directors (Cont'd)

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

Directors of subsidiaries (other than directors of the Company)

Hor Lim Chee
 Tan Song Chai
 Lam Kim Goon
 See Han Liong
 Yew Chong Hooi
 Kau Yoon Thiam*
 Ong Liang Kheng*
 Ooi Swang Kieat**
 Lye Chai Foong**
 Kau Yan Tuck* (resigned on 2.12.2021)

* Being directors of a new subsidiary acquired on 1 October 2021

** Being directors of a new subsidiary acquired on 3 January 2022

Directors' interests

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

Name of director	Balance at 1.7.2021	Number of ordinary shares			
		Direct interest		Deemed interest	
		Bought	(Sold)	Balance at 30.6.2022	Balance at 30.6.2022
Dato' Ir. Low Keng Kok	0	2,000,000	0	2,000,000	0
Datuk Lim Seat Hoe	17,000,000	300,000	0	17,300,000	267,500,000
Lee Soo Ching	0	3,650,000	0	3,650,000	0
Dr. Ooi Hun Pin	0	500,000	0	500,000	0
Ng Choon Keat	42,500,000	0	0	42,500,000	277,625,000
Dato' Lim Yong Jin	2,000,000	100,000	0	2,100,000	0

By virtue of their interests in shares in the Company, Datuk Lim Seat Hoe and Ng Choon Keat are deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

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 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of certain related party transactions as disclosed in Note 28 to the financial statements.

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

DIRECTORS' REPORT (CONT'D)

Indemnity and insurance for directors and officers

There was no indemnity given to any director or officer of the Group or the Company during the financial year. The Group maintains a liability insurance for its directors and officers and the annual insurance costs incurred for 2022/2023 amounted to approximately RM5,500.

Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 23 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 29 August 2022

Ng Choon Keat

Lee Soo Ching

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 70 to 114 give a true and fair view of the financial position of the Group and the Company as at 30 June 2022 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 29 August 2022

Ng Choon Keat

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 70 to 114 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 29 August 2022

Lee Soo Ching

Before me

Shamini A/P 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 2022 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 70 to 114.

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 2022, 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 10 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 11 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.

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)

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and request that a correction be made. If the directors refuse to make the correction, we shall take appropriate action considering our legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom our auditors' report is prepared.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT (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)

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

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

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

Eddy Chan Wai Hun
02182/10/2023 J
Chartered Accountant

Date: 29 August 2022

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 RM	2021 RM
Non-current assets			
Property, plant and equipment	4	99,941,363	56,562,843
Right-of-use assets	5	23,463,729	17,783,270
Goodwill	6	34,377,957	17,147,367
Investments	8	108,230	0
Deferred tax assets	9	764,713	199,000
		158,655,992	91,692,480
Current assets			
Inventories	10	19,241,942	21,800,523
Receivables	11	23,287,603	6,503,925
Prepayments	12	2,202,662	3,381,488
Current tax assets		2,452,614	912,210
Cash and cash equivalents	13	30,256,277	56,104,807
		77,441,098	88,702,953
Current liabilities			
Payables	14	17,191,216	15,207,183
Loans and borrowings	15	14,805,797	2,436,000
Lease liabilities	16	1,437,416	1,257,714
Derivatives	17	155,313	7,101
Contract liabilities	18	2,810,018	569,237
Current tax liabilities		1,027,253	0
		37,427,013	19,477,235
Net current assets		40,014,085	69,225,718
Non-current liabilities			
Payables	14	2,872,728	0
Loans and borrowings	15	39,181,971	15,410,945
Lease liabilities	16	2,334,416	2,303,768
Deferred tax liabilities	9	7,850,262	5,337,951
		52,239,377	23,052,664
Net assets		146,430,700	137,865,534
Equity			
Share capital	19	231,830,106	78,147,586
Warrant reserve	20	5,702,489	7,006,379
(Accumulated losses)/Retained profits		(98,403,988)	17,124,379
Equity attributable to owners of the Company		139,128,607	102,278,344
Non-controlling interests	21	7,302,093	35,587,190
Total equity		146,430,700	137,865,534

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	2021 RM
Revenue	22	121,237,082	130,364,802
Cost of goods sold		(90,168,984)	(97,231,331)
Gross profit		31,068,098	33,133,471
Interest income		82,315	92,748
Other income		1,104,690	634,248
Administrative and general expenses		(17,370,063)	(14,621,994)
Finance costs		(1,077,457)	(431,575)
Profit before tax	23	13,807,583	18,806,898
Tax expense	25	(2,016,213)	(1,702,179)
Profit for the financial year		11,791,370	17,104,719
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		11,791,370	17,104,719
Profit for the financial year attributable to:-			
- Owners of the Company		10,000,040	10,014,008
- Non-controlling interests	21	1,791,330	7,090,711
		11,791,370	17,104,719
Comprehensive income for the financial year attributable to:-			
- Owners of the Company		10,000,040	10,014,008
- Non-controlling interests		1,791,330	7,090,711
		11,791,370	17,104,719
Earnings per share:-	26		
- Basic (sen)		1.25	1.61
- Diluted (sen)		1.11	1.35

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Non-distributable		Distributable	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital	Warrant reserve	Retained profits/(Accumulated losses)	RM	RM	RM
Balance at 1 July 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
Acquisition of subsidiaries	0	0	0	0	2,713,873	2,713,873
Issue of shares pursuant to exercise of warrants	3,882,520	(1,303,890)	0	2,578,630	0	2,578,630
Issue of shares to non-controlling interests	0	0	0	0	3,900,000	3,900,000
Interim single tier dividend of 0.6 sen per share	0	0	(3,918,707)	(3,918,707)	0	(3,918,707)
Dividend to non-controlling interests	0	0	0	0	(4,000,000)	(4,000,000)
Contributions by/(Distributions to) owners	3,882,520	(1,303,890)	(3,918,707)	(1,340,077)	(100,000)	(1,440,077)
Changes in ownership interests in subsidiaries (Note 21)	149,800,000	0	(121,609,700)	28,190,300	(32,690,300)	(4,500,000)
Total transactions with owners	153,682,520	(1,303,890)	(125,528,407)	26,850,223	(32,790,300)	(5,940,077)
Profit (representing comprehensive income) for the financial year	0	0	10,000,040	10,000,040	1,791,330	11,791,370
Balance at 30 June 2022	231,830,106	5,702,489	(98,403,988)	139,128,607	7,302,093	146,430,700

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
Profit before tax		13,807,583	18,806,898
Adjustments for:-			
Depreciation of property, plant and equipment		4,479,003	3,469,723
Depreciation of right-of-use assets		1,842,741	1,546,534
Fair value gains on financial instruments		(69,475)	(538,161)
Gain on disposal of property, plant and equipment		(6,999)	(15,695)
Interest expense		1,077,457	431,575
Interest income		(82,315)	(92,748)
Inventories written down		0	301,103
Property, plant and equipment written off		84,409	2,542
Reversal of inventories written down		(77,157)	(367,342)
Unrealised gain on foreign exchange		(346,617)	(30,951)
Operating profit before working capital changes		20,708,630	23,513,478
Changes in:-			
Inventories		7,593,071	(8,389,774)
Receivables		(12,900,209)	10,732,964
Prepayments		1,348,317	692,594
Payables		(2,501,515)	(2,494,368)
Contract liabilities		(1,347,605)	(1,210,170)
Derivatives		(7,101)	2,868
Cash generated from operations		12,893,588	22,847,592
Tax paid		(2,827,412)	(2,825,401)
Tax refunded		0	80,277
Net cash from operating activities		10,066,176	20,102,468
Cash flows from investing activities			
Acquisition of property, plant and equipment	27	(40,335,448)	(32,676,123)
Acquisition of quoted investments		(20,006)	0
Acquisition of right-of-use assets	27	(5,176,543)	(3,796,801)
Acquisition of subsidiaries, net of cash acquired	7	(17,712,577)	0
Interest and fund distributions received		417,714	638,010
Proceeds from disposal of property, plant and equipment		7,000	19,851
Net cash used in investing activities		(62,819,860)	(35,815,063)

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 2022

	Note	2022 RM	2021 RM
Cash flows from financing activities			
Acquisition of shares from non-controlling interests		(4,500,000)	0
Dividend paid to owners of the Company		(3,918,707)	0
Dividend paid to non-controlling interests		(4,000,000)	0
Drawdown of term loans	27	28,386,723	18,662,945
Increase in short-term loans and borrowings (net)	27	8,577,544	0
Interest paid		(1,077,457)	(431,575)
Issue of shares pursuant to exercise of warrants		2,578,630	3,583,749
Issue of shares pursuant to private placement		0	23,400,000
Issue of shares to non-controlling interests		3,900,000	0
Payment of lease liabilities	27	(1,480,921)	(1,122,763)
Placement of term deposits pledged as security (net)		(62,318)	(52,957)
Repayment of term loans	27	(2,805,959)	(4,303,225)
Net cash from financing activities		<u>25,597,535</u>	<u>39,736,174</u>
Currency translation differences		35,176	1,167
Net (decrease)/increase in cash and cash equivalents		(27,120,973)	24,024,746
Cash and cash equivalents brought forward		52,867,752	28,843,006
Cash and cash equivalents carried forward	13	<u>25,746,779</u>	<u>52,867,752</u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 RM	2021 RM
Non-current assets			
Investments in subsidiaries	7	245,063,809	59,565,850
Current assets			
Receivables	11	3,100,000	2,100,000
Prepayments	12	14,585	19,800
Cash and cash equivalents	13	3,323,763	24,302,899
		6,438,348	26,422,699
Current liabilities			
Payables	14	4,301,308	109,937
Current tax liabilities		2,500	0
		4,303,808	109,937
Net current assets		2,134,540	26,312,762
Non-current liabilities			
Payables	14	2,872,728	0
Net assets		244,325,621	85,878,612
Equity			
Share capital	19	231,830,106	78,147,586
Warrant reserve	20	5,702,489	7,006,379
Retained profits		6,793,026	724,647
Total equity		244,325,621	85,878,612

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	2021 RM
Revenue	22	12,000,000	1,050,000
Interest income		65,499	37,700
Other income		95,210	262,742
Administrative and general expenses		(2,120,743)	(1,953,793)
Finance costs		(42,880)	0
Profit/(Loss) before tax	23	9,997,086	(603,351)
Tax expense	25	(10,000)	0
Profit/(Loss) for the financial year		9,987,086	(603,351)
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		9,987,086	(603,351)

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Share capital RM	Non-distributable Warrant reserve RM	Distributable Retained profits RM	Total equity RM
Balance at 1 July 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
Issue of shares pursuant to:-				
- Acquisition of shares from non-controlling interests	149,800,000	0	0	149,800,000
- Exercise of warrants	3,882,520	(1,303,890)	0	2,578,630
Interim single tier dividend of 0.6 sen per share	0	0	(3,918,707)	(3,918,707)
Total transactions with owners	153,682,520	(1,303,890)	(3,918,707)	148,459,923
Profit (representing comprehensive income) for the financial year	0	0	9,987,086	9,987,086
Balance at 30 June 2022	231,830,106	5,702,489	6,793,026	244,325,621

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
Profit/(Loss) before tax		9,997,086	(603,351)
Adjustments for:-			
Dividend income		(12,000,000)	(1,050,000)
Fair value gains on financial instruments		(95,210)	(256,806)
Impairment loss on investment in subsidiary		0	788,706
Interest expense		42,880	0
Interest income		(65,499)	(37,700)
Reversal of impairment loss on investment in subsidiary		0	(5,936)
Operating loss before working capital changes		(2,120,743)	(1,165,087)
Changes in:-			
Prepayments		5,215	(14,300)
Payables		378,220	(356,382)
Cash absorbed by operations		(1,737,308)	(1,535,769)
Tax paid		(7,500)	0
Net cash used in operating activities		(1,744,808)	(1,535,769)
Cash flows from investing activities			
Acquisition of shares from non-controlling interests		(4,500,000)	0
Acquisition of subsidiaries		(20,800,000)	0
Capital repayment from subsidiary		1,465,000	0
Dividends received		12,000,000	1,050,000
Interest and fund distributions received		233,629	294,506
Net advance to subsidiary		(1,000,000)	(2,100,000)
Subscription for shares in subsidiaries		(9,100,000)	0
Net cash used in investing activities		(21,701,371)	(755,494)
Cash flows from financing activities			
Dividend paid		(3,918,707)	0
Interest paid		(42,880)	0
Issue of shares pursuant to exercise of warrants		2,578,630	3,583,749
Issue of shares pursuant to private placement		0	23,400,000
Net advance from/(repayment to) subsidiary		3,850,000	(1,487,090)
Net cash from financing activities		2,467,043	25,496,659
Net (decrease)/increase in cash and cash equivalents		(20,979,136)	23,205,396
Cash and cash equivalents brought forward		24,302,899	1,097,503
Cash and cash equivalents carried forward	13	3,323,763	24,302,899

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, 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 70 to 74 together with the notes thereto cover the Company and its subsidiaries ("Group"). The separate financial statements of the Company set out on pages 75 to 78 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 29 August 2022.

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.

For the financial year under review, the Group and the Company have applied the Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2* which are effective for annual periods beginning on or after 1 January 2021. The initial application of these amendments did not have any significant impacts on the financial statements.

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

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 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 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
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

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

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
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 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets acquired are not a business, the transaction or other event is accounted for as an asset acquisition.

Business combinations are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

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

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

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

2.3 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.3 Basis of consolidation (cont'd)

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.

2.4 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 2.7.

Freehold land and capital work-in-progress are 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	20%
Office equipment, furniture, fittings and renovation	10% - 33%
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.

2.5 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 2022

2. Significant accounting policies (cont'd)

2.5 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 2.7.

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.

2.6 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 2.7.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.8 Inventories

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

2.9 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 2.10. 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.

2.10 Financial assets

Financial assets of the Group and the Company consist of quoted investments, 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. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.16). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

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

(i) Amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables, cash and bank balances and term deposits 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.10 Financial assets (cont'd)

Subsequent measurement (cont'd)

(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 quoted investments, derivatives and short-term funds are classified under this category. Any gain or loss is recognised in profit or loss.

Impairment

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

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

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

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.

2.11 Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.11 Financial liabilities (cont'd)

Contingent consideration and 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.

2.12 Foreign currency transactions and translation

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

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

2.13 Share capital

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

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

2.14 Warrant reserve

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

2.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:-

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.15 Fair value measurement (cont'd)

- (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.

The carrying amounts of receivables, cash and bank balances, term deposits, 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 quoted investments are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

The fair values of derivatives and short-term funds are directly measured using their unadjusted market values quoted by financial institutions (i.e. Level 1).

The fair value of contingent consideration is measured using probability-weighted present value technique by discounting the expected future cash flows using the Bank Negara's weighted average lending rate (i.e. Level 2).

2.16 Revenue from contracts with customers

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.16 Revenue from contracts with customers (cont'd)

- (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.

Sale of goods

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.

Rendering of services

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the customer simultaneously receives and consumes the benefits of the performance as the Group performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group measures the progress towards complete satisfaction of the performance obligation using an output method, i.e. units delivered.

2.17 Other income

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

Interest income for financial assets measured at amortised cost is recognised in profit or loss using the effective interest method. Interest or fund distribution income for financial assets measured at fair value through profit or loss is included in their net fair value gains or losses.

2.18 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.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (cont'd)

2.20 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.

2.21 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.

2.22 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

3. Judgements and estimation uncertainty (cont'd)

Sources of estimation uncertainty (cont'd)

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 10).

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 11).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. Property, plant and equipment

Group

	Freehold land RM	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 2020	0	20,039,999	0	1,951,800	17,179,638	255,169	2,638,588	5,114,085	0	47,179,279
Additions	0	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	0	(8,000)	(51,833)	0	(12,462)	(7,584)	0	(79,879)
Balance at 30 June 2021	0	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
Acquisition of subsidiaries	1,650,000	451,907	0	48,332	7,603,461	936,661	591,841	0	0	11,282,202
Additions	0	9,901,983	1,751,840	589,378	4,112,634	0	652,261	268,485	24,124,316	41,400,897
Transfer from right-of-use assets	0	0	0	0	0	758,868	0	0	0	758,868
Disposals/Write-offs	0	0	0	(24,011)	(79,840)	0	(466,541)	(130,066)	0	(700,458)
Reclassifications	0	24,481,474	0	0	5,637,969	0	7,678,748	0	(37,798,191)	0
Balance at 30 June 2022	1,650,000	60,182,168	1,763,540	3,028,276	38,934,986	1,950,698	12,186,287	6,329,564	4,932,105	130,957,624
Accumulated depreciation										
Balance at 1 July 2020	0	1,214,655	0	1,891,810	10,108,016	251,094	1,656,565	3,134,590	0	18,256,730
Depreciation	0	670,587	870	167,584	1,669,943	4,071	312,339	644,329	0	3,469,723
Disposals/Write-offs	0	0	0	(7,999)	(51,832)	0	(6,203)	(7,147)	0	(73,181)
Balance at 30 June 2021	0	1,885,242	870	2,051,395	11,726,127	255,165	1,962,701	3,771,772	0	21,653,272
Acquisition of subsidiaries	0	51,907	0	25,012	3,473,518	936,656	257,862	0	0	4,744,955
Depreciation	0	791,737	35,397	289,629	2,184,211	0	505,379	672,650	0	4,479,003
Transfer from right-of-use assets	0	0	0	0	0	755,079	0	0	0	755,079
Disposals/Write-offs	0	0	0	(24,006)	(79,835)	0	(399,168)	(113,039)	0	(616,048)
Balance at 30 June 2022	0	2,728,886	36,267	2,342,030	17,304,021	1,946,900	2,326,774	4,331,383	0	31,016,261
Carrying amount										
Balance at 1 July 2020	0	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	0	23,461,562	10,830	363,182	9,934,635	4	1,767,277	2,419,373	18,605,980	56,562,843
Balance at 30 June 2022	1,650,000	57,453,282	1,727,273	686,246	21,630,965	3,798	9,859,513	1,998,181	4,932,105	99,941,363

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

Group

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

	2022 RM	2021 RM
Freehold land	1,650,000	0
Buildings	54,576,087	22,571,048
Cleanroom facility and equipment	1,457,792	0
Machinery	6,500,327	0
Capital work-in-progress	3,965,178	18,605,980
	68,149,384	41,177,028

5. Right-of-use assets

Group

	Leasehold land RM	Buildings RM	Cleanroom facility and equipment RM	Machinery RM	Motor vehicles RM	Total RM
Balance at 1 July 2020	10,991,591	315,985	0	0	1,230,767	12,538,343
Additions	3,469,238	1,595,971	1,337,320	0	0	6,402,529
Remeasurement of lease liabilities	0	388,932	0	0	0	388,932
Depreciation	(305,818)	(646,802)	(156,021)	0	(437,893)	(1,546,534)
Balance at 30 June 2021	14,155,011	1,654,086	1,181,299	0	792,874	17,783,270
Acquisition of subsidiaries	0	4,144	0	458,708	128,386	591,238
Additions	5,645,944	0	0	87,682	267,715	6,001,341
Remeasurement of lease liabilities	0	934,410	0	0	0	934,410
Depreciation	(334,019)	(737,651)	(267,463)	(36,018)	(467,590)	(1,842,741)
Transfer to property, plant and equipment	0	0	0	0	(3,789)	(3,789)
Balance at 30 June 2022	19,466,936	1,854,989	913,836	510,372	717,596	23,463,729

The Group acquired the right to use the leasehold land as its principal places of business for 42 to 60 (2021 : 50 to 60) years. It also leases factory buildings from third parties for 2 to 5 (2021 : 1 to 5) years. The rights to use the cleanroom facility and equipment, machinery and motor vehicles were acquired under hire purchase financing whereby ownership will be transferred by the end of the lease terms of 3 to 5 (2021 : 5) years.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

6. Goodwill

Group

	2022 RM	2021 RM
Balance at 1 July	17,147,367	17,147,367
Acquisition of subsidiaries	17,230,590	0
Balance at 30 June	<u>34,377,957</u>	<u>17,147,367</u>

Goodwill is attributable to the following subsidiaries, each representing a separate cash-generating unit ("CGU"):-

	2022 RM	2021 RM
Rapid Growth Technology Sdn. Bhd.	17,147,367	17,147,367
Keenness Precision Engineering Sdn. Bhd.	5,925,512	0
Top Degree (M) Sdn. Bhd.	11,305,078	0
	<u>34,377,957</u>	<u>17,147,367</u>

The recoverable amounts of the CGUs were determined based on their 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 growth rate of 0% was used to extrapolate the cash flow projections beyond the 5 years covered by the financial budgets/forecasts. A discount rate of 18.03% (2021 : 19.08%) 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

	2022 RM	2021 RM
Unquoted shares - at cost	246,155,025	60,657,066
Impairment losses	(1,091,216)	(1,091,216)
	<u>245,063,809</u>	<u>59,565,850</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

7. Investments in subsidiaries (cont'd)

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2022	2021	
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	100%	60%	Manufacture and sale of air freshener dispensers, hygiene care products and plastic parts
RGT Industries Sdn. Bhd.	Malaysia	100%	70%	Design, manufacture, assemble and sale of plastic moulded components and parts
Top Degree (M) Sdn. Bhd.	Malaysia	70%	0%	Design, manufacture and sale of machinery, high precision parts and related accessories
Keenness Precision Engineering Sdn. Bhd.	Malaysia	70%	0%	Precision machining and tooling for moulds and machine parts

Subsidiary of RGTSB

Rapid Growth Industries Sdn. Bhd.	Malaysia	100%	60%	Inactive
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Acquisition of subsidiaries

- (i) On 1 October 2021, the Group acquired 70% equity interest in Top Degree (M) Sdn. Bhd. ("TDSB") for total consideration of RM14,000,000 as follows:-

- (a) Initial consideration of RM12,000,000 payable upon execution of share sale agreement.
- (b) Contingent consideration of RM2,000,000 payable upon meeting an earnings target.

The acquisition gave rise to a goodwill of RM11,305,078.

- (ii) On 3 January 2022, the Group acquired 70% equity interest in Keenness Precision Engineering Sdn. Bhd. ("KPSB") for total consideration of RM9,800,000 as follows:-

- (a) Initial consideration of RM8,800,000 payable upon execution of share sale agreement.
- (b) Contingent consideration of RM1,000,000 payable upon meeting an earnings target.

The acquisition gave rise to a goodwill of RM5,925,512.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

7. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

- (ii) The amounts recognised at the acquisition date for each major class of assets acquired and liabilities assumed for are as follows:-

	TDSB RM	KPSB RM	Total RM
Property, plant and equipment	821,868	5,715,379	6,537,247
Right-of-use assets	0	591,238	591,238
Investments	0	125,915	125,915
Inventories	4,957,333	0	4,957,333
Receivables	2,878,476	683,586	3,562,062
Prepayments	1,154,325	605,615	1,759,940
Cash and cash equivalents	1,980,254	1,928,769	3,909,023
Payables	(3,489,853)	(1,022,578)	(4,512,431)
Loans and borrowings	0	(1,593,990)	(1,593,990)
Lease liabilities	0	(457,063)	(457,063)
Contract liabilities	(3,588,386)	0	(3,588,386)
Current tax liabilities	(901,112)	(473,384)	(1,374,496)
Deferred tax liabilities	(197,178)	(672,972)	(870,150)
Net assets	3,615,727	5,430,515	9,046,242
Non-controlling interests	(1,084,718)	(1,629,155)	(2,713,873)
Share of net assets acquired	2,531,009	3,801,360	6,332,369
Fair value of cash consideration transferred	(12,000,000)	(8,800,000)	(20,800,000)
Fair value of contingent consideration	(1,836,087)	(926,872)	(2,762,959)
Goodwill	(11,305,078)	(5,925,512)	(17,230,590)

The amounts of revenue and profit for the financial period recognised since the acquisition date included in the consolidated statement of comprehensive income are as follows:-

	TDSB RM	KPSB RM	Total RM
- Revenue	16,083,092	3,047,650	19,130,742
- Profit for the financial period	1,148,041	1,189,590	2,337,631

Had the acquisition date been 1 July 2021, management estimates that the Group's revenue and profit for the financial year would have been RM125,681,809 and RM9,917,570 respectively. The effects of the acquisition on the consolidated statement of cash flows are as follows:-

	RM
Cash consideration paid	20,800,000
Cash and cash equivalents acquired (net of pledged deposits)	(3,087,423)
Acquisition of subsidiaries, net of cash acquired	17,712,577

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

8. Investments

Group

	2022 RM	2021 RM
Quoted unit trust - at fair value	108,230	0

The fair values of quoted investments were directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

9. Deferred tax assets and deferred tax liabilities

	2022 RM	Group 2021 RM
Balance at 1 July	(5,138,951)	(4,754,311)
Acquisition of subsidiaries	(870,150)	0
Deferred tax expense relating to origination and reversal of temporary differences	(1,124,535)	(392,640)
Recognition of previously unrecognised deferred tax assets	330,000	0
Deferred tax liabilities (under)/over provided in prior year	(281,913)	8,000
Balance at 30 June	(7,085,549)	(5,138,951)
Disclosed as:-		
- Deferred tax assets	764,713	199,000
- Deferred tax liabilities	(7,850,262)	(5,337,951)
	(7,085,549)	(5,138,951)

	2022 RM	Group 2021 RM
In respect of:-		
- (Taxable)/Deductible temporary differences of:-		
- Property, plant and equipment	(5,648,549)	(2,568,951)
- Right-of-use assets	(4,071,000)	(3,297,000)
- Inventories	3,000	22,000
- Financial instruments	(31,000)	(1,000)
- Lease liabilities	1,185,000	341,000
- Unused capital allowances	626,000	15,000
- Unused tax losses	851,000	350,000
	(7,085,549)	(5,138,951)

As at 30 June 2022, no deferred tax assets have been recognised by the Group and the Company amounted to RM14,618,000 (2021 : RM14,618,000). The unused tax losses can be carried forward until the year of assessment 2028.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

10. Inventories

Group

	2022 RM	2021 RM
Raw materials	11,452,827	13,402,910
Work-in-progress	2,129,077	1,259,253
Finished goods	5,248,273	5,369,949
Goods-in-transit	411,765	1,768,411
	<u>19,241,942</u>	<u>21,800,523</u>

11. Receivables

	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
Trade receivables	22,807,499	6,096,049	0	0
Other receivables	480,104	407,876	0	0
Amount due from subsidiary	0	0	3,100,000	2,100,000
	<u>23,287,603</u>	<u>6,503,925</u>	<u>3,100,000</u>	<u>2,100,000</u>

Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 June 2022, there were 2 (2021 : 2) major customers that individually accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM8,710,612 (2021 : RM3,438,567). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	2022 RM	Group 2021 RM
Malaysia	4,667,868	1,600,871
North America	6,424,973	2,282,400
Europe	4,888,743	1,591,012
Other Asian countries	6,799,447	561,451
Others	26,468	60,315
	<u>22,807,499</u>	<u>6,096,049</u>

The credit terms of trade receivables range from 30 to 130 days. The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

11. Receivables (cont'd)

Trade receivables (cont'd)

	2022 RM	Group 2021 RM
Not past due	18,151,241	5,348,861
1 to 30 days past due	4,167,383	661,529
31 to 60 days past due	278,228	0
61 to 90 days past due	138,444	85,659
More than 90 days past due	72,203	0
	22,807,499	6,096,049

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 3.89% (2021 : 3.95%) per annum and repayable on demand.

12. Prepayments

	2022 RM	Group 2021 RM	Company 2022 RM	2021 RM
Prepayments for acquisition of property, plant and equipment	912,790	1,978,239	0	0
Prepayments for acquisition of right-of-use assets	0	525,000	0	0
Prepayments for operating expenses	1,289,872	878,249	14,585	19,800
	2,202,662	3,381,488	14,585	19,800

13. Cash and cash equivalents

	2022 RM	Group 2021 RM	Company 2022 RM	2021 RM
Cash and bank balances	10,616,992	3,276,041	286,914	46,082
Term deposits	4,120,973	3,237,055	0	0
Short-term funds - at fair value	15,518,312	49,591,711	3,036,849	24,256,817
	30,256,277	56,104,807	3,323,763	24,302,899

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

13. Cash and cash equivalents (cont'd)

Cash and bank balances and term deposits 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 2022 ranged from 1.55% to 1.85% (2021 : 1.45% to 1.85%) per annum.

Short-term funds represent highly liquid investments in money market funds managed by financial institutions that invest in low-risk instruments, and are readily redeemable with insignificant risk of changes in value. Their fair values were directly measured using the unadjusted market values quoted by the financial institutions (i.e. Level 1).

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

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash and cash equivalents	30,256,277	56,104,807	3,323,763	24,302,899
Bank overdrafts	(388,525)	0	0	0
Term deposits pledged as security	(4,120,973)	(3,237,055)	0	0
	<u>25,746,779</u>	<u>52,867,752</u>	<u>3,323,763</u>	<u>24,302,899</u>

14. Payables

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade payables	10,813,515	7,768,096	0	0
Other payables	6,377,701	7,439,087	451,308	109,937
Amount due to subsidiary	0	0	3,850,000	0
	<u>17,191,216</u>	<u>15,207,183</u>	<u>4,301,308</u>	<u>109,937</u>
Contingent consideration - at fair value	2,872,728	0	2,872,728	0
	<u>20,063,944</u>	<u>15,207,183</u>	<u>7,174,036</u>	<u>109,937</u>
Disclosed as:-				
- Current liabilities	17,191,216	15,207,183	4,301,308	109,937
- Non-current liabilities	2,872,728	0	2,872,728	0
	<u>20,063,944</u>	<u>15,207,183</u>	<u>7,174,036</u>	<u>109,937</u>

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

Trade and other payables

The credit terms of trade and other payables range from 7 to 120 days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

14. Payables (cont'd)

Amount due to subsidiary

The amount due to subsidiary is unsecured, bearing interest at 3.89% per annum and repayable on demand.

Contingent consideration

This represents the balance contingent consideration payable to vendors of Top Degree (M) Sdn. Bhd. and Keenness Precision Engineering Sdn. Bhd. pursuant to the share sale agreements as disclosed in Note 7.

15. Loans and borrowings

Group

	2022 RM	2021 RM
Secured		
Banker acceptances	1,682,544	0
Bank overdrafts	388,525	0
Revolving credits	6,000,000	0
Term loans	45,021,699	17,846,945
Unsecured		
Banker acceptances	895,000	0
	53,987,768	17,846,945
Disclosed as:-		
- Current liabilities	14,805,797	2,436,000
- Non-current liabilities	39,181,971	15,410,945
	53,987,768	17,846,945

Secured loans and borrowings are secured against certain property, plant and equipment (Note 4) and right-of-use assets (Note 5).

The effective interest rates of loans and borrowings as at 30 June 2022 ranged from 2.26% to 6.89% (2021 : 2.69% to 3.19%) per annum.

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

Term loans are repayable over 4 to 25 years. The repayment analysis is as follows:-

	2022 RM	2021 RM
Gross loan instalments:-		
- Within 1 year	7,205,468	2,927,445
- 1 to 5 years	36,088,686	16,784,907
- After 5 years	8,317,507	0
Total contractual undiscounted cash flows	51,611,661	19,712,352
Future finance charges	(6,589,962)	(1,865,407)
Present value of term loans	45,021,699	17,846,945

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

15. Loans and borrowings (cont'd)

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

	2022 RM	2021 RM
Gross lease liabilities:-		
- Within 1 year	1,581,305	1,396,302
- 1 to 5 years	2,456,959	2,489,460
Total contractual undiscounted cash flows	4,038,264	3,885,762
Future finance charges	(266,432)	(324,280)
Present value of lease liabilities	3,771,832	3,561,482
Disclosed as:-		
- Current liabilities	1,437,416	1,257,714
- Non-current liabilities	2,334,416	2,303,768
	3,771,832	3,561,482

The incremental borrowing rates applied to lease liabilities as at 30 June 2022 ranged from 3.50% to 7.93% (2021 : 3.91% to 5.95%) per annum.

17. Derivatives

Group

	2022 RM	2021 RM
Forward exchange contracts - at fair value	155,313	7,101

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 30 June 2022, the Group had contracts with financial institutions due within 1 year to deal with the following currencies at contractual forward rates:-

	To buy	2022 To sell	To buy	2021 To sell
Contract I	RM6,365,000	USD1,450,000	RM2,279,000	USD550,000
Contract II	JPY73,240,000	RM2,520,000	0	0

The fair values of forward exchange contracts were directly measured using their unadjusted market values quoted by the financial institutions (i.e. Level 1).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

18. Contract liabilities

Group

	2022 RM	2021 RM
Balance at 1 July	569,237	1,779,407
Acquisition of subsidiaries	3,588,386	0
Revenue recognised from opening contract liabilities	(4,157,623)	(1,779,407)
Excess of consideration over revenue recognised	2,810,018	569,237
Balance at 30 June	<u>2,810,018</u>	<u>569,237</u>

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

19. Share capital

	No. of ordinary shares with no par value	RM
Issued and fully paid		
Balance at 1 July 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
Issue of shares pursuant to exercise of warrants	25,786,300	3,882,520
Issue of shares pursuant to acquisition of shares from non-controlling interests	267,500,000	149,800,000
Balance at 30 June 2022	<u>946,054,156</u>	<u>231,830,106</u>

During the financial year, the Company issued 293,286,300 ordinary shares pursuant to the following:-

- (i) Exercise of 25,786,300 warrants at an exercise price of RM0.10 per share; and
- (ii) Acquisition of the remaining 40% equity interest in Rapid Growth Technology Sdn. Bhd. from non-controlling interests by issuing 267,500,000 ordinary shares at an issue price of RM0.32 per share. For financial reporting purposes, the transaction was recorded at the market value of the shares on the issuance date of RM0.56 per share.

20. Warrant reserve

Group and Company

	No. of warrants	RM
Balance at 1 July 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
Exercise of warrants	(25,786,300)	(1,303,890)
Balance at 30 June 2022	<u>112,774,924</u>	<u>5,702,489</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

20. 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.

21. Non-controlling interests ("NCI")

Group

	Accumulated NCI		Profit/(Loss) allocated to NCI	
	2022 RM	2021 RM	2022 RM	2021 RM
Rapid Growth Technology Sdn. Bhd. and its subsidiary	0	35,331,300	698,980	7,131,649
RGT Industries Sdn. Bhd.	0	255,890	404,130	(40,938)
Top Degree (M) Sdn. Bhd.	4,416,061	0	331,343	0
Keenness Precision Engineering Sdn. Bhd.	2,886,032	0	356,877	0
	7,302,093	35,587,190	1,791,330	7,090,711

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
		2022	2021	
Rapid Growth Technology Sdn. Bhd. ("RGTSB")	Malaysia	0%	40%	Manufacture and sale of air freshener dispensers, hygiene care products and plastic parts
RGT Industries Sdn. Bhd. ("RISB")	Malaysia	0%	30%	Design, manufacture, assemble and sale of plastic moulded components and parts
Top Degree (M) Sdn. Bhd. ("TDSB")	Malaysia	30%	N/A	Design, manufacture and sale of machinery, high precision parts and related accessories
Keenness Precision Engineering Sdn. Bhd. ("KPSB")	Malaysia	30%	N/A	Precision machining and tooling for moulds and machine parts
<u>Subsidiary of RGTSB</u>				
Rapid Growth Industries Sdn. Bhd.	Malaysia	0%	40%	Inactive

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

21. Non-controlling interests ("NCI") (cont'd)

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

	TDSB RM	KPSB RM
2022		
Non-current assets	10,698,604	10,440,987
Current assets	15,512,557	5,471,927
Current liabilities	(8,115,937)	(1,466,476)
Non-current liabilities	(3,375,020)	(4,826,333)
Net assets	14,720,204	9,620,105
Revenue	16,087,342	3,140,119
Profit (representing comprehensive income)	1,104,477	1,189,590
Net cash from operating activities	1,605,649	87,418
Net cash used in investing activities	(8,653,002)	(4,213,020)
Net cash from financing activities	12,786,787	5,343,793
Net cash inflow	5,748,564	1,218,191

	RGTSB RM	RISB 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	(147,032)
Net cash from operating activities	19,398,287	507,266
Net cash used in investing activities	(33,096,141)	(2,991,833)
Net cash from financing activities	13,644,314	2,566,352
Net cash (outflow)/inflow	(46,017)	81,785

Changes in ownership interests in subsidiaries

- On 25 January 2022, the Group acquired the remaining 40% equity interest in Rapid Growth Technology Sdn. Bhd. from NCI satisfied entirely via issuance of 267,500,000 new ordinary shares in the Company at market value of RM0.56 per share amounted to RM149,800,000.
- On 28 April 2022, the Group acquired the remaining 30% equity interest in RGT Industries Sdn. Bhd. from NCI for cash consideration of RM4,500,000.

The effects of the changes in ownership interests on the equity attributable to owners of the Company are as follows:-

	RGTSB RM	RISB RM	Total RM
Amount by which NCI are adjusted	32,030,280	660,020	32,690,300
Consideration paid	(149,800,000)	(4,500,000)	(154,300,000)
Decrease in equity attributable to owners of the Company	(117,769,720)	(3,839,980)	(121,609,700)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

22. Revenue

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers:-				
- Sale of goods	118,189,432	130,364,802	0	0
- Rendering of services	3,047,650	0	0	0
	121,237,082	130,364,802	0	0
Other source of revenue:-				
- Dividend income	0	0	12,000,000	1,050,000
	121,237,082	130,364,802	12,000,000	1,050,000

Disaggregation of revenue from contracts with customers

	Group	
	2022 RM	2021 RM
Major products/services:-		
- Moulded plastic products	102,106,340	130,364,802
- Automated machinery	10,681,922	0
- Precision engineering	8,448,820	0
	121,237,082	130,364,802
Geographical areas:-		
- Malaysia	21,864,355	9,764,460
- North America	67,980,833	87,998,825
- Europe	19,999,110	30,870,143
- Other Asian countries	11,146,022	1,519,060
- Others	246,762	212,314
	121,237,082	130,364,802
Timing of revenue recognition:-		
- Over time	3,047,650	0
- At a point in time	118,189,432	130,364,802
	121,237,082	130,364,802

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

23. Profit/(Loss) before tax

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit/(Loss) before tax is arrived at after charging:-				
Auditors' remuneration:-				
- Statutory:-				
- Current year	172,700	144,815	60,000	60,000
- Prior year	0	10,000	0	5,000
- Non-statutory	32,000	0	20,000	0
Depreciation of property, plant and equipment	4,479,003	3,469,723	0	0
Depreciation of right-of-use assets	1,842,741	1,546,534	0	0
Employee benefits expense (Note 24)	21,725,702	19,522,968	134,170	138,865
Fee expense for financial instruments not measured at fair value through profit or loss	75,799	73,531	429	141
Impairment loss on investment in subsidiary*	0	0	0	788,706
Interest expense for financial liabilities not measured at fair value through profit or loss	912,219	284,494	42,880	0
Interest expense for lease liabilities	165,238	147,081	0	0
Inventories written down	0	301,103	0	0
Lease expense relating to:-				
- Short-term leases	115,434	149,890	0	0
- Leases of low-value assets (other than short-term leases)	17,148	15,415	0	0
Property, plant and equipment written off	84,409	2,542	0	0
Realised loss on foreign exchange	0	408,585	0	0
and crediting:-				
Fair value gains on financial instruments mandatorily measured at fair value through profit and loss	76,938	535,293	95,210	256,806
Gain on disposal of property, plant and equipment	6,999	15,695	0	0
Gain on foreign exchange:-				
- Realised	644,727	0	0	0
- Unrealised	346,617	30,951	0	0
Interest income for financial assets measured at amortised cost	82,315	92,748	65,499	37,700
Reversal of impairment loss on investment in subsidiary**	0	0	0	5,936
Reversal of inventories written down	77,157	367,342	0	0

* Included in administrative and general expenses

** Included in other income

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

24. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Directors of the Company:-				
- Fees	118,000	120,000	118,000	120,000
- Other short-term employee benefits	1,440,853	1,903,677	16,170	18,865
- Defined contribution plans	135,617	177,217	0	0
- Government grants under Wage Subsidy Programme	(3,600)	0	0	0
	1,690,870	2,200,894	134,170	138,865
Directors of subsidiaries:-				
- Fees	48,000	48,000	0	0
- Other short-term employee benefits	1,025,939	551,270	0	0
- Defined contribution plans	99,169	67,860	0	0
- Government grants under Wage Subsidy Programme	(1,200)	0	0	0
	1,171,908	667,130	0	0
Other employees:-				
- Short-term employee benefits	17,882,134	15,590,553	0	0
- Defined contribution plans	1,598,353	1,236,294	0	0
- Government grants:-				
- Wage Subsidy Programme	(523,589)	(171,903)	0	0
- Others	(93,974)	0	0	0
	18,862,924	16,654,944	0	0
	21,725,702	19,522,968	134,170	138,865

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

	Group	
	2022	2021
	RM	RM
Directors of the Company	73,400	73,558
Directors of subsidiaries	20,742	28,125
	94,142	101,683

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

25. Tax expense

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Tax based on results for the year:-				
- Current tax	898,690	1,370,000	10,000	0
- Deferred tax	794,535	392,640	0	0
	1,693,225	1,762,640	10,000	0
Tax under/(over) provided in prior year:-				
- Current tax	41,075	(52,461)	0	0
- Deferred tax	281,913	(8,000)	0	0
	2,016,213	1,702,179	10,000	0

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	
	2022 %	2021 %	2022 %	2021 %
Applicable tax rate	24.00	24.00	24.00	(24.00)
Non-deductible expenses	6.63	2.50	3.87	66.00
Non-taxable income	(0.02)	(0.07)	(27.77)	(42.00)
Tax incentives claimed	(12.36)	(17.06)	0.00	0.00
Decrease in unrecognised deferred tax assets	(5.99)	0.00	0.00	0.00
Average effective tax rate	12.26	9.37	0.10	0.00

26. Earnings per share

Group

The 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:-

	2022	2021
Profit for the financial year attributable to owners of the Company (RM)	10,000,040	10,014,008
Number of shares in issue as at 1 July	652,767,856	576,930,356
Effect of shares issued	150,373,843	44,284,710
Weighted average number of shares for computing basic earnings per share	803,141,699	621,215,066
Number of shares under warrants deemed to have been issued for no consideration	95,252,316	121,592,862
Weighted average number of shares for computing diluted earnings per share	898,394,015	742,807,928
Basic earnings per share (sen)	1.25	1.61
Diluted earnings per share (sen)	1.11	1.35

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

27. Notes to statements of cash flows

Group

Acquisition of property, plant and equipment

	2022 RM	2021 RM
Cost of property, plant and equipment acquired (Note 4)	41,400,897	31,116,715
Cost prepaid in current year (Note 12)	912,790	1,978,239
Cost prepaid in prior year (Note 12)	(1,978,239)	(418,831)
Net cash disbursed	40,335,448	32,676,123

Acquisition of right-of-use assets

	2022 RM	2021 RM
Cost of right-of-use assets acquired (Note 5)	6,001,341	6,402,529
Acquisition by means of leases	(299,798)	(2,799,559)
Cost prepaid in current year (Note 12)	0	525,000
Cost prepaid in prior year (Note 12)	(525,000)	(331,169)
Net cash disbursed	5,176,543	3,796,801

Term loans

	2022 RM	2021 RM
Balance at 1 July	17,846,945	3,487,225
Acquisition of subsidiaries	1,593,990	0
Drawdowns	28,386,723	18,662,945
Repayments	(2,805,959)	(4,303,225)
Balance at 30 June (Note 15)	45,021,699	17,846,945

Short-term loans and borrowings

	2022 RM	2021 RM
Balance at 1 July	0	0
Net cash flow changes	8,577,544	0
Balance at 30 June:-		
- Banker acceptances (Note 15)	2,577,544	0
- Revolving credits (Note 15)	6,000,000	0
	8,577,544	0

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

27. Notes to statements of cash flows (cont'd)

Lease liabilities

	2022 RM	2021 RM
Balance at 1 July	3,561,482	1,495,754
Acquisition of subsidiaries	457,063	0
Acquisition of right-of-use assets	299,798	2,799,559
Remeasurement from reassessment or lease modifications	934,410	388,932
Payments	(1,480,921)	(1,122,763)
Balance at 30 June (Note 16)	3,771,832	3,561,482

The total cash outflow for leases is as follows:-

	2022 RM	2021 RM
Operating activities		
Lease expense recognised in profit or loss (Note 23)	132,582	165,305
Investing activities		
Acquisition of right-of-use assets	5,176,543	3,796,801
Financing activities		
Interest portion of lease liabilities (Note 23)	165,238	147,081
Principal portion of lease liabilities	1,480,921	1,122,763
	6,955,284	5,231,950

28. Related party disclosures

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Key management personnel compensation:-				
- Short-term employee benefits	3,125,496	3,122,158	134,170	138,865
- Defined contribution plans	282,618	291,409	0	0
	3,408,114	3,413,567	134,170	138,865
Acquisition of 40% equity interests in subsidiary from directors and other related parties	149,800,000	0	149,800,000	0
Interest charged by subsidiary	0	0	42,880	0
Interest charged to subsidiary	0	0	61,138	37,659

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

29. Segment reporting

Group

Operating segments

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:-

- (i) Moulded plastic products - Design, manufacture and sale of precision plastic moulded parts including full assembly and related accessories
- (ii) Automation and precision engineering - Design, manufacture and sale of automated machinery, high precision parts and related accessories

The accounting policies and measurement bases of these segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

	Moulded plastic products RM	Automation and precision engineering RM	Unallocated non-operating segments RM	Total RM
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2022

Statement of financial position

Segment assets	175,014,473	57,692,737	3,389,880	236,097,090
Included in the measure of segment assets are:-				
- Additions to non-current assets	35,938,837	24,271,251	0	60,210,088
Segment liabilities	70,158,588	16,176,024	3,331,778	89,666,390

Statement of comprehensive income

Segment profit/(loss)	11,496,499	2,337,631	(2,042,760)	11,791,370
Included in the measure of segment profit are:-				
- External revenue	102,106,340	19,130,742	0	121,237,082
- Interest and fund distributions income	133,627	91,890	192,197	417,714
- Non-cash income	300,372	124,006	0	424,378
- Interest expense	1,029,196	48,261	0	1,077,457
- Depreciation	5,830,031	491,713	0	6,321,744
- Other non-cash expenses	99,897	170,053	72,920	342,870
- Tax (expense)/income	(2,033,549)	27,336	(10,000)	(2,016,213)

The Group's products and services for the financial year ended 30 June 2021 were mainly confined to a single operating segment, namely the manufacture and sale of moulded plastic products.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

29. Segment reporting (cont'd)

Geographical information

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

	External revenue	
	2022 RM	2021 RM
Malaysia	21,864,355	9,764,460
North America	67,980,833	87,998,825
Europe	19,999,110	30,870,143
Other Asian countries	11,146,022	1,519,060
Others	246,762	212,314
	121,237,082	130,364,802

Major customers

For the financial year ended 30 June 2022, there was 1 (2021 : 1) major group of customers under common control from the moulded plastic products segment that contributed 10% or more of the Group's total revenue and the total revenue generated from this major group of customers amounted to RM80,725,690 (2021 : RM112,871,864).

30. Contractual commitments

Group

	2022 RM	2021 RM
Acquisition of property, plant and equipment	7,802,000	21,120,000
Acquisition of right-of-use assets	387,000	4,725,000
	8,189,000	25,845,000

31. 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 RM89,541,000 (2021 : RM7,204,000). The total utilisation of these credit facilities as at 30 June 2022 amounted to RM30,699,000 (2021 : RM1,204,000). 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 2.11. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

32. 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 31.

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 11. 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	
	2022 RM	2021 RM
Receivables	17,964,422	4,361,542
Cash and cash equivalents	4,922,185	1,009,652
Payables	(3,942,740)	(3,276,079)
	18,943,867	2,095,115

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

32. Financial risk management (cont'd)

Currency risk (cont'd)

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

	Increase/ (Decrease) in profit 2022 RM	Group Increase/ (Decrease) in profit 2021 RM
Appreciation of USD against RM by 2%	287,947	31,846
Depreciation of USD against RM by 2%	(287,947)	(31,846)

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:-

	2022 RM	Group 2021 RM
Fixed rate instruments		
Financial assets	4,120,973	3,237,055
Financial liabilities	6,349,376	3,561,482
Floating rate instruments		
Financial liabilities	51,410,224	17,846,945

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:-

	Increase/ (Decrease) in profit 2022 RM	Group Increase/ (Decrease) in profit 2021 RM
Increase in interest rates by 10 (2021 : 0*) basis point(s)	(39,072)	0
Decrease in interest rates by 10 (2021 : 0*) basis point(s)	39,072	0

* 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 previous reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

33. 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:-

	2022 RM	Group 2021 RM
Loans and borrowings	53,987,768	17,846,945
Lease liabilities	3,771,832	3,561,482
Total interest-bearing debts	57,759,600	21,408,427
Total equity	146,430,700	137,865,534
Total capital	204,190,300	159,273,961
Debt-to-equity ratio	39%	16%

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

LIST OF PROPERTIES

AS AT 30 JUNE 2022

Address	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 2022	Carrying amount as at 30 June 2022 (RM '000)	Date of acquisition
Registered Owner: Rapid Growth Technology Sdn. Bhd.							
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, and cleanroom	Leasehold (2067 & 2068)	17,837	9,597	13	46,700	25.05.2007
No. 1024, Lgk Perindustrian Bukit Minyak 2, Taman Bukit Minyak, 14100 Simpang Ampat, Penang	Warehouse	Leasehold (2070)	5,296	3,816	13	10,374	31.01.2020
11A, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	15	290	28.05.2007
15, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	15	290	28.05.2007
16, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	15	421	18.08.2020
17, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	15	290	28.05.2007
19, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	15	290	28.05.2007

LIST OF PROPERTIES (CONT'D)

AS AT 30 JUNE 2022

Address	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 2022	Carrying amount as at 30 June 2022 (RM '000)	Date of acquisition
20, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	15	423	05.10.2020
21, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	15	290	28.05.2007
39, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	15	290	11.05.2011
41, Lorong Juru 11, Pusat Perniagaan Juru Jaya, 14000 Bukit Mertajam	Double-storey terraced house/ Employee hostel	Freehold	130	204	15	290	11.05.2011

* The last revaluation of the above-mentioned properties were made on 30 April 2018.

Registered Owner: RGT Industries Sdn. Bhd.

No.887 (Plot 214-A), Jalan Perindustrian Bukit Minyak, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.	Factory building and land, manufacturing facility, warehouse and clean room	Leasehold (2064)	8,123	7,239	18	16,576	26.01.2021
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Registered Owner: Keenness Precision Engineering Sdn. Bhd.

No. 9, Lintang Beringin 6, Diamond Valley Industrial Park, 11960 Bayan Lepas, Penang.	An intermediate 1½ Storey terraced light industrial factory	Freehold	175	250	12	1,752	25.10.2018
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ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2022

SHARE CAPITAL

Total number of issued shares : 946,660,756
 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	46	636	0.00
100 - 1,000	269	155,664	0.02
1,001 - 10,000	1,464	7,611,866	0.80
10,001 – 100,000	1,266	47,008,928	4.97
100,001 – 47,333,036	376	556,383,662	58.77
47,333,037 and above	2	335,500,000	35.44
Total	3,423	946,660,756	100.00

WARRANTS 2018/2023

Unit of Warrants in Issue : 112,168,324

DISTRIBUTION OF WARRANTS

Holdings	No. of Holders	Total Holdings	%
1 - 99	8	258	0.00
100 - 1,000	19	7,744	0.01
1,001 - 10,000	89	545,100	0.49
10,001 – 100,000	140	5,543,850	4.94
100,001 – 5,608,415	68	36,251,084	32.32
5,608,416 and above	4	69,820,288	62.24
Total	328	112,168,324	100.00

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 SEPTEMBER 2022

THIRTY LARGEST ORDINARY SHARES ACCOUNT HOLDERS

Name	Shareholdings	%
1. RGT Equity Holdings Sdn Bhd	267,500,000	28.26
2. Hor Lim Chee	68,000,000	7.18
3. Goodwill Hexagon Sdn Bhd	44,396,400	4.69
4. Ng Choon Keat	42,500,000	4.49
5. Pahangply Holdings Berhad	35,924,461	3.79
6. Tan Song Chai	34,000,000	3.59
7. See Seng Lai & Sons Realty Sdn Bhd	27,714,817	2.93
8. Datuk Lim Seat Hoe	17,300,000	1.83
9. CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	15,411,600	1.63
10. Citigroup Nominees (Asing) Sdn Bhd Qualifier: Exempt An For Citibank New York (Norges Bank 14)	14,856,600	1.57
11. CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: CIMB Commerce Trustee Berhad For Kenanga Growth Opportunities Fund (50154 TR01)	12,565,900	1.33
12. See Teck Wah	10,903,000	1.15
13. Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Lai Cheng Kuan (8058893)	10,250,000	1.08
14. Vertical Portal Sdn Bhd	10,125,000	1.07
15. Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	9,570,000	1.01
16. Tan Ann Chee	8,500,000	0.90
17. Tokio Marine Life Insurance Malaysia Bhd Qualifier: As Beneficial Owner (TMEF)	7,574,900	0.80
18. Tham Kin Yee	7,130,600	0.75
19. Provincial Equity Sdn Bhd	6,943,352	0.73
20. Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Trustees Berhad For Kenanga Syariahextra Fund (N14011960240)	6,917,400	0.73
21. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Chun Sau Chin (M02)	6,912,500	0.73
22. RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For See Han Liong	6,627,470	0.70
23. Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Exempt An For Areca Capital Sdn Bhd (Clients' Account)	6,526,300	0.69
24. Lim Boon Tiang	6,224,400	0.66
25. UOBM Nominees (Tempatan) Sdn Bhd Qualifier: UOB Islamic Asset Management Sdn Bhd For Lembaga Tabung Haji	6,114,000	0.65
26. Teh Swee See	5,665,200	0.60
27. Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Trustee Berhad For Areca Equitytrust Fund (211882)	5,349,200	0.57
28. Lee Boon Tiong	4,375,000	0.46
29. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For See Teck Wah	4,020,812	0.42
30. NGE Leasing & Credit Sdn Berhad	3,848,649	0.41

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 SEPTEMBER 2022

THIRTY LARGEST WARRANTS ACCOUNT HOLDERS

Name	Warrant holdings	%
1. Goodwill Hexagon Sdn Bhd	34,000,000	30.31
2. Provincial Equity Sdn Bhd	16,991,826	15.15
3. Pahangply Holdings Berhad	9,424,969	8.40
4. See Seng Lai & Sons Realty Sdn Bhd	9,403,493	8.38
5. Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Exempt An For Areca Capital Sdn Bhd (Clients' Account)	3,850,700	3.43
6. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For See Teck Wah	3,565,400	3.18
7. Khaw Seang Chuan	2,367,800	2.11
8. Chong Hah	1,977,600	1.76
9. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For See Han Liong	1,594,530	1.42
10. Teh Swee See	1,450,000	1.29
11. T C Holdings Sendirian Berhad	1,250,000	1.11
12. NGE Leasing & Credit Sdn Berhad	1,099,421	0.98
Chun Sau Chin	800,000	0.71
13. Tham Kin Foong (John)	752,100	0.67
15. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Loh Seok Bin	732,500	0.65
16. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Qualifier: For Shankar A/L Sammantha Murthy	721,400	0.64
17. Maybank Nominees (Tempatan) Sdn Bhd Qualifier: RHB Trustees Berhad For Areca Value Fund (440967)	700,000	0.62
18. Affin Hwang Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tan Roy Soon (TAN8615M)	631,800	0.56
19. Khor Ah Yeam	600,000	0.53
20. Yee Mei Yoke	570,000	0.51
21. Teoh Giap Seng	524,800	0.47
22. Goh Keong Teik	520,000	0.46
28. Low Chee Min	500,000	0.45
29. See Seng Hong	500,000	0.45
25. Tham Kin Yip	469,000	0.42
26. Far East Navigation (Malaysia) Sdn Berhad	450,000	0.40
27. Nanyang General Enterprise Sdn Bhd	449,990	0.40
28. Tan Kai Lin	404,000	0.36
29. Teh Bak Heong	402,000	0.36
30. Khoo Kheng Im	400,000	0.36

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 SEPTEMBER 2022

SUBSTANTIAL SHAREHOLDERS

Name	Direct No. of shares held	%	Indirect No. of shares held	%	Notes
See Teck Wah	14,923,812	1.58	81,774,879	8.64	3,4,5,6,7,8,9 & 11
See Han Liong	6,628,100	0.70	90,070,591	9.52	3,4,5,6,7,8,9 & 10
See Seng Hong	3,003,000	0.32	45,256,420	4.78	3,6,7,8 & 9
RGT Equity Holdings Sdn Bhd	267,500,000	28.26	—	—	—
Datuk Lim Seat Hoe	17,300,000	1.83	267,500,000	28.26	2
Hor Lim Chee	68,000,000	7.18	291,650,000	30.81	1,2,12,13,14 & 15
Tan Song Chai	34,000,000	3.59	286,125,000	30.22	1,2 & 16
Ng Choon Keat	42,500,000	4.49	277,625,000	29.33	1 & 2

Notes for Indirect interest held through:-

Note	Name	No. of Shares held
1	Vertical Portal Sdn Bhd*	10,125,000
2	RGT Equity Holdings Sdn Bhd*	267,500,000
3	Pahangply Holdings Berhad*	35,924,461
4	See Seng Lai & Sons Realty Sdn Bhd*	27,714,817
5	Prime Forest Products (M) Sdn Bhd*	2,175,542
6	NGE Leasing & Credit Sdn Bhd*	3,848,649
7	Nanyang General Enterprises Sdn Bhd*	2,333,310
8	Nanyang Timber Industry Sdn Berhad*	2,100,000
9	Far East Navigation (Malaysia) Sdn Berhad*	1,050,000
10	See Teck Wah [#]	14,923,812
11	See Han Liong [#]	6,628,100
12	Lee Soo Ching [#]	3,650,000
13	Lee Boon Tiong [#]	4,375,000
14	Lee Chun Yee [#]	3,000,000
15	Lee Pei Ching [#]	3,000,000
16	Tan Ann Chee [#]	8,500,000

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

[#] Deemed interest by virtue of the interest held by his/her father/son/daughter

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 SEPTEMBER 2022

DIRECTORS' SHAREHOLDINGS

Name	Direct No. of shares held	%	Indirect No. of shares held	%	Notes
Dato' Ir. Low Keng Kok	2,000,000	0.21	—	—	—
Datuk Lim Seat Hoe	17,300,000	1.83	267,500,000	28.26	2
Lee Soo Ching	3,650,000	0.39	—	—	—
Dr. Ooi Hun Pin	500,000	0.05	—	—	—
Ng Choon Keat	42,500,000	4.49	277,625,000	29.33	1 & 2
Dato' Lim Yong Jin	2,100,000	0.22	—	—	—

Notes for Indirect interest held through:-

Note	Name	No. of Shares held
1	Vertical Portal Sdn Bhd*	10,125,000
2	RGT Equity Holdings Sdn Bhd*	267,500,000

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

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	—	—	—	—	—
Dr. Ooi Hun Pin	—	—	—	—	—
Ng Choon Keat	—	—	—	—	—
Dato' Lim Yong Jin	—	—	—	—	—

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PROXY FORM

No. of Shares held	CDS Account No.

I/We _____
(Full Name in Block Letters and NRIC No./Passport No./Company No.)
of _____ and _____
(Address) (Tel. No./Email Address)

being a member/members of RGT Berhad (the "Company"), hereby appoint

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of shareholding

* and/or (*delete if not applicable)

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of shareholding

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Forty-First Annual General Meeting ("41st AGM") of the Company, to be held Pangkor Room, Hotel Jen Penang, Jalan Magazine, 10300 George Town, Pulau Pinang, Malaysia on Friday, 18 November 2022 at 10.00 a.m. or at any adjournment thereof.

Please indicate with an "x" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

ORDINARY RESOLUTION ("OR")	OR1	OR2	OR3	OR4	OR5	OR6
FOR						
AGAINST						

Signed this _____ day of _____ 2022.

.....
Signature of Shareholder(s)/ Common Seal

* Strike out whichever is not desired.

Notes on Appointment of Proxy:

1. A proxy may but need not be a member.
2. 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.
3. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. If the appointor is a corporation this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 November 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Personal Data Privacy

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 41st AGM of the Company and any adjournment thereof.



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AFFIX
STAMP

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

Then fold here

Fold this flap for sealing

RGT BERHAD

Registration No. 198101004909 (71024-T)

1032, Plot 170 & 170A,
Jalan Perindustrian Bukit Minyak,
Kawasan Perindustrian Bukit Minyak, MK13
14100 Bukit Minyak, Penang, Malaysia

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