



# RHONE MA HOLDINGS BERHAD

Registration No. 201401040077 (1116225-A)



# Annual Report 2023

# WHAT'S INSIDE

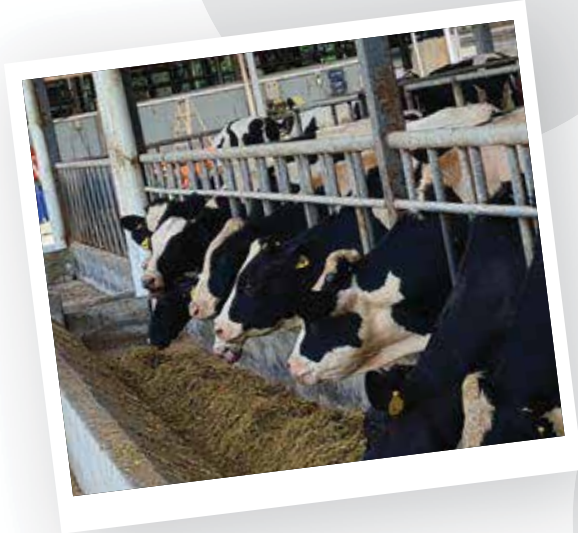
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# RHONE MA VALUES

## VISION

To be an innovative leader in the provision of products, services and solutions.



## MISSION

Providing customers with quality products and services through a dedicated qualified organisation committed to continuous improvement.





# CORE VALUES



## Customer

Sensitive to the needs of customers to meet their expectations.



## Respecting people

Prioritise communication, trust and needs of persons who are affected by our activities.



## Integrity

Mutual trust to give our best in the way we act.



## Innovation

An environment that promotes creativity and breakthroughs in customer service.



## Empowerment

The authority given to perform functions given the knowledge, skills and competence.



## Teamwork

Working together to achieve objectives in our daily work.



## Performance

Objectives and priorities prevail as a company culture.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Hamzah Bin Mohd Salleh**  
Independent Non-Executive Chairman

**Dr. Lim Ban Keong**  
Group Managing Director

**Foong Kam Weng**  
Executive Director

**Dr. Yip Lai Siong**  
Executive Director

**Martin Jeyaratnam A/L Thiagaraj**  
Senior Independent Non-Executive Director

**Rahanawati Binti Ali Dawam**  
Independent Non-Executive Director

**Teoh Chee Yong**  
Independent Non-Executive Director

## COMPANY SECRETARIES

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

Tan Ai Ning  
(MAICSA 7015852)/(SSM PC No.: 202008000067)

**t:** (603) 7890 4800 **f:** (603) 7890 4650

## REGISTERED OFFICE

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13  
46200 Petaling Jaya, Selangor Darul Ehsan

**t:** (603) 7890 4800 **f:** (603) 7890 4650





**CORPORATE OFFICE**

Lot 18A & 18B, Jalan 241 Seksyen 51A  
46100 Petaling Jaya, Selangor Darul Ehsan

**t:** (603) 7873 7355 **f:** (603) 2770 0119

**e:** [customercareline@rhonema.com](mailto:customercareline@rhonema.com)

**w:** [www.rhonema.com](http://www.rhonema.com)

**AUDITORS****BDO PLT**

Level 8

BDO @ Menara CenTARa

360, Jalan Tuanku Abdul Rahman

50100 Kuala Lumpur

**t:** (603) 2616 2888 **f:** (603) 2616 3190

**PRINCIPAL BANKERS**

**OCBC Bank (Malaysia) Berhad**

**Public Bank Berhad**

**HSBC Bank Malaysia Berhad**

**HSBC Amanah Malaysia Berhad**

**SHARE REGISTRAR****Boardroom Share Registrars Sdn Bhd**

11<sup>th</sup> Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13

46200 Petaling Jaya, Selangor Darul Ehsan

**t:** (603) 7890 4700 **f:** (603) 7890 4670

**STOCK EXCHANGE LISTING****Main Market of Bursa Malaysia  
Securities Berhad****Shares**

Stock Code: 5278

Stock Name: RHONEMA

**Warrants**

Stock Code: 5278WA

Stock Name: RHONEMA-WA



# GROUP FINANCIAL HIGHLIGHTS

## Financial Year Ended 31 December

**2019**      **2020**      **2021**      **2022**      **2023**

### Operating Results

Revenue	RM'000	119,058	146,683	169,431	198,152	<b>202,935</b>
Profit before tax	RM'000	11,315	11,537	17,605	19,048	<b>18,504</b>
Net profit attributable to shareholders	RM'000	8,636	7,285	11,268	12,738	<b>12,081</b>

### Financial Position

Shareholders' equity	RM'000	107,334	124,114	131,365	153,335	<b>160,979</b>
Total assets	RM'000	148,885	185,994	195,807	219,435	<b>230,591</b>
Total borrowings	RM'000	27,287	34,798	32,786	28,716	<b>31,481</b>

### Financial Ratios

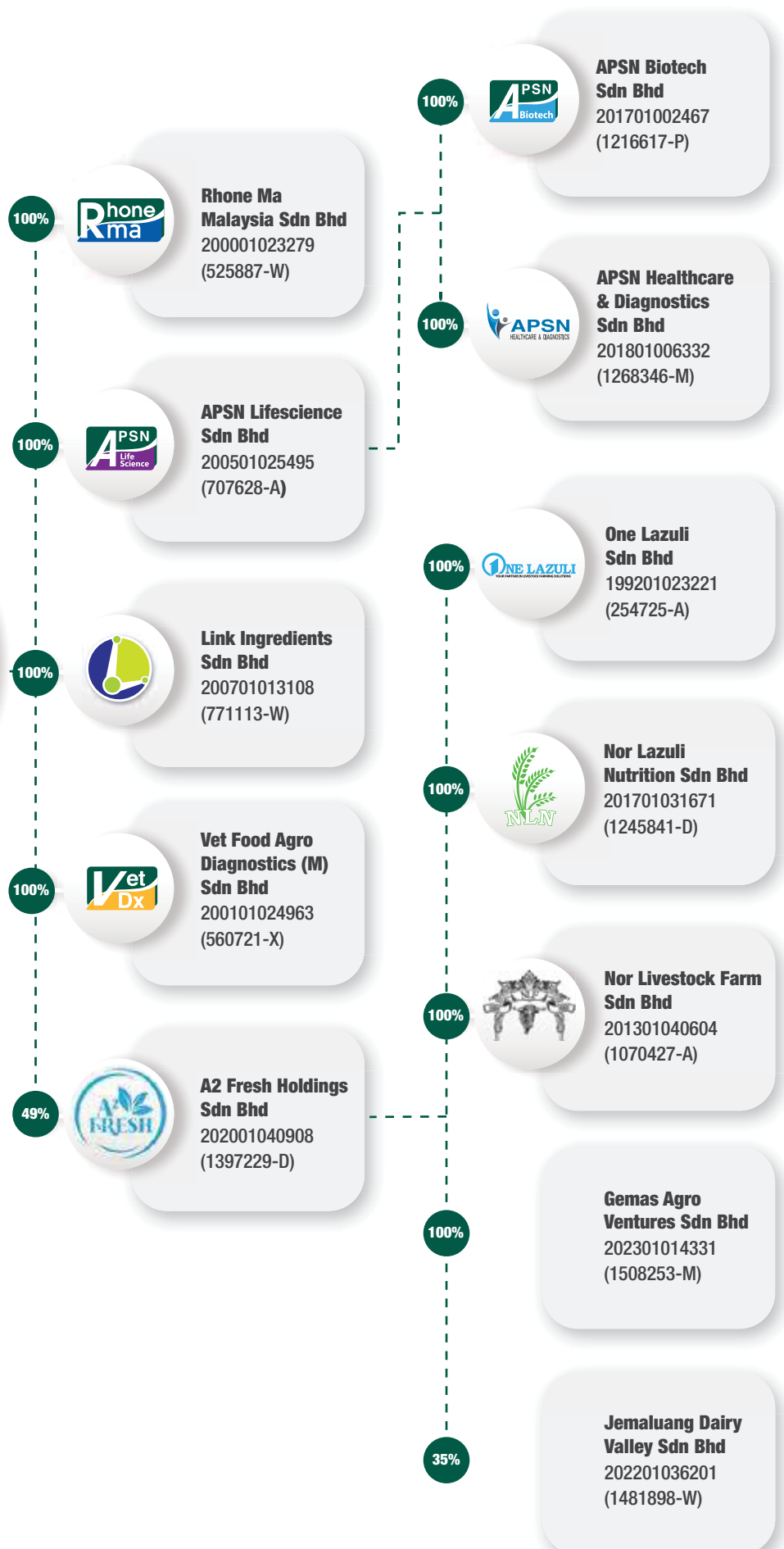
Gearing ratio	times	0.25	0.28	0.25	0.19	<b>0.20</b>
Current ratio	times	4.61	3.69	3.28	3.50	<b>3.95</b>

### Market Ratios

Earnings per share	sen	4.74	3.73	5.61	5.86	<b>5.46</b>
Net assets per share	sen	58.78	61.79	65.40	69.31	<b>72.77</b>
Dividend per share	sen	1.00	1.00	2.00	2.00	<b>2.00 #</b>

# Of which 1.00 sen per share is subject to shareholders' approval at the forthcoming Annual General Meeting.

# CORPORATE STRUCTURE





# RHONE MA IN THE NEWS

**The Star**

Rhone Ma's JV to contribute in FY26 or FY27



PETALING JAYA: Rhone Ma Holdings Bhd's move to expand its dairy business through joint venture (JV) vehicle, Jemaliang Dairy Valley (JDV), is only likely to contribute to its earnings in financial year 2026 or 2027 (FY26/27), according to Public Investment Bank (PublicInvest) Research.

**BUSINESSTODAY**

Rhone Ma's Core Net Profit Rebounds 43%, Driven By Livestock, Companion Animal Segment: Affin

By CHENG JIN • May 17, 2023



Rhone Ma Holdings (Rhone Ma) reported a higher quarter one 2023 revenue of RM48.5 million driven by higher contributions from the animal health and food ingredient businesses that more than offset lower revenue from the dairy / other businesses.

**THE EDGE**  
MALAYSIA

Affin Hwang raises target price for Rhone Ma to 75 sen

By Sam Muzigan / theedgema.com

17 May 2023, 10:02 AM



KUALA LUMPUR (May 17): Affin Hwang Investment Bank Research has maintained its "hold" rating on Rhone Ma Holdings Bhd at 72 sen with a higher target price (TP) of 75 sen (from 68 sen).



# RHONE MA IN THE NEWS (CONTINUED)

中國報  
CHINA PRESS

谈股论市 | 联营牛奶谷项目 龙马跃拓展南马业务



龙马跃控股 (RHONEMA, 5278, 主板消费) 与居林大马公司的联营公司, 获得三板头牛奶谷项目, 料将促进前者在西马南部拓展其奶牛养殖业务, 同时利用居林大马公司的财务资源。

BUSINESS TIMES

Kulim-Rhone Ma JV appointed by ECERDC to develop dairy farm in Johor

By Ai Kahar | April 5, 2023 | 12pm



ISKRA LAMPUR: A Kulim (Malaysia) Bhd-Rhone Ma Holdings Bhd joint venture has been appointed by the East Coast Economic Region Development Council (ECERDC) to develop, operate and manage a dairy farm in Johor.

The JV, Jemaluang Dairy Valley Sdn Bhd, will develop, operate and manage a 275-hectare dairy farm in Jemaluang, Mersing.

The Star

Kulim-A2 Fresh JV to spearhead Jemaluang dairy valley project

PETALING JAYA: Jemaluang Dairy Valley Sdn Bhd (JDVSB), the joint venture company between Kulim (M) Bhd and A2 Fresh Holdings Sdn Bhd, has been appointed by the East Coast Economic Region Development Council (ECERDC) to develop, operate and manage a 275-hectare dairy farm in Jemaluang, Mersing.

Kulim said JDVSB would leverage the strengths of both Kulim and A2 Fresh to develop a world-class dairy project that meets the highest standards of quality, safety and sustainability.

南洋  
SUNSHINE

【行家论股】龙马跃控股 牧场2026年才有贡献

最新进展:

龙马跃控股 (RHONEMA, 5278, 主板消费股) 持股49%的子公司A2 Fresh私人有限公司, 与柔佛机构旗下的居林大马组成的联营企业Anchor集团, 将负责位于柔佛三板头 (Jemaluang) 乳制品牧场的开发、营运与管理。

有关牧场将涵盖乳制品工业上游至下游营运, 包括乳牛饲养、牛奶加工, 到相关产品销售等业务, 料于明年7月开发完成。

THE EDGE  
MALAYSIA

龙马跃-居林联营公司开发柔佛三板头牛奶谷



【吉隆坡电讯】东海岸经济特区发展理事会 (ECERDC) 委任龙马跃控股 (Rhone Ma Holdings Bhd) 与居林 (Kulim (Malaysia) Bhd) 的联营公司, 在柔佛发展并经营, 经营及管理占地275.34公顷的三板头牛奶谷 (Jemaluang Dairy Valley)。

该家联营公司是Jemaluang Dairy Valley私人有限公司 (JDV) , 由龙马跃控股持股49%子公司A2 Fresh私人有限公司 (A2FSD) 成立。



# BOARD OF DIRECTORS



**Front** (from left to right)

• **Foong Kam Weng**

*Executive Director*

• **Dr. Lim Ban Keong**

*Group Managing Director*

• **Dato' Hamzah Bin Mohd Salleh**

*Independent Non-Executive Chairman*

• **Martin Jeyaratnam A/L Thiagaraj**

*Senior Independent Non-Executive Director*

**Back** (from left to right)

• **Rahanawati Binti Ali Dawam**

*Independent Non-Executive Director*

• **Teoh Chee Yong**

*Independent Non-Executive Director*

• **Dr. Yip Lai Siong**

*Executive Director*



## DIRECTORS' PROFILE



### **DATO' HAMZAH BIN MOHD SALLEH**

*Independent Non-Executive Chairman*

Dato' Hamzah, a Malaysian male aged 75, was appointed to the Board on 1 April 2015. He graduated with a Diploma in Management from Malaysian Institute of Management in 1980. Subsequently in 1989, he obtained a Master of Business Administration from University of Bath, United Kingdom.

Dato' Hamzah articulated at Price, Waterhouse & Co. (now known as PricewaterhouseCoopers) in 1969. He left Price, Waterhouse & Co. as an Audit Assistant in 1974 to join Pillar Naco Malaysia Sdn Bhd, a company involved in the fabrication of architectural metal as the Finance and Administration Manager in 1975. In 1981, he left Pillar Naco Malaysia Sdn Bhd and joined Pernas Sime Darby group where he held several senior managerial positions within the Pernas Sime Darby group and the Sime Darby group of companies. His last position was the General Manager of Sime Swede Distribution Services Sdn Bhd before he left in September 1994. He joined Malaysia Aica Berhad (now known as Sunsuria Berhad) as an Executive Director in 1995 and was redesignated as a Non-Executive Director in January 1997. Dato' Hamzah resigned as a Non-Executive Director of Malaysia Aica Berhad in 2001.

In April 1996, Dato' Hamzah was appointed as a Non-Executive Director of Spanco Sdn Bhd, a company involved in providing fleet management services and he subsequently joined Spanco Sdn Bhd as an Executive Director in February 1997. His last position was the Deputy Chairman of Spanco Sdn Bhd before he left in December 2022. Dato' Hamzah is also the Independent Non-Executive Chairman of Techbond Group Berhad and SFP Tech Holdings Berhad both of which are listed on Bursa Malaysia Securities Berhad, and director of various other private limited companies.

Dato' Hamzah does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

## DIRECTORS' PROFILE (CONTINUED)



**DR. LIM BAN KEONG**

*Group Managing Director*

Dr. Lim, a Malaysian male aged 52, was appointed to the Board on 1 April 2015. He graduated from Universiti Putra Malaysia with a Doctor of Veterinary Medicine in 1997. He is a veterinary surgeon registered with the Malaysian Veterinary Council since 1997 and a member of the Veterinary Association Malaysia since 1998.

Dr. Lim began his career as Technical Sales Executive at Pahang Pharmacy Sdn Bhd in 1997 where he was responsible for providing veterinary services and promoting veterinary products to swine and poultry farms. He left Pahang Pharmacy Sdn Bhd in 1998 and joined Rhone-Poulenc Malaysia Sdn Bhd (which was subsequently known as Rhodia Malaysia Sdn Bhd in 1998) as a Techno-Commercial Executive in the animal health division. He was in charge of the product portfolio covering veterinary pharmaceutical and biological products during his tenure with Rhodia Malaysia Sdn Bhd. Subsequently in 2000, he left Rhodia Malaysia Sdn Bhd and joined Rhone Ma Malaysia Sdn Bhd which acquired the animal health division of Rhodia Malaysia Sdn Bhd. Since

then, Dr. Lim has been the Techno-Commercial Manager of Rhone Ma Malaysia Sdn Bhd and was subsequently promoted to General Manager in 2010 and assumed the role of Managing Director in 2013.

Currently, Dr. Lim is our Group Managing Director where he is responsible for the overall management of our Group's operations, strategic planning and development of our business strategies. He does not hold any directorship in other public companies.

Dr. Lim does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

## DIRECTORS' PROFILE (CONTINUED)



**FOONG KAM WENG**

*Executive Director*

Mr. Foong, a Malaysian male aged 63, was appointed to the Board on 1 April 2015. He graduated with a Degree of Bachelor of Science from the Department of Animal Husbandry, College of Agriculture, National Chung-Hsing University, Taiwan in 1983.

Mr. Foong joined Sin Kian Huat Farming Sdn Bhd in 1984 as a Farm Manager where he was responsible for the management of the farm. In 1987, he left Sin Kian Huat Farming Sdn Bhd and joined Pfizer Private Limited as a Sales Representative in the animal health division and was responsible for the sales activities in Selangor and East Coast of Peninsular Malaysia. He left Pfizer Private Limited in 1991 and joined Rhone-Poulenc Malaysia Sdn Bhd (which was subsequently known as Rhodia Malaysia Sdn Bhd in 1998) as a Techno-Commercial Executive in the animal health division where he was in charge of the sales activities in Malaysia, Singapore and Brunei. In 2000, Mr. Foong left Rhodia Malaysia Sdn Bhd and established Rhone Ma Malaysia Sdn Bhd,

which acquired the animal health division of Rhodia Malaysia Sdn Bhd. Since then, he has been the Sales Manager of Rhone Ma Malaysia Sdn Bhd and was subsequently promoted to Director of Sales in 2010. In 2014, Mr. Foong was redesignated Group Sales Director, a position he held until his transition into the role of advisor to our Group's livestock commercial team and food ingredients business in 2024. He does not hold any directorship in other public companies.

Mr. Foong does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.



## DIRECTORS' PROFILE (CONTINUED)



**DR. YIP LAI SIONG**

*Executive Director*

Dr. Yip, a Malaysian female aged 61, was appointed to the Board on 1 April 2015. She graduated from National Taiwan University with a Bachelor of Veterinary Medicine in 1987. Dr. Yip is also a veterinary surgeon registered with the Malaysian Veterinary Council, an Accredited Veterinarian (Scope of Services - Management Biologic and Veterinary Drugs) by Department of Veterinary Service, Malaysia and a life member of the Veterinary Association Malaysia since 2013.

Dr. Yip started her career with Che Dar Pharmaceutical Co. in Taiwan as a Technical Coordinator in 1987 where she was responsible for technical support and laboratory testing. She then returned to Malaysia and joined Coopers Animal Health (M) Sdn Bhd as a Sales and Technical Coordinator in 1989 and was promoted to Field Service Manager in 1991. During her tenure with Coopers Animal Health (M) Sdn Bhd, she was responsible for the provision of technical services and veterinary services to customers as well as for the sales of the company's animal health products. In 1993, she joined Sanofi (Malaysia) Sdn Bhd as a Technical Executive and was promoted to Technical Manager before she left the company in 1995. She then joined Rhone-Poulenc Malaysia Sdn Bhd (which was subsequently known as Rhodia Malaysia Sdn Bhd

in 1998) as a Techno-Commercial Manager in 1995, where she was responsible for the marketing of avian biological and pharmaceutical products and providing veterinary advisory services to the customers. In 2000, she left Rhodia Malaysia Sdn Bhd and joined Rhone Ma Malaysia Sdn Bhd which acquired the animal health division of Rhodia Malaysia Sdn Bhd. Since then, Dr. Yip has been the Senior Techno-Commercial Manager of Rhone Ma Malaysia Sdn Bhd prior to her promotion as the Technical Service Director in 2010. In 2014, Dr. Yip was redesignated Group Marketing & Technical Director, a position she held until her transition into the role of advisor to our Group's livestock commercial team in 2024. She does not hold any directorship in other public companies.

Dr. Yip does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

## DIRECTORS' PROFILE (CONTINUED)



**MARTIN JEYARATNAM A/L THIAGARAJ**

*Senior Independent Non-Executive Director*

Mr. Martin, a Malaysian male aged 77, was appointed to the Board on 1 April 2015. He obtained a Diploma in Accounting and Auditing from the English Association of Accountants and Auditors, United Kingdom in 1978 and is a member of the Malaysian Institute of Management since 1991. Mr. Martin is also the Senior Independent Non-Executive Director, Chairman of the Remuneration Committee, as well as a member of the Audit and Risk Management Committee and the Nominating Committee.

In 1967, Mr. Martin began his career as an Assistant Accountant at May & Baker Ltd and was promoted to Accounts Manager in 1970 where he was responsible for the accounting matters of the company. In 1976, subsequent to various mergers and acquisitions, May & Baker Ltd became Rhodia Malaysia Sdn Bhd and he was promoted to Finance

Manager in charge of the financial matters of the company prior to his retirement in 2000. Subsequent to his retirement, Mr. Martin provided consultancy services in the areas of administrative and general corporate matters to Rhone Ma Malaysia Sdn Bhd from 2009 to 2014. He does not hold any directorship in other public companies.

Mr. Martin does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

## DIRECTORS' PROFILE (CONTINUED)



**RAHANAWATI BINTI ALI DAWAM**

*Independent Non-Executive Director*

Pn. Rahanawati, a Malaysian female aged 71, was appointed to the Board on 1 April 2015. She graduated with a Bachelor of Laws (Hons) from University of Buckingham, United Kingdom in 1983. Subsequently in 1998, Pn. Rahanawati obtained a Master of Laws from University of Malaya. Pn. Rahanawati is also the Chairman of the Nominating Committee and a member of the Audit and Risk Management Committee and the Remuneration Committee.

Pn. Rahanawati began her legal career as a Legal Officer at Syarikat Perumahan Pegawai Kerajaan Sdn Bhd in 1985. She left the company as the Head of Legal Unit before she joined Sentosa Corporation Berhad (then a public listed company) in 1993 as Group Legal Adviser and Company Secretary where she was responsible for the corporate and legal matters of the company. In 1997, she left Sentosa Corporation Berhad and she was admitted to the Malaysian Bar in 1998. Pn. Rahanawati joined the legal firm, Abu Talib Shahrom as an associate

in the same year. In 2020, Pn. Rahanawati left her position as a senior partner of Abu Talib Shahrom and joined the legal firm, Rahana Zurina & Partners as a senior partner. In 2023, Pn. Rahanawati left her position as a senior partner of Rahana Zurina & Partners and set up the legal firm, Rahana Shazlinaah Normala & Partners as a senior partner. Pn. Rahanawati also sits on the board of several private limited companies. She does not hold any directorship in other public companies.

Pn. Rahanawati does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.



## DIRECTORS' PROFILE (CONTINUED)



**TEOH CHEE YONG**

*Independent Non-Executive Director*

Mr. Teoh, a Malaysian male aged 53, was appointed to the Board on 1 April 2015. He graduated from Universiti Utara Malaysia with a Bachelor of Accountancy (Hons) in 1996 and is a Chartered Accountant of the Malaysian Institute of Accountants since 1999. Mr. Teoh is also the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee and the Nominating Committee.

Mr. Teoh started his career as an Audit Assistant at Ernst and Young in 1996 where he was involved in the statutory audit of private and public limited companies. He then joined NEC Computers (Malaysia) Sdn Bhd as a Senior Regional Accountant in 1999 and was responsible for the accounting and finance functions of the company. In 2001, he joined Visa Worldwide Pte Ltd in Singapore where he held various regional roles including Manager for internal audit, treasury and taxation, Senior Manager for financial reporting, management reporting and finance operations and Finance Controller for business and functional divisions. He left the company as a Senior Business Leader, Head of Sales Support for Asia Pacific, Central Europe, Middle East and Africa in

2010. Mr. Teoh returned to Malaysia to join CIMB Bank Berhad in 2011 as a Vice President for Business Planning at Group Cards and Personal Financing Division where he was responsible for business planning activities covering the ASEAN markets. He left CIMB Bank Berhad in 2012 and joined RHB Banking Group in the same year. Mr. Teoh is currently the Lead Group Operations Transformation and Governance CoE at RHB Banking Group and also sits on the board of several private limited companies. He does not hold any directorship in other public companies.

Mr. Teoh does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

# KEY MANAGEMENT



**Front** (from left to right)

• **Dr. Lim Ban Keong**  
*Group Managing Director*

• **Foong Kam Weng**  
*Executive Director*

• **Dr. Yip Lai Siong**  
*Executive Director*

• **Calvin Chan Yan San**  
*Group Finance Director*

**Back** (from left to right)

• **Dr. Lim Hang Chern**  
*Group Commercial Director*

• **Dr. Chua Chee Heng**  
*Group General Manager –  
Commercial & Services*

• **Johan Bin Nasir Yeo**  
*Group General Manager –  
Operations*

## KEY MANAGEMENT'S PROFILE

The profiles of Dr. Lim Ban Keong, Foong Kam Weng and Dr. Yip Lai Siong have been detailed out in the Directors' Profile section of this Annual Report while the profiles of the other key management of our Group are as follows:

### CALVIN CHAN YAN SAN

*Group Finance Director*



Calvin Chan, a Malaysian male aged 54, is primarily responsible for the financial and accounting, human resources and commercial services functions of our Group. He graduated from the University of New South Wales, Australia with a Bachelor of Commerce in 1992. He is a Certified Practising Accountant of CPA Australia since 1996 and a Chartered Accountant of the Malaysian Institute of Accountants since 1997.

Calvin began his career in 1993 with Arthur Andersen & Co. as an Audit Assistant where he was responsible for statutory audit of private and public limited companies, internal audit review and fraud investigation exercise. He left Arthur Andersen & Co. as a Manager in 2000 to join Federal Paint Factory Sdn Bhd as a Finance Manager. In 2001, he was promoted to Chief Executive Officer cum Finance Manager where he was responsible for overseeing the company's marketing and business development activities, implementation of approved development plans and policies as well as handling all matters pertaining to accounting and finance. He then joined Prestasi Flour Mill (M) Sdn Bhd in 2004

as the Financial Controller where he was responsible for all accounting and finance matters of the company. In 2005, he joined Furniweb Industrial Products Berhad (now known as PRG Holdings Berhad) as Group Financial Controller and was promoted to Chief Financial Officer in 2008. During his tenure with Furniweb Industrial Products Berhad, he was responsible for numerous functions within the group including accounting, finance, human resource, administration and information technology matters. Calvin left Furniweb Industrial Products Berhad and joined our Group as Finance Director in 2014. He is also a director of KHPT Holdings Berhad, a public company.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.



## KEY MANAGEMENT'S PROFILE (CONTINUED)



**DR. LIM HANG CHERN**

*Group Commercial Director*

Dr. Lim Hang Chern, a Malaysian male aged 44, is in charge of technical support and advisory services, as well as product and market development of feed additive products of the Group. He graduated from Universiti Putra Malaysia with a Doctor of Veterinary Medicine in 2004. He is also a veterinary surgeon registered with the Malaysian Veterinary Council and an Accredited Veterinarian (Scope of Services - Management Biologic and Veterinary Drugs) by Department of Veterinary Service, Malaysia.

Dr. Lim began his career in 2004 as a Veterinarian at Y.S.P. Industries (M) Sdn Bhd where he was responsible for providing technical support to customers and treatment to livestock. In 2005, he joined our Group as a Techno-Commercial Representative and was responsible for providing technical support and sales services to our customers. He was then promoted to Assistant Business Development Manager and Business Development Manager in 2008 and 2009 respectively, where he was responsible for assisting in new product development and

providing technical services to customers. He was promoted to Techno-Commercial Manager of Rhone Ma Malaysia Sdn Bhd in 2010, Senior Techno-Commercial Manager in 2015, Head of Business Development in 2018 and subsequently to Group Commercial Director in 2020. In 2023, Dr. Lim was also appointed as Chief Executive Officer of Rhone Ma Malaysia Sdn Bhd, APSN Lifescience Sdn Bhd and APSN Biotech Sdn Bhd.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He does not hold any directorship in public companies, has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

## KEY MANAGEMENT'S PROFILE (CONTINUED)



**DR. CHUA CHEE HENG**

*Group General Manager - Commercial & Services*

Dr. Chua Chee Heng, a Malaysian male aged 43, is primarily responsible for the overall general administrative and commercial functions including laboratory as well as the companion animal department of our Group. He graduated from Universiti Putra Malaysia with a Doctor of Veterinary Medicine in 2005. He is also a veterinary surgeon registered with the Malaysian Veterinary Council.

Dr. Chua began his career in 2005 as a Veterinarian at Global Pets Sdn Bhd where he was responsible for attending to clinical cases on a daily basis. He was promoted to Branch Manager in 2006, overseeing the overall branch operations. He was then promoted to Human Resource Manager in 2007 where he was responsible for all human resource matters of the company. In 2009, he was promoted to Human Resource & Purchasing Manager overseeing the company's human resource matters, purchasing and inventory management. He then

joined Rhone Ma Malaysia Sdn Bhd in 2013 as Techno-Commercial Manager (Marketing) where he managed the marketing activities for the companion animal department. He was then promoted to Techno-Commercial Manager (Sales) in 2015, Senior Techno-Commercial Manager in 2018 and subsequently to Group General Manager - Commercial & Services in 2021.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He does not hold any directorship in public companies, has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

## KEY MANAGEMENT'S PROFILE (CONTINUED)



**JOHAN BIN NASIR YEO**

*Group General Manager - Operations*

Johan Bin Nasir Yeo, a Malaysian male aged 36, is responsible for the overall operational functions including warehouse and logistics, engineering and maintenance, information technology services, as well as Good Manufacturing Practice compliant manufacturing activities of our Group. He is also our Group's health and safety team leader. He graduated from University Centre César Ritz in Switzerland with a Bachelor of International Business in 2009.

Johan began his career in 2009 as a project coordinator for Pembangunan Samudera Sdn Bhd where he was responsible for handling several mixed development projects and was one of the main liaisons between contractors, consultants and the local authority. In 2010, he left the company and joined Sabah International Dairies Sdn Bhd as a Business Development Manager where he was responsible for the development of new products, management of several key

accounts, and part of the planning team for plant expansion. He was promoted to General Manager in 2016 with the added responsibilities of plant management, quality control and assurance, human resources, maintenance and legal affairs. Johan then joined our Group as Deputy General Manager in 2020 and was promoted to Group General Manager - Operations in 2022.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He does not hold any directorship in public companies, has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.



# CHAIRMAN'S STATEMENT

## OVERVIEW

In 2023, Malaysia's economy demonstrated resilience growing at 3.7%, albeit below the government's projection of 3.8%, as the external economic environment such as slower global trade, geopolitical tensions, and tighter monetary policies continued to present challenges.

In the midst of a constantly changing environment, the financial year ended 31 December 2023 was a time for celebrations. One of these events occurred when we welcomed the Ministry of Food Industry, Commodity, and Regional Development of Sarawak, led by Minister Yang Berhormat Dato' Sri Dr. Stephen Rundi Anak Utom, to our dairy farm in Batang Kali, Selangor. During their visit, Group Managing Director Dr. Lim Ban Keong provided the delegation with an informative tour of the dairy farm before engaging in a stimulating knowledge-sharing session.

We made a commitment to remain at the forefront of the industry and have spent the past year focused on pursuing innovation. Our efforts, led by the team at our wholly-owned subsidiary APSN Biotech Sdn. Bhd. ("APSNB"), were successful and resulted in us receiving the Outstanding Product Innovation award in the Animal Health Product category at the Malaysian Livestock Industry Awards 2023.

APSNB also notched another significant milestone by becoming a distributor of top-tier pig breeds from DanBred P/S, one of the world's leading international pig breeding companies. By combining our expertise and resources, this partnership will enable us to supply the best pig breeds from Denmark to Malaysia, which will have a positive impact on our nation's pig breeding industry in the long run.

Amplifying our unwavering dedication to the betterment of the industry, Dr. Lim was appointed as a member of the IMU University Advisory Board. The advisory board which comprises distinguished industry leaders, provides valuable insights and strategic guidance to the university and its students, making them more responsive to the evolving needs of the industry.

We also marked the past year with the launch of a new product in collaboration with Boehringer Ingelheim - the NexGard COMBO for cats. A groundbreaking and unique antiparasitic product, it provides broad-spectrum protection for cats against both internal and external parasites, making it easier for cat owners to effectively safeguard and protect the well-being of their pets.

Dear  
Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and Audited Financial Statements of Rhone Ma Holdings Berhad for the financial year ended 31 December 2023.



We are constantly striving to improve our products and ensure they meet the highest standards for responsible healthcare. As part of this ongoing effort, we are proud to share that our manufacturing plant in Nilai, Negeri Sembilan was awarded the Good Manufacturing Practice status in August 2023. This status empowers us to manufacture our own-brand pharmaceuticals for both domestic and regional markets.

## FINANCIAL PERFORMANCE

For the financial year ended 31 December 2023, the Group recorded a revenue of approximately RM202.93 million, an increase of approximately RM4.78 million or 2.4% compared to the preceding year. The increase in revenue for the financial year ended 31 December 2023 was mainly due to the increase in revenue from the food ingredients segment which was recorded at approximately RM47.19 million, a RM11.85 million increase from the preceding year.

However, this increase was offset by a decrease in revenue from the animal health products and equipment segment of approximately RM1.42 million as well as a decrease in revenue from the dairy business segment of approximately RM5.24 million. The animal health

# CHAIRMAN'S STATEMENT (CONTINUED)

products and equipment segment recorded a revenue of approximately RM150.01 million compared to revenue of approximately RM151.43 million in the preceding year. Meanwhile, the dairy business segment recorded revenue of approximately RM2.15 million, a drop of approximately RM5.24 million, in the current year.

In tandem with the decrease in revenue, the Group posted a slightly lower profit before tax amounting to approximately RM18.50 million from RM19.05 million in the preceding financial year.

As at 31 December 2023, the total equity attributable to shareholders at the Group level stood at approximately RM160.98 million, contributing to net assets per share of 72.77 sen.

## PROSPECTS

The languid external trade performance, which saw Malaysia logging disappointing economic growth for the fourth quarter of 2023 is expected to persist until at least the second half of 2024. A bumpy growth path is expected in the first half of the year followed by a meaningful pick-up in the second half as global monetary conditions begin to ease and a soft-landing scenario materialises.

Contrary to this, the global animal health market is expected to grow to USD49.5 billion by 2032 from USD37.8 billion in 2023, reflecting a growth rate of 2.9% during the nine years. The market is expected to be propelled by the ever-increasing global demand for animal protein. As the world population continues to grow, so does the need for meat, dairy, and other animal-derived products. This rise in demand reflects the immense pressure on the livestock industry to maintain healthy and productive animals which in turn makes the animal health products and services segment indispensable to ensure the well-being and productivity of livestock.

Other key drivers of the segment include the rising emphasis on preventive healthcare measures for animals as well as technological advancements and digitalisation. Innovations in diagnostics, pharmaceuticals, and digital health solutions are transforming the way animals are monitored and treated. Advanced diagnostic tools allow for quicker and more accurate disease detection, enabling timely intervention and reducing the spread of illnesses within animal populations. Furthermore, the adoption of precision farming techniques and the use of Internet of Things devices in animal husbandry are enhancing the overall efficiency and sustainability of animal production systems. These technologies improve animal health outcomes and boost the profitability of farmers and ranchers. As a result, the market continues to expand as it leverages these technological advancements to meet the evolving demands of the global agriculture and food industries.

Meanwhile, the global food ingredients market size surpassed USD335.32 billion in 2023 and is projected to hit around USD511.33 billion by 2032, expanding at a compound annual growth rate of 4.8% during the forecast period.

The food ingredients market is constantly changing to adapt to the evolving preferences of consumers. Clean-label and plant-based ingredients are becoming increasingly popular, while the demand for functional ingredients and convenient food options is also on the rise. As sustainability and ethical sourcing grow in importance, manufacturers are striving to meet these demands through innovation and the introduction of new ingredients. Key players in the industry are investing in research and development to enhance the overall quality and nutritional value of food products.

The food ingredients market is experiencing a rise in demand for natural and organic additives due to growing health consciousness. The development of new ingredients is supported by innovations in food and biotechnology. As culinary preferences are influenced by globalisation, the market offers a wide range of ingredients to cater to the ever-changing needs of the global food and beverage industry. This ensures a dynamic landscape that is able to meet the complex and evolving demands of the industry.

In line with the projected growth of these industries we operate in, we remain assured that this combined with our governance, strategy, and policies will guide the Group to achieve positive results. Our risk management policies and procedures will assist us in identifying, monitoring, and responding to key risks, allowing us to capture opportunities when they arise. In the face of adversities, we trust our strategies will navigate the way forward as our prospects remain positive.

## ACKNOWLEDGEMENT

I would like to take this opportunity to extend my gratitude to my colleagues on the Board for their valuable counsel and support. I also wish to thank the employees of the Group for their commitment and dedication in overcoming the multitude of challenges during the year and delivering satisfactory performance.

On behalf of the Board, I also thank all our valued stakeholders, including suppliers, business partners, customers, and shareholders for their continued trust and loyalty.

**Dato' Hamzah Bin Mohd Salleh**  
*Independent Non-Executive Chairman*

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND OPERATIONS

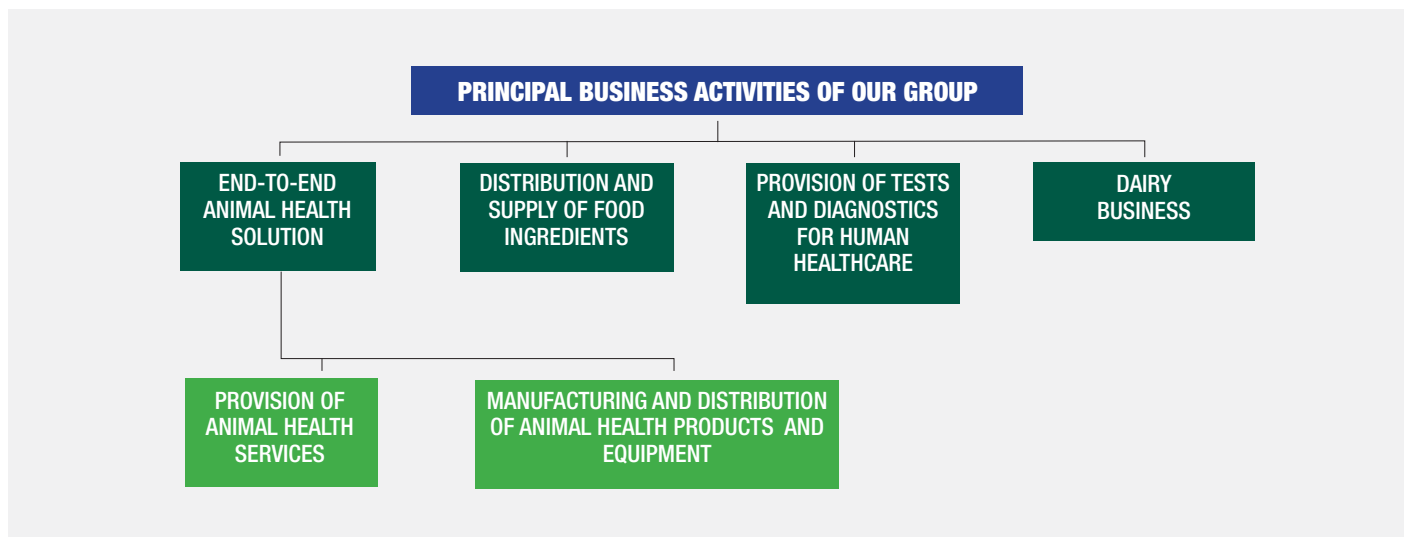
### Business Activities

The Rhone Ma Holdings Berhad (“Company”) group of companies (“Group”) is primarily an end-to-end animal health solution provider, integrating the provision of animal health services as well as the manufacturing and distribution of animal health products and equipment focused mainly on the livestock industry.

The animal health services provided by our Group consist of the provision of veterinary advisory and consultation services, diagnostic laboratory analyses as well as research and development (“R&D”) services. The animal health products and equipment offered include vaccines, pharmaceuticals, feed and feed additives, as well as farm equipment which are either locally manufactured or sourced from third-party international manufacturers. Our Group manufactures selected pharmaceuticals and feed additives at our own Good Manufacturing Practice (“GMP”) compliant plants. In addition, we also carry out repackaging and relabeling of products sourced from third parties at our GMP-compliant plants to cater to the local market as well as to meet the regulations of the local authorities.

Our Group is also involved in the distribution and supply of food ingredients to bakeries, food manufacturers, as well as producers of confectioneries, ice creams, sauces and snacks in Malaysia. In addition, our Group is also engaged in the provision of tests and diagnostics services for human healthcare as well as in the operation of a dairy cow farm under our dairy business segment.

The current business activities of our Group are depicted in the diagram below:



Our revenue is derived mainly from the provision of end-to-end animal health solution comprising the provision of animal health services and the manufacturing and distribution of animal health products and equipment. For the financial year ended (“FYE”) 31 December 2023, our animal health services accounted for approximately 1.24% and 2.24% of our Group’s total revenue and total gross profit respectively whereas our animal health products and equipment accounted for approximately 73.92% and 78.33% of our Group’s total revenue and total gross profit respectively.

In addition, distribution and supply of food ingredients accounted for approximately 23.25% and 15.20% of our Group’s total revenue and total gross profit respectively for the FYE 31 December 2023 whereas provision of tests and diagnostics services for human healthcare accounted for approximately 0.53% and 0.71% of our Group’s total revenue and total gross profit respectively for the FYE 31 December 2023. Contribution from dairy business was approximately 1.06% and 3.52% of our Group’s total revenue and total gross profit respectively for the FYE 31 December 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Location of Operations

Our Group's head office, laboratory, in-house R&D centre, GMP-compliant manufacturing plant and warehouse are located in Section 51A, Petaling Jaya, Selangor, whereas our main distribution centre is situated in Taman Perindustrian Kapar Bestari, Kapar, Selangor. In addition, we have a GMP-compliant plant located in Kawasan Perindustrian Nilai Utama, Nilai, Negeri Sembilan. We also have an office cum warehouse located in RH Park Light Industrial Estate, Kuching, Sarawak to better serve our East Malaysian customers.

For our subsidiaries in the ruminant industry, the wholesale and distribution of pharmaceutical and veterinary products and equipment is located in Taman Desaria, Petaling Jaya, Selangor whereas our dairy business and livestock feed manufacturing are located on a 6-acre farm in Batang Kali, Selangor.

## Distribution

Our Group's distribution network spans throughout the country and comprises direct and indirect channels.

Direct distribution network refers to the distribution of our products directly to end-customers which include farms and integrators, veterinary product manufacturers, veterinary clinics, pet shops and feed mills. This provides us the opportunity to work closely with our customers to obtain feedback on their requirements in order to improve our services and products.

Indirect distribution network refers to the distribution of our products through intermediaries such as dealers, wholesalers and retailers which will then rely on their own distribution network to reach the end-customers. This will effectively expand our Group's market coverage.

## Key Markets

Our Group's revenue is primarily generated from Malaysia which accounted for approximately 98.30% of our total revenue for the FYE 31 December 2023, whilst the remaining 1.70% of revenue was derived from overseas markets which include Indonesia, Thailand, the Philippines, Brunei and Papua New Guinea. Revenue from overseas mainly comprised export of animal health products.

## Objectives and Strategies

Moving forward, we have in place business and expansion plans that are focused on the following areas:

- (i) Increasing the utilisation of our production capacity in our GMP-compliant plant in Kawasan Perindustrian Nilai Utama, Negeri Sembilan to increase our production volume;
- (ii) Expansion of our product range which includes new in-house developed animal health products, new animal health products and equipment from international manufacturers, as well as new food ingredient products from various producers;
- (iii) Expanding our market presence in the existing regional markets, tap into other segments of the animal health products and equipment market and to develop new markets;
- (iv) Expansion of our dairy business as the government is looking to increase the nation's production of dairy products, especially fresh milk, to reach the aspiration of self-sustainability in the near future; and
- (v) Venturing into other related businesses with growth prospects.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Highlights of Financial Information for the Past Five Financial Years

### Financial information

Description	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM
Revenue	119,058,142	146,682,802	169,431,450	198,151,787	202,934,518
Profit before tax	11,314,931	11,536,624	17,605,343	19,047,676	18,504,077
Finance costs	942,074	1,381,770	1,278,034	1,323,147	1,655,445
Net profit attributable to shareholders	8,636,462	7,284,563	11,268,278	12,738,365	12,081,423
Shareholders' equity	107,333,947	124,113,710	131,364,788	153,335,325	160,979,352
Total assets	148,885,040	185,993,690	195,806,720	219,434,783	230,590,641
Total borrowings	27,286,936	34,797,998	32,785,707	28,715,614	31,481,391
Gearing ratio (times)	0.25	0.28	0.25	0.19	0.20
Current ratio (times)	4.61	3.69	3.28	3.50	3.95
Earnings per share (sen)	4.74	3.73	5.61	5.86	5.46
Net assets per share (sen)	58.78	61.79	65.40	69.31	72.77
Dividend per share (sen)	1.00	1.00	2.00	2.00	2.00 #

Note:

# Of which 1.00 sen per share is subject to shareholders' approval at the forthcoming Annual General Meeting.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Share performance

Description	2019	2020	2021	2022	2023
Year high (RM)	0.845	0.830	1.190	0.785	0.760
Year low (RM)	0.650	0.570	0.635	0.655	0.660
Year close (RM)	0.665	0.805	0.740	0.680	0.690
Total trading volume for the financial year (million)	5.80	18.94	73.76	24.40	17.60
Market capitalisation as at 31 December (RM million)	121.43	161.69	148.64	150.43	152.65

## REVIEW OF FINANCIAL RESULTS

### Revenue

The details of revenue generated from our services/products are set out in the table below:

Revenue	2022		2023	
	RM	%	RM	%
Animal health services	2,331,286	1.18	2,513,626	1.24
Animal health products and equipment	151,429,292	76.42	150,011,413	73.92
Food ingredients	35,343,281	17.84	47,189,471	23.25
Human healthcare services	1,651,878	0.83	1,065,920	0.53
Dairy business	7,396,050	3.73	2,154,088	1.06
<b>Total</b>	<b>198,151,787</b>	<b>100.00</b>	<b>202,934,518</b>	<b>100.00</b>

Revenue generated from animal health products and equipment is our Group's main source of income, contributing 76.42% and 73.92% of our total revenue for the FYE 31 December 2022 and the FYE 31 December 2023 respectively. The animal health products and equipment provided by our Group comprising vaccines, pharmaceuticals, feed and feed additives and farm equipment are mainly sourced from international animal health product and equipment manufacturers. Our Group also manufactures pharmaceuticals, feed and feed additives under our own brand names at our own plants.

Our Group's revenue is predominantly generated from Malaysia which accounted for 98.30% of our total revenue for the FYE 31 December 2023. Revenue contribution from exports, of which mainly comprised of sale of animal health products, had decreased slightly to approximately RM3.44 million or 1.70% in the FYE 31 December 2023 as compared to export revenue of approximately RM5.16 million or 2.61% for the previous financial year mainly due to lower demand from our existing markets in India, the Philippines and Taiwan.

### Animal health services

Revenue from animal health services which is derived from Vet Food Agro Diagnostics Sdn Bhd increased by approximately RM0.18 million or 7.82% for the FYE 31 December 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Animal health products and equipment

The details of the revenue generated from animal health products and equipment are set out below:

Revenue	2022		2023	
	RM	%	RM	%
Vaccines	39,467,831	26.06	36,331,400	24.22
Pharmaceuticals	53,885,783	35.59	58,605,366	39.07
Feed and feed additives	42,708,606	28.20	44,536,077	29.69
Equipment	15,367,072	10.15	10,538,570	7.02
<b>Total</b>	<b>151,429,292</b>	<b>100.00</b>	<b>150,011,413</b>	<b>100.00</b>

The sale of animal health products and equipment recorded a decrease of approximately RM1.42 million or 0.94% compared to the previous financial year. The decrease was due to the following:

- Decrease in revenue generated from vaccines of approximately RM3.14 million or 7.95% which was mainly contributed by the decrease in the sale of Purevax products of approximately RM4.82 million. However, Vaxsafe products, Recombitek products and Rabisin products experienced increase in sales of approximately RM0.63 million, RM0.53 million and RM0.33 million respectively;
- Decrease in revenue from sale of farm equipment of approximately RM4.83 million or 31.42% from approximately RM15.37 million in the previous financial year to approximately RM10.54 million in the current year;
- Increase in revenue generated from pharmaceuticals of approximately RM4.72 million or 8.76% which was mainly contributed by the increase in the sale of NexGard products of approximately RM6.07 million. However, Bioclean products, Vetri-DMG products and Broadline products experienced decrease in sales of approximately RM0.64 million, RM0.58 million and RM0.51 million respectively; and
- Increase in revenue generated from feed and feed additives of approximately RM1.83 million or 4.28% as a result of the increase in the sale of Tradilin of approximately RM4.77 million, Citrex powder products of approximately RM1.09 million and Clopiden of approximately RM0.71 million. However, Rhonamox, Delac products, Equi-Balance and Nystatin experienced decrease in sales of approximately RM1.49 million, RM1.06 million, RM1.05 million and RM0.93 million respectively.

## Food ingredients

Revenue generated from food ingredients, which is derived from Link Ingredients Sdn Bhd, increased by approximately RM11.85 million or 33.52% compared to the previous financial year as a result of the increase in orders from its major customers.

## Human healthcare services

Revenue from human healthcare services, which is derived from APSN Healthcare & Diagnostics Sdn Bhd, comprise of revenue generated from the provision of tests and diagnostics services for human healthcare and sale of Covid-19 antigen rapid test kits. Revenue from the segment decreased by approximately RM0.59 million compared to the previous financial year due to the decrease in demand for Covid-19 antigen rapid test kits.

## Dairy business

Revenue from our dairy business which is derived from Nor Livestock Farm Sdn Bhd decreased by approximately RM5.24 million compared to the previous financial year as a result of the decrease in trading activities.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Cost of Sales

The details of cost of sales of our services/products are set out in the table below:

Cost of sales	2022		2023	
	RM	%	RM	%
Animal health services	1,303,654	0.90	1,298,388	0.87
Animal health products and equipment	105,653,454	73.22	107,598,545	72.32
Food ingredients	30,720,341	21.29	38,957,637	26.18
Human healthcare services	1,262,023	0.88	681,051	0.46
Dairy business	5,355,282	3.71	249,279	0.17
<b>Total</b>	<b>144,294,754</b>	<b>100.00</b>	<b>148,784,900</b>	<b>100.00</b>

### Animal health services

The cost of sales of animal health services mainly comprised consumables used in diagnostic laboratory analysis including test kits, chemicals and laboratory testing fee. The cost of sales for animal health services decreased marginally by approximately RM0.01 million or 0.40% compared to the FYE 31 December 2022 despite the slight increase in revenue of approximately RM0.18 million or 7.82% from the segment.

### Animal health products and equipment

Cost of sales attributable to animal health products and equipment accounted for more than 70.00% of our Group's total cost of sales for the past two financial years. The cost of sales for animal health products and equipment mainly comprised cost of goods sold, cost of manufacturing, customs duties, handling charges and other costs. Cost of manufacturing predominantly consists of cost of raw materials whereas other costs mainly consist of consumables used and laboratory testing fee. The cost of sales of the animal health products and equipment segment increased approximately RM1.95 million or 1.84% despite the decrease in revenue generated by the segment of approximately RM1.42 million or 0.94% due to the change in product mix.

### Food ingredients

Cost of sales incurred for food ingredients mainly comprised cost of products sold, customs duties and handling charges. The cost of sales for food ingredients increased by approximately RM8.24 million or 26.81% compared to the FYE 31 December 2022 due primarily to the increase in food ingredients purchased as a result of the increase in revenue from food ingredients of 33.52% during the financial year.

### Human healthcare services

The cost of sales of human healthcare services mainly comprised consumables used in tests and diagnostic laboratory analysis including test kits and laboratory testing fee and the cost of Covid-19 antigen rapid test kits. The cost of sales for human healthcare services decreased by approximately RM0.58 million or 46.03% compared to the FYE 31 December 2022 due to the decrease in test kits purchased as a result of the decrease in revenue from human healthcare services of 35.47% during the financial year.

### Dairy business

The cost of sales of dairy business mainly comprised animal feed, nutrition and medication for dairy cows and cost of trading cows. The cost of sales for dairy business decreased by approximately RM5.11 million compared to the FYE 31 December 2022 in line with the decrease in revenue from dairy business during the financial year.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Gross Profit

The details of gross profit ("GP") and GP margin of our services/products are set out in the table below:

GP	2022		2023	
	RM	%	RM	%
Animal health services	1,027,632	1.91	1,215,238	2.24
Animal health products and equipment	45,775,838	85.00	42,412,868	78.33
Food ingredients	4,622,940	8.58	8,231,834	15.20
Human healthcare services	389,855	0.72	384,869	0.71
Dairy business	2,040,768	3.79	1,904,809	3.52
<b>Total</b>	<b>53,857,033</b>	<b>100.00</b>	<b>54,149,618</b>	<b>100.00</b>

GP margin	2022	2023
	%	%
Animal health services	44.08	48.35
Animal health products and equipment	30.23	28.27
Food ingredients	13.08	17.44
Human healthcare services	23.60	36.11
Dairy business	27.59	88.43
<b>Group GP margin</b>	<b>27.18</b>	<b>26.68</b>

Our Group's overall GP and GP margin for the financial years under review were affected mainly by changes in quantity and selling price of our products, the purchase price of the products and fluctuation of foreign currency exchange arising from the purchases.

Our Group's GP increased from approximately RM53.86 million for the FYE 31 December 2022 to approximately RM54.15 million for the FYE 31 December 2023, representing an increase of approximately RM0.29 million or 0.54%. GP of the food ingredients segment increased by approximately RM3.61 million from approximately RM4.62 million in the FYE 31 December 2022 to approximately RM8.23 million in the FYE 31 December 2023. However, the increase was offset by the decrease in GP of the animal health products and equipment segment by approximately RM3.37 million from approximately RM45.78 million in the FYE 31 December 2022 to approximately RM42.41 million in the FYE 31 December 2023.

Although there was an increase in overall GP, our Group's GP margin had decreased from 27.18% for the FYE 31 December 2022 to 26.68% for the FYE 31 December 2023 due primarily to the decrease in the GP margin of the animal health products and equipment segment which contributed 78.33% of our Group's total GP for the current financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Animal health services

GP from the animal health services segment of approximately RM1.22 million for the FYE 31 December 2023 was approximately RM0.19 million higher than the GP of approximately RM1.03 million for the previous financial year. This was in line with the higher revenue recorded for animal health services during the FYE 31 December 2023. The GP margin of 48.35% for the FYE 31 December 2023 was slightly higher than the GP margin of 44.08% recorded in the previous financial year mainly due to lower cost of consumables used in diagnostic laboratory analysis.

## Animal health products and equipment

In line with the decrease in revenue of approximately RM1.42 million and the increase in cost of sales of approximately RM1.95 million from the animal health products and equipment segment for the FYE 31 December 2023 compared to the FYE 31 December 2022, GP from the animal health products and equipment segment for the FYE 31 December 2023 was approximately RM3.37 million or 7.35% lower compared to the previous financial year. The GP margin of animal health products and equipment decreased marginally from 30.23% for the FYE 31 December 2022 to 28.27% for the current financial year.

## Food ingredients

In line with the increase in revenue from the food ingredients segment of approximately RM11.85 million during the FYE 31 December 2023, GP from food ingredients increased by approximately RM3.61 million or 78.06% compared to the FYE 31 December 2022. The GP margin of food ingredients increased from 13.08% for the FYE 31 December 2022 to 17.44% for the current financial year.

## Human healthcare services

Consistent with the decrease in revenue from the human healthcare services segment of approximately RM0.59 million during the FYE 31 December 2023, GP from human healthcare services decreased by approximately 1.28% compared to the FYE 31 December 2022. The decrease in GP is the result of lower market demand for Covid-19 antigen rapid test kits during the current financial year. As revenue from the human healthcare services segment during the FYE 31 December 2023 had reverted to being primarily from the provision of tests and diagnostics services, the GP margin increased from 23.60% for the FYE 31 December 2022 to 36.11% for the current financial year.

## Dairy business

As a result of the decrease in revenue from the dairy business segment for the FYE 31 December 2023 of approximately RM5.24 million compared to the FYE 31 December 2022, GP from dairy business for the FYE 31 December 2023 was approximately RM0.14 million or 6.66% lower compared to the previous financial year.

## Operating Expenses

Distribution costs decreased by approximately RM1.35 million or 12.08% from approximately RM11.15 million for the FYE 31 December 2022 to approximately RM9.80 million for the FYE 31 December 2023. Distribution costs as a percentage of revenue of 4.83% for the current financial year was slightly lower compared to the 5.63% recorded in the FYE 31 December 2022.

Administration expenses increased by approximately RM4.04 million from approximately RM24.19 million for the FYE 31 December 2022 to approximately RM28.23 million for the FYE 31 December 2023. Administration expenses as a percentage of revenue of 13.91% for the FYE 31 December 2023 was slightly higher compared to the 12.21% recorded in the previous financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Finance costs increased from approximately RM1.32 million for the FYE 31 December 2022 to approximately RM1.66 million for the current financial year due to the drawdown of a RM7.00 million bank facility during the current financial year.

## Profit Before Tax

Despite the increase in GP of approximately RM0.29 million, the increase in other income of approximately RM2.25 million and the reduction in distribution costs of approximately RM1.35 million, our Group's profit before tax ("PBT") of approximately RM18.50 million for the FYE 31 December 2023 was approximately RM0.55 million lower than the PBT of approximately RM19.05 million for the FYE 31 December 2022 due to the increase in administration expenses of approximately RM4.04 million, the increase in finance costs of approximately RM0.33 million and share of losses of joint venture of approximately RM0.07 million.

## Taxation

The effective tax rate of the Group for the FYE 31 December 2023 of 28.92% was higher than the statutory tax rate of 24.00% as certain subsidiaries were in loss making positions and that certain expenses were not allowable for tax purposes.

## Assets

### Trade receivables

Trade receivables of approximately RM35.23 million as at 31 December 2023 was approximately RM2.97 million higher compared to the previous financial year. The increase was mainly due to the overall increase in Group revenue of approximately RM4.78 million during the FYE 31 December 2023. Trade receivables turnover period of 64 days for the current financial year was higher compared to 60 days for the FYE 31 December 2022. However, it is still within the normal credit term of 30 days to 90 days granted to our customers.

### Inventories

Inventories of approximately RM58.43 million as at 31 December 2023 was approximately RM2.40 million lower than at the end of the previous financial year. The inventories turnover period of 144 days for the FYE 31 December 2023 although lower than the 154 days recorded for the previous financial year, exceeded our normal inventory holding period of 90 days to 120 days. It is our Group's general practice to maintain a sustainable level of inventories to support our business operations and to reduce the lead time in delivery of our products to the customers. We have maintained a high level of inventories as at 31 December 2023 as buffer against possible supply chain disruptions worldwide.

### Cash and bank balances

Our Group has been financing our operations via a combination of internally generated funds and bank borrowings. Our principal utilisation of funds had been for working capital and purchase of property, plant and equipment. As at 31 December 2023, our Group had cash and bank balances and short term funds of approximately RM24.42 million.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Liabilities

### Trade payables

Trade payables of approximately RM11.43 million as at 31 December 2023 was approximately RM3.28 million lower than the trade payables as at 31 December 2022. The trade payables turnover period of 28 days for the FYE 31 December 2023 was lower than the 38 days recorded for the previous financial year and was slightly lower than the normal credit term granted by our suppliers which ranges from 30 days to 90 days. Our Group believes that timely settlement with suppliers will benefit our Group in terms of favourable pricing from our suppliers.

Notwithstanding the funding gap between the collection and payment cycle, as evidenced by the longer trade receivables turnover as compared to the trade payables turnover, our Group does not encounter any cash flow problems as we maintain a healthy level of working capital and has sufficient credit facilities in place.

## Equity

### Share capital

The issued shares of the Company remained at 221,226,000 ordinary shares throughout the FYE 31 December 2023.

## Capital Structure and Capital Resources

### Borrowings

Our Group's borrowings of approximately RM31.48 million as at 31 December 2023 were all denominated in Ringgit Malaysia and comprised term loans, revolving credit and bank overdrafts that were mainly utilised to finance the construction of our GMP-compliant plant in Kawasan Perindustrian Nilai Utama, Nilai, Negeri Sembilan, acquisition of the land and construction of the warehouse in Taman Perindustrian Kapar Bestari, Kapar, Selangor and acquisition of lab equipment as well as GMP plant and equipment.

As at 31 December 2023, our Group has unutilised banking facilities of approximately RM21.06 million. The Group remains prudent in maintaining a sound financial position that enables us to execute our plans over the coming years. Our Group's debt to equity ratio as at 31 December 2023 had increased marginally to 0.20 times compared to the ratio of 0.19 times as at 31 December 2022 due to the drawdown of a RM7.00 million bank facility during the financial year.

### Capital expenditure

Capital expenditure incurred by our Group for the FYE 31 December 2023 amounted to approximately RM2.45 million and consists of the following:



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Description	RM
GMP plant and equipment	120,685
Capital work in progress	776,040
Renovations	262,199
Furniture and fittings	295,003
Product applicator and vaccination equipment	66,834
Farm equipment and machinery	4,010
Laboratory equipment	32,926
Office and computer equipment	148,566
Motor vehicles	742,740
<b>Total</b>	<b>2,449,003</b>

The capital commitments of the Group that have been approved and contracted for as at the end of the FYE 31 December 2023 were as follows:

Description	Capital commitment RM
Machineries and equipment	450,220
Milk processing plant	3,547,508
<b>Total</b>	<b>3,997,728</b>

## Known Trends and Events

The main factors that have affected and are expected to continue to affect our Group's operations and profits include, but are not limited to, the following:

(i) Competitive advantages and key strengths

We are an end-to-end animal health solution provider that is able to provide a customised animal health solution with our extensive range of animal health services and products to meet the needs and requirements of our customers. Further, our business operations are supported by our in-house R&D centre which provides us the platform to expand our product range and continuously develop new products as well as to improve our existing products. In addition, our Group is led by an experienced management team that will provide the basis for our Group's continuing growth and success.

(ii) Industry outlook

The general outlook of the overall animal health and nutrition market is dependent on the derived demand from the livestock industry leading to correlating growth patterns for the animal health and nutrition market. It is also influenced by scientific advancement of animal health and nutrition products.

The general outlook of the overall food ingredients market is dependent on factors such as the changing eating habits caused by fundamental societal changes, as well as Malaysia's growing population.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## (iii) Dependency on the livestock industry

The animal health and nutrition market is highly dependent on the development and growth of the livestock industry as the animal health products are critical to the operations of a livestock farm in ensuring proper nutrition, health and hygiene of livestock. As such, our business operations are significantly reliant on the performance of the livestock industry in particular, the demand of poultry, swine and ruminant. Any changes or adverse conditions affecting the livestock industry may have a material adverse effect on the business and financial performance of our Group.

## (iv) Impact of foreign exchange rate

Our revenue is primarily denominated in Ringgit Malaysia where approximately 1.00% of our sales were transacted in United States Dollar ("USD") for the FYE 31 December 2023. Our purchases are primarily denominated in foreign currency as majority of our purchases are from USA and France. For the FYE 31 December 2023, majority of our purchases were transacted in USD and Euro. As such, our Group's financial position and results of operations may be affected by foreign currency fluctuations. Total loss on foreign currency exchange for the FYE 31 December 2023 amounted to approximately RM1.48 million.

## REVIEW OF OPERATING ACTIVITIES

### Performance

Our Group's revenue for the FYE 31 December 2023 of approximately RM202.93 million was approximately RM4.78 million or 2.41% higher than the revenue recorded in the previous financial year due mainly to the increase in sales of our food ingredients segment of approximately RM11.85 million. The increase was offset by the decrease in sales of our dairy business, animal health products and equipment and human healthcare services segments of approximately RM5.24 million, RM1.42 million and RM0.59 million respectively.

Contrary to the increase in revenue, the Group's PBT of approximately RM18.50 million for the FYE 31 December 2023 was approximately RM0.55 million or 2.85% lower than the RM19.05 million reported for the FYE 31 December 2022.

### GMP-Compliant Plant

The commencement of operations of our GMP-compliant plant in Nilai in 2021 increased our production capacity by approximately four (4) times the existing maximum production capacity. This allows our Group to expand the range of our in-house developed products to cater to a wider pool of customers with different needs and requirements.

The additional production capacity will also enable us to extend our reach into regional markets of which our Group has a presence and the development of new markets, leading to a broader customer base geographically and an increase in our revenue stream from regional markets.

### Investment in a Joint Venture

On 8 February 2023, our 49%-owned subsidiary, A2 Fresh Holdings Sdn Bhd ("A2F"), subscribed for 525,000 ordinary shares in Jemaluang Dairy Valley Sdn Bhd ("JDV") (being the joint venture company) at the subscription price of RM1.00 per share, representing 35% equity interest in JDV while Kulim (Malaysia) Berhad ("Kulim") holds the remaining 65% equity interest in JDV.

On 6 April 2023, A2F had entered into the following agreements:

- (i) Amended and restated joint venture cum shareholders agreement with Kulim and JDV to regulate their relationship as shareholders of JDV and to develop, operate and manage a dairy project in Sungai Ambat, Jemaluang, Mersing, Johor in collaboration with the East Coast Economic Region Development Council ("ECERDC");

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- (ii) Commercial agreement with ECERDC, Kulim and JDV for the commercial investment in, operation and management of the Jemaluang Dairy Valley in Jemaluang, Mersing, Johor; and
- (iii) Master lease agreement with the State Government of Johor, the State Secretary Johore (Incorporation), JDV and Kulim for the lease of all that piece of an area measuring approximately 275.336 hectares (680.37 acres) held under H.S.(D) 6891 PTD 19693 in the Mukim and District of Mersing, Johor.

On 17 November 2023, A2F and Kulim further subscribed for additional ordinary shares in JDV at the subscription price of RM1.00 per share in proportion to their existing equity interests, of which A2F's portion of the capital injection amounted to RM2,800,000.

JDV is currently awaiting the handover of the project site from ECERDC in order to commence its business operations which is expected to be in the third quarter of 2025.

## ANTICIPATED OR KNOWN RISKS

### Credit Risk and Default in Payment by Our Customers

Generally, the credit terms granted to our customers range from 30 days to 90 days. Our customers have varying degrees of credit risk profiles which exposes us to the risk of non-payment by them. In the event that our customers default on their payments, our operating cash flows, financial condition and results of operations could be materially and adversely affected.

We are aware of our exposure to credit risk and we mitigate this by putting in place credit management policies in our Group through the application of credit approval, credit limit and monitoring procedures on an on-going basis. We perform credit evaluations on our customers and an appropriate credit limit is then allocated to each customer based on our assessment of their risk level. In addition, we also emphasise on close monitoring and collection of accounts on an on-going or monthly basis to minimise the risk of default.

Although there has been no material collection problem for trade receivables or material bad debts written off in the past, there is no guarantee that our customers will be able to fulfill their debt obligations as and when the debts become due or that our Group will not encounter collection problems in the future. Any default or delay in our collection of debts which lead to impairment losses on trade receivables or bad debts may have an impact on our financial performance.

### Foreign Currency Fluctuation Risk

The majority of our purchases and some of our sales are transacted in foreign currencies, primarily in USD and Euro. As such, we are exposed to foreign currency fluctuation risk. Any unfavourable fluctuations in foreign exchange rates may have an adverse impact on our financial performance and profitability.

For the FYE 31 December 2023, approximately 1.00% of our sales were transacted in USD whereas majority of our purchases were transacted in USD and Euro. Our Group does not enter into any financial instruments to hedge against any foreign currency fluctuation in terms of our sales in foreign currency as the transactions are not significant. In terms of our purchases in foreign currency, our Group will continuously monitor the foreign currency fluctuations and enter into foreign exchange spot contracts to hedge against the foreign currency fluctuation risk, as and when necessary.

Despite our efforts to minimise the foreign currency risk, there can be no assurance that any future significant fluctuation in foreign currency will not have an impact on the financial performance of our Group.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FORWARD-LOOKING STATEMENT

### Outlook

In the fourth quarter of 2023, the economies of Southeast Asia demonstrated strong performance, despite facing external challenges. Countries like Indonesia, Singapore, Thailand, and Vietnam witnessed an increase in their Gross Domestic Product. However, Malaysia and the Philippines experienced slower growth in the same period. The view for 2024 is cautiously optimistic as all Southeast Asian economies are forecasting better performance, while acknowledging ongoing challenges. Malaysia's economy is expected to grow 4.2% in 2024 driven by domestic demand specifically the stabilisation of private consumption growth and increased investment spending, supported by a robust medium-term reform agenda.

In tandem with this, the global animal health market is expected to grow at a compound annual growth rate of 2.9% to USD49.5 billion in 2032 from USD37.8 billion in 2023 driven by the increasing worldwide demand for animal protein. Other key growth drivers include the rising emphasis on preventive healthcare measures for animals as well as technological advancements and digitalisation.

At the same time, the global food ingredients market is also projected to grow at a compound annual growth rate of 4.8% to USD511.33 billion by 2032 from USD335.32 billion in 2023 thanks to the evolving preferences of consumers for clean-label and plant-based ingredients. As culinary preferences are influenced by globalisation, the market offers a wide range of ingredients to cater to the ever-changing needs of the global food and beverage industry.

Despite the challenges posed by global economic headwinds, the Group is optimistic that a combination of good governance, solid strategies, and policies will enable it to continue seizing opportunities that will lead to more favourable results in the new financial year.

### Dividend

In considering the level of dividend, if any, upon recommendation by our Directors, we will take into account various factors including:

- (i) Our expected results of operations;
- (ii) Required and expected interest expense and taxation, cash flows, our profits and return on equity and retained earnings;
- (iii) Our projected levels of capital expenditure and other investment plans;
- (iv) The prevailing interest rates and yields of the financial market;
- (v) The level of our cash, marketable financial assets and level of indebtedness; and
- (vi) Maintaining adequate reserves for the future growth of our Group.

In line with this, the Board of Directors proposed a final dividend of 1.0 sen per ordinary share for the FYE 31 December 2023. This proposal is pending our shareholders' approval at the forthcoming Annual General Meeting of the Company. Including the interim dividend of 1.0 sen per ordinary share which had been paid on 2 February 2024, the proposed final dividend will bring the total dividends for the year to 2.0 sen per ordinary share.



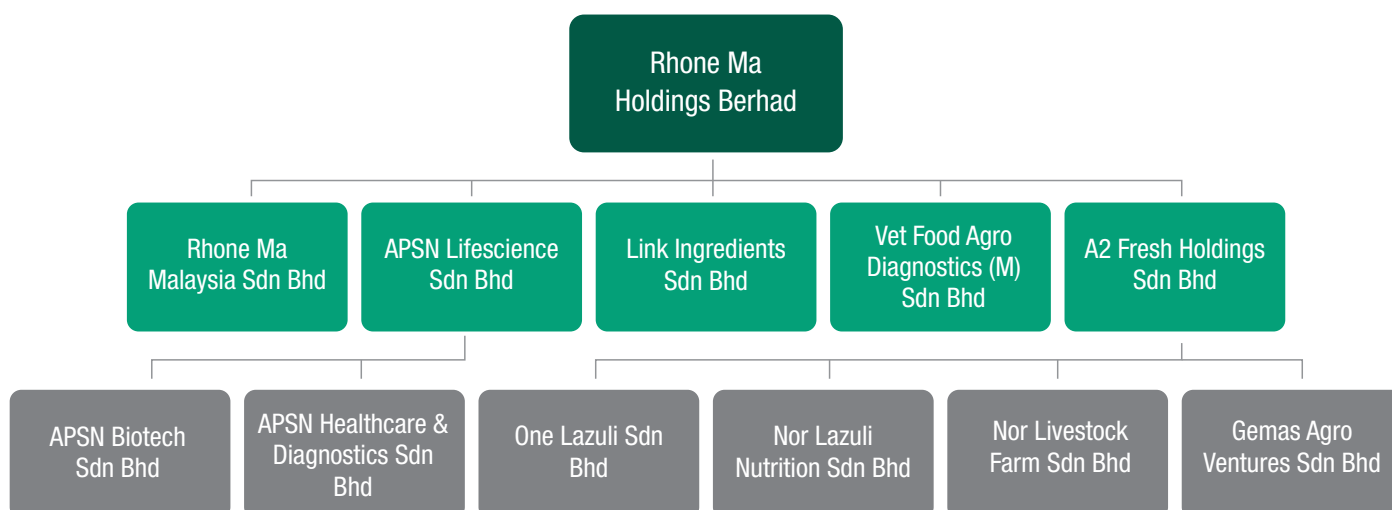
# SUSTAINABILITY STATEMENT

## About This Report

Rhone Ma Holdings Berhad (“Rhone Ma”, “the Group”, “we” or “our”) is honoured to present our Annual Sustainability Statement (“the Statement”) for 2023. This Statement provides an overview of the Group’s sustainability performance during the period of 1 January 2023 to 31 December 2023 (“FY2023”), unless stated otherwise.

## Scope and Basis of Scope

This Statement covers the Group and its active subsidiaries’ sustainability performance and the progress of our business operations in Malaysia.



## Reporting Framework

This Statement has been developed according to Bursa Malaysia’s Listing Requirements, with reference to Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition).

## Feedback

Our Sustainability Statement 2023 can be viewed and downloaded from Rhone Ma’s official website at [www.rhonema.com](http://www.rhonema.com).

Rhone Ma values its engagement with its valued stakeholders and is always open to any feedback, inquiries, and concerns to ensure we consistently improve at the Group. Our contact details are as below:

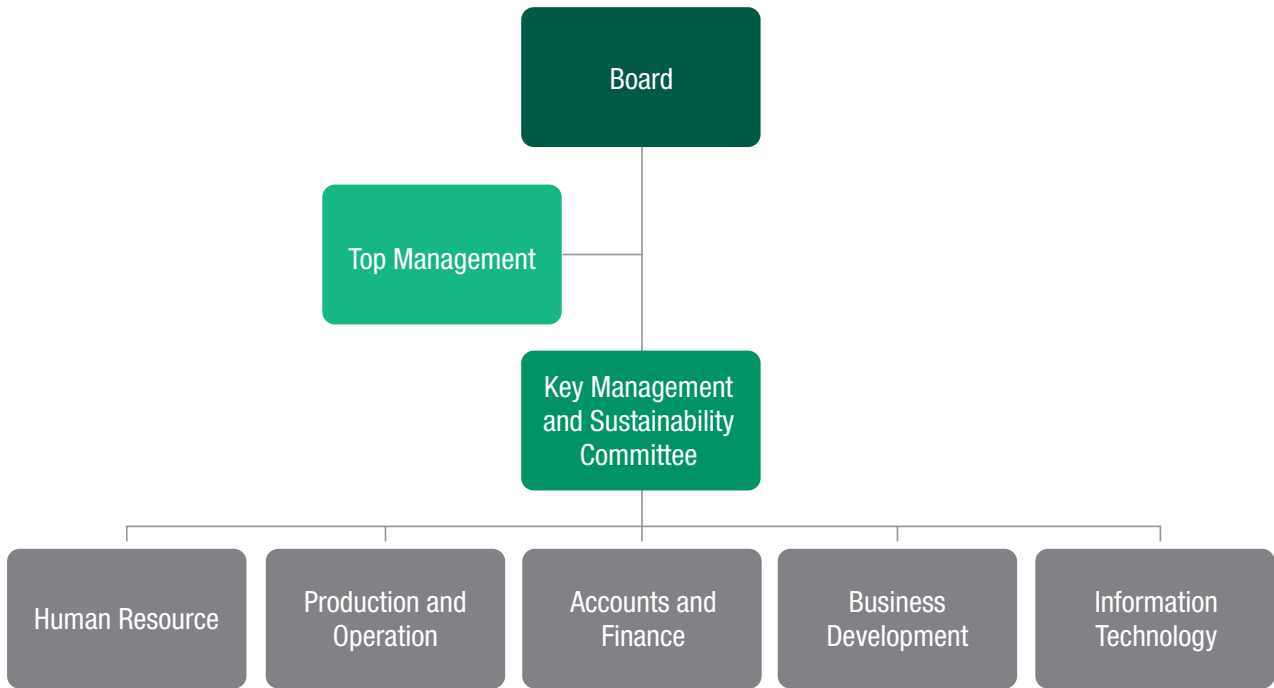
Rhone Ma Holdings Berhad  
 Lot 18A & 18B, Jalan 241, Seksyen 51A,  
 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia  
 +(603) 7873 7355

# SUSTAINABILITY STATEMENT (CONTINUED)

## Sustainability Governance

As part of our commitment to sustainability, we have established a clear governance structure to ensure utmost compliance and optimal performance across our business operations. Our sustainability directives stem from our key leadership team, with the Board of Directors setting the tone and maintaining responsibility for our overall business conduct.

Further, to support the development of strategies and sustainability objectives the organisation's board has appointed a "Key Management & Sustainability Committee". The Key Management and Sustainability Committee manages and monitors the overall sustainability performance of Rhone Ma and is supported by Heads of Departments to monitor, control, and improve sustainability matters.



## Stakeholder Engagement

Active engagement with a diverse range of stakeholders is a vital component in maintaining the efficiency of Rhone Ma's operations. As defined by Rhone Ma, stakeholders encompass individuals, organisations, or groups whose business strategies and models can be affected by Rhone Ma, and, in turn, can influence our business operations.

Our primary stakeholder categories consist of employees, shareholders, investors, customers, suppliers, local communities, government entities, industry associations, media, and academia. These categories were determined based on their varying degrees of influence on and reliance upon our business.

Engagement with stakeholders occurs through a variety of communication channels, including online media platforms, meetings, seminars, and in-person interactions. Rhone Ma's official website serves as an accessible hub for stakeholders and other users to access the most recent corporate updates, financial results, and more. The table highlighting key stakeholders and their engagement is presented below:

# SUSTAINABILITY STATEMENT (CONTINUED)

Key Stakeholders	Engagement Channel	Frequency of engagement	Key Areas of Interest/ Concern	Our Response
Employees	On-going education and training programmes	Monthly	<ul style="list-style-type: none"> <li>Employee satisfaction and well-being</li> <li>Job training and development</li> <li>Occupational Safety and Health Administration (OSHA)</li> <li>Employee engagement and welfare</li> </ul>	<ul style="list-style-type: none"> <li>Promote transparent communication with employees</li> <li>Provide equal employment opportunities without discrimination</li> <li>Offer industry-competitive benefits and remuneration packages</li> <li>Provide relevant upskilling and development opportunities</li> </ul>
	Employee events	As needed		
	Internal announcements	As needed		
Shareholders and investors	Annual Report	Annually	<ul style="list-style-type: none"> <li>Company development</li> <li>Business strategy</li> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Timely updates on the Group's strategy and financial performance via investor briefings and announcements</li> <li>Uphold good governance practices across the Group, and supply chain</li> </ul>
	Annual General Meeting	Annually		
	Analyst meetings	As needed		
	Announcements on Bursa Malaysia Securities Berhad	As needed		
Consumers, suppliers, and the general public	Corporate website	As needed	<ul style="list-style-type: none"> <li>Company development</li> <li>Product quality and safety</li> <li>Public service announcement</li> <li>Product development</li> <li>Animal nutrition, health and wellness</li> </ul>	<ul style="list-style-type: none"> <li>Offer affordable products and services</li> <li>Implement rigorous product assessments</li> <li>Emphasis on the provision of transparent procurement processes</li> </ul>
	Meetings	As needed		
	Social media channel	As needed		
	Exhibitions	As needed		
	Product launches	As needed		
	Forums	As needed		
Local communities	CSR initiatives	Periodically	<ul style="list-style-type: none"> <li>Employee volunteerism</li> <li>Community engagement</li> </ul>	<ul style="list-style-type: none"> <li>Periodic engagements/dialogues with local communities to address concerns</li> <li>Investment in education and welfare to improve community well-being</li> </ul>
Government and related authorities, industry, and trade associations	Advisory panelists	As needed	<ul style="list-style-type: none"> <li>Animal health, nutrition, and wellness</li> <li>Industry trends and development</li> <li>Employee participation</li> </ul>	<ul style="list-style-type: none"> <li>Full compliance with regulatory requirements</li> <li>Adoption of practices outlined in the Malaysian Code on Corporate Governance</li> <li>Support government initiatives</li> </ul>
	Key associations	As needed		
	Forums	As needed		
	Strategic partnerships and agreements	As needed		
	Memberships	As needed		
Media	Interviews (face-to-face, virtual)	As needed	<ul style="list-style-type: none"> <li>Business development and performance</li> </ul>	<ul style="list-style-type: none"> <li>Engage media regularly through mainstream news and information channels on our business performance</li> <li>Respond in a timely manner to media enquiries</li> </ul>
Academia	Internship programmes	Annually	<ul style="list-style-type: none"> <li>Experiential learning</li> <li>Mentorship</li> </ul>	<ul style="list-style-type: none"> <li>Create internship opportunities to help students gain hands-on experience</li> </ul>
	Hosting field trips	As needed		

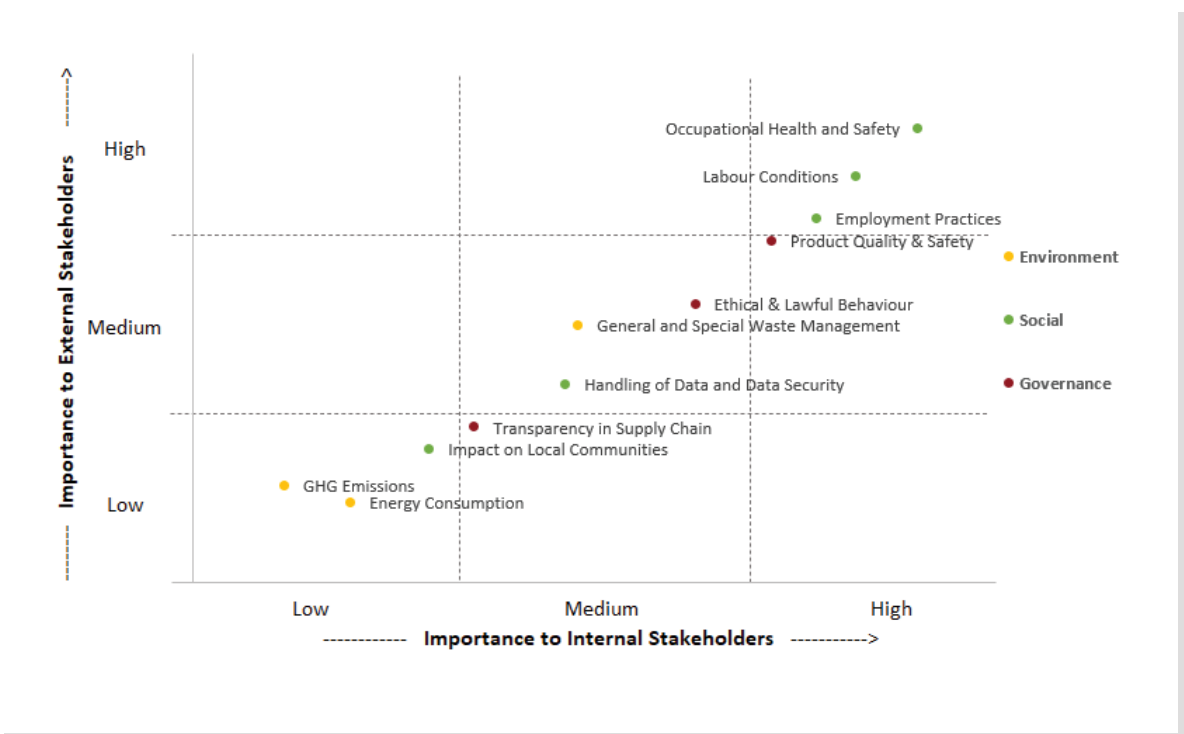
# SUSTAINABILITY STATEMENT (CONTINUED)

## Materiality Assessment and Key Sustainability Matters

We recognise that the issues we consider important can influence our ability to create sustainable value for our stakeholders, whether those effects are direct or indirect. In 2023, we conducted a thorough evaluation of material concerns through a survey for the first time that engaged our primary internal and external stakeholders. This was done to ensure that their interests and concerns were not only considered but also properly dealt with. Below, we provide an overview of our materiality assessment process:

Identification and Engagement	Prioritisation	Validation
<p>We first compiled a list of sustainability matters to be evaluated. Subsequently, we involved our senior management team, consisting of key executives, in discussions regarding the company's overall business environment, the operations of the Group, and areas of risk, which encompass both internal and external factors.</p>	<p>Through materiality assessment survey to internal and external stakeholders, a total of 11 key material sustainability matters were prioritised and presented in our materiality matrix.</p>	<p>The results of the materiality prioritisation process and development of the materiality matrix was reviewed and refined accordingly before being approved by the top leadership.</p>

## Rhone Ma's Material Matrix 2023





# SUSTAINABILITY STATEMENT (CONTINUED)

According to the materiality assessment, we list the material matters:

No.	Material Topic
01	Occupational Health and Safety
02	Labour Conditions
03	Employment Practices
04	Product Quality and Safety
05	Ethical and Lawful Behaviour
06	General and Special Waste Management
07	Handling of Data and Data Security
08	Transparency in the Supply Chain
09	Impact on Local Communities
10	Energy Consumption
11	GHG Emissions

## Sustainability Framework

Our sustainability framework is built upon three focus areas of emphasis: environmental, social, and governance. These elements have been incorporated into our business strategy with the aim of meeting the demands of our stakeholders. Our objectives within these three focus areas are to deliver exceptional services, reduce our environmental footprint, and play an active role in supporting local communities. We are dedicated to tackling issues associated with each significant subject to bring our sustainable business strategy to fruition and maintain a continuous assessment of our sustainable development performance.

### Our Focus Areas

Environmental	Social	Governance
Reducing carbon emission and minimising environmental impacts of our operations	Cultivating a diverse culture, promoting employee wellness, and supporting the local community	Providing excellent services and creating value for stakeholders while upholding transparency and accountability
Scheduled Waste Management	Occupational Health and Safety	Product Quality and Safety
Energy Consumption	Labour Conditions	Ethical and Lawful Behaviour
GHG Emissions	Employment Practices	Transparency in the Supply Chain
Water Consumption	Handling of Data and Data Security	
Materials	Impact on Local Communities	

# SUSTAINABILITY STATEMENT (CONTINUED)

## ENVIRONMENTAL

### Scheduled Waste Management

#### Scheduled Waste

Improper waste management can result in widespread consequences, impacting air and water quality, soil pollution, and heightening the risks of exposure to hazardous materials for both our staff and the communities surrounding our operational areas. At Rhone Ma, we prioritise proper waste management to reduce our environmental impact and benefit the surrounding communities.

We follow the Environmental Policy of the Group, which details methods for waste reduction by decreasing the material used in our operations, adopting the 3R approach – reduce, reuse, and recycle, and educating our employees about the significance of sustainable waste management. For example, we encourage employees to reuse and recycle items such as paper, plastics, and aluminium and engage recycle pickup service from time to time.

Additionally, we make sure the remaining waste, which may consist of damaged packaging and rejected products, is properly stored and managed by an appointed licensed contractor holding relevant permits from local authorities.

In 2023, Rhone Ma generated a total of 20.07 metric tonnes (MT) of waste which consist of 3.46 MT waste which can be diverted from disposal, of which 18.95 MT was directed to disposal.

#### Scheduled Waste Management

Indicator	Unit	FY2023
Total waste generated	Metric tonnes	20.07
Total waste diverted from disposal	Metric tonnes	3.46
Total waste directed to disposal	Metric tonnes	18.95

#### Effluent

Our wastewater discharge adheres to Standard A in the Environmental Quality Act of 1974 (Standard A refers to discharge upstream of any raw water intake). The main wastewater is treated in-house by our wastewater treatment facility before being discharged from the factory into the public drainage system. In 2023, there was one incident of non-compliance with the discharge limit during commissioning, and we have taken immediate corrective actions to ensure compliance.

### Energy Consumption and GHG Emissions

As an agro-based company, we acknowledge that our energy consumption and GHG emissions contribute to climate change impacts. Meanwhile, our operations are sensitive to climate change. To minimise our environmental impact, we are dedicated to reducing our carbon footprint and energy consumption through several initiatives as well as to monitoring the emissions and energy usage of its operations.

The main source of emission for Rhone Ma would be from the direct consumption of fossil fuel sources such as diesel for power generators (Scope 1) and purchased electricity (Scope 2). To effectively manage energy consumption, our manufacturing facilities and warehouse utilise energy-saving technology, including a dust filtration system, efficient heating, ventilation, and air conditioning (HVAC), as well as LED lighting to conserve energy. In addition, Rhone Ma encourages electricity-saving initiatives among employees.

# SUSTAINABILITY STATEMENT (CONTINUED)

Our overall energy consumption in FY2023 amounted to 10,866.79 gigajoules (GJ) (equivalent to 3,018.55 megawatts), as shown below:

## Energy Consumption

Energy	Unit	FY2023
Diesel	Litre	5,860.00
Diesel	Gigajoules	225.79
Electricity	Gigajoules	10,641.09
Total energy consumption	Gigajoules	10,866.79
Energy Intensity	GJ / Production volume (MT)	4.99

\* The conversion for diesel is based on the methodology provided by the Energy Statistics Manual from the International Energy Agency.

We have analysed the greenhouse gas (GHG) emissions within Scope 1 and Scope 2 for the present reporting period, and our findings are outlined in this statement. Scope 1 emissions result directly from the combustion of carbon-based fuel sources, and Scope 2 emissions pertain to the indirect emissions associated with grid power utilisation.

## Fuel Consumption and Scope 1 Emissions

Scope 1 emissions refer to the direct GHG emissions generated by the Group's fuel consumption. For FY2023, we recorded a total of 5860 litres of diesel consumption. Converting to Scope 1 emissions, this corresponds to approximately 15.73 tonnes of CO<sub>2</sub> equivalent.

## Electricity and Scope 2 Emissions

Scope 2 emissions represent indirect GHG emissions related to the production and consumption of electricity. In terms of electricity usage, the total consumption in 2023 was 2,955,861 kilowatt-hours (KWh) from all companies. This translates to approximately 2240.54 tonnes of CO<sub>2</sub> equivalent in Scope 2 emissions.

## Emission Intensity

The total GHG emissions is 2256.27 tonnes of CO<sub>2</sub> equivalent in 2023. To gain deeper understanding of sustainability performance, we employ intensity measurement to represent our environmental impact more precisely. The emission intensity, indicating carbon dioxide emissions per metric tonne of production output, stood at 1.03 tCO<sub>2</sub>e/production volume (MT) in FY2023.

## Carbon Emissions

	Unit	FY2023
Scope 1 emissions in tonnes of CO <sub>2</sub> e <sup>1</sup>	tCO <sub>2</sub> -e	15.73
Scope 2 emissions in tonnes of CO <sub>2</sub> e <sup>2</sup>	tCO <sub>2</sub> -e	2240.54
Total emissions	tCO <sub>2</sub> -e	2256.27
Emission intensity	tCO <sub>2</sub> -e / Production Volume (MT)	1.03

<sup>1</sup> Emission factor is 2.68 Kg CO<sub>2</sub>e/ Litre, World Resources Institute (2015). GHG Protocol tool for stationary combustion. Version 4.1

<sup>2</sup> Emission factor is 0.758 Kg CO<sub>2</sub>e/ KWh, 2021 Grid emission factor of Peninsular by Energy Commission

# SUSTAINABILITY STATEMENT (CONTINUED)

## Water Consumption

The growing concern about water scarcity is a result of various factors like climate change, inadequate water management, and pollution. Therefore, safeguarding water resources and enhancing water usage across all our locations is a fundamental aspect of our environmental commitment.

Currently, our GMP-compliant facility in Nilai, Negeri Sembilan, and our warehouse in Kapar, Selangor have integrated rainwater harvesting systems. The collected rainwater will be reused for activities such as gardening, sewage cleansing, and other non-essential purposes. In FY2023, our water consumption was 15.75 megalitres.

### Water Management

	Unit	FY2023
Total volume of water used	Megalitres	15.75
Water used intensity	m <sup>3</sup> / MT	7.24

## Materials

We acknowledge that natural resources are limited; therefore, we emphasise the significance of conserving resources by striving to maximise the use of renewable materials and minimising the environmental impact across our products' entire life cycle.

For Rhone Ma's business, the main materials used for production include vitamins, and minerals. We have been monitoring and reporting the materials for our products as follows:

### Materials

	Unit	FY2023
Active pharmaceutical ingredients	Kilograms	17,734.10
Excipients / Carriers	Kilograms	3,022,090.42
Minerals	Kilograms	230,479.74
Vitamins	Kilograms	71,717.48
Bottles / containers / drums / plastic etc.	Kilograms	10,213.73
Box	Kilograms	12,170.21
Aluminium pouch	Kilograms	2,920.61
Woven bag	Kilograms	7,809.89
Label / package insert	Kilograms	11,622.34
Pharma (repack)	Kilograms	28,333.42
Pesticide	Kilograms	12,441.13

# SUSTAINABILITY STATEMENT (CONTINUED)

## SOCIAL

### Occupational Health and Safety

The health and safety of our employees and contractors are our primary concerns in our business operations and workplaces. We strive to create a healthy, secure, and supportive work environment, aiming to prevent injuries and illnesses among everyone working on our premises.

We aim to completely adhere to the Occupational Safety and Health Act 1994, prevent any workdays from being lost, and continuously enhance the effective implementation of our Occupational Health and Safety Management System.

In addition to internal communications and safety rule reminders, we've established an Integrated Quality and Occupational Health and Safety (IQOHS) Committee. This committee actively promotes and secures a safe and supportive environment to prevent work-related accidents, injuries, and health issues among our employees, contractors, and others. Furthermore, our Emergency Preparedness and Response Team consists of adequately trained personnel equipped with best-in-class first aid and emergency response training.

At Rhone Ma, we provide comprehensive medical services for our employees, including obligatory health assessments and yearly health monitoring for production staff. Moreover, we deliver health and safety instruction during hiring, on-the-job, and annually or bi-annually refresher sessions to our staff. Our training initiatives encompass both theoretical understanding and practical skills, covering topics like emergency response, hazard identification, risk management, and health awareness. In 2023, a total of 52 participants were given various trainings on health and safety standards as below:

#### Employees Trained on Occupational Health and Safety (OHS)

	Unit	FY2023
Number of employees trained on health and safety standards	Number	52

We consistently monitor, record, and evaluate key OHS performance indicators in its work environments. The Group's OHS performance details are shown below:

#### OHS Performance

	Unit	FY2023
Total hours worked	Hours	277,669
Number of work-related fatalities	Number	-
Recordable work-related injuries	Number	16
Rate of recordable work-related injuries (based on 200,000 hours worked) <sup>3</sup>	Rate	11.52
Number of lost time injuries	Number	3
Lost Time Incident Rate (based on 200,000 hours worked) <sup>4</sup>	Rate	2.16

<sup>3</sup> Rate of recordable work-related injuries = (Number of recordable work-related injuries / Number of hours worked) \* 200,000

<sup>4</sup> Lost Time Incident Rate ("LTIR") = (Number of lost time injuries in the reporting period / Total number of hours worked in the reporting period) \* 200,000





# SUSTAINABILITY STATEMENT (CONTINUED)

## Labour Conditions

We understand that nurturing and appreciating diversity in the workplace presents a competitive edge. It allows us to draw from a broader range of fresh talents and aids in retaining our current skilled individuals. We are committed to assessing our human resource procedures, particularly in employment, talent development, and advancement, based solely on merit without any form of discrimination.

Following this principle, we actively aim to recruit a workforce with a variety of backgrounds, ages, and experiences, considering the individual goals and ambitions of each candidate. Rhone Ma is committed to embracing workplace diversity, addressing a range of factors including age, gender, ethnicity, nationality, and other personal aspects.

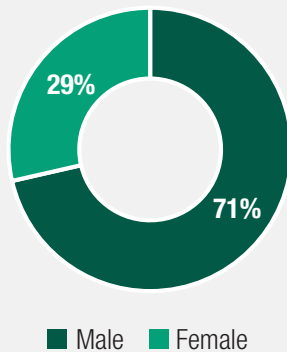
Moreover, we have established procedures to evaluate talent for career growth and succession planning, providing our employees with pertinent soft skills and professional training to keep them up to date, enabling career progression and contributing value to our enterprise.

Beyond the initiatives and policies mentioned above, our commitment to fostering a secure work atmosphere, free from prejudice based on backgrounds, beliefs, or abilities, is reinforced through our Code of Conduct (CoC) and grievance procedures. These actions exemplify our dedication to ensuring that every individual feels respected and protected from any kind of harassment.

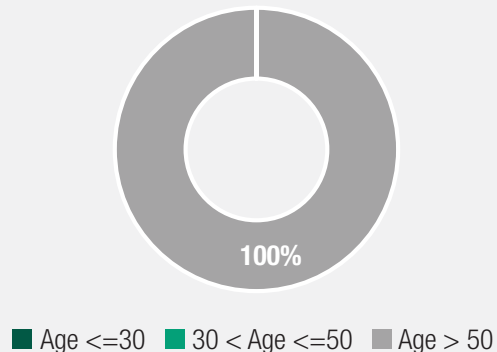


**Board Diversity: Total Number of Directors in 2023 (7)**

Board Diversity by Gender



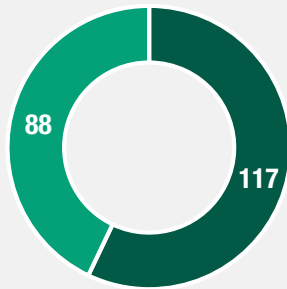
Board Diversity by Age



# SUSTAINABILITY STATEMENT (CONTINUED)

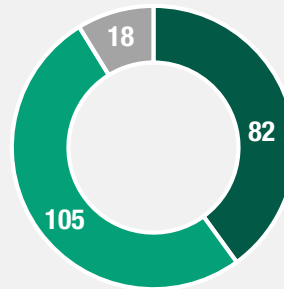
## Workforce Profile: Total Employees in 2023 (205)

Gender Diversity



Male Female

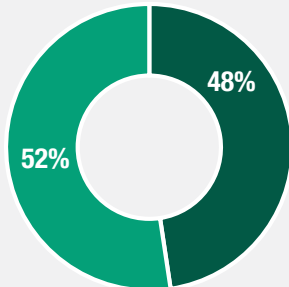
Age Diversity



Age < 30 30 <= Age <= 50 Age > 50

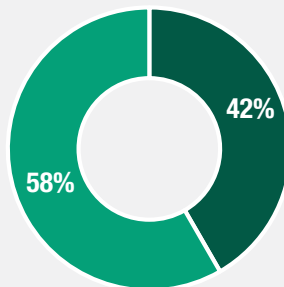
## Gender Diversity by Employee Category<sup>5</sup>

Senior Management



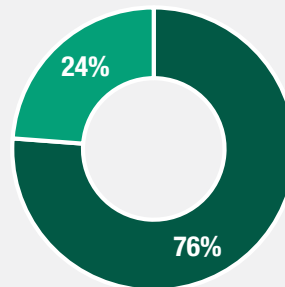
Male Female

Middle Management



Male Female

Other Employees

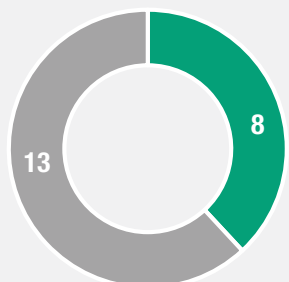


Male Female

<sup>5</sup> Senior Management consists of Directors, Top Management and Senior Managers; Middle Management consists of Managers and Executives; and other employees consist of non-executives.

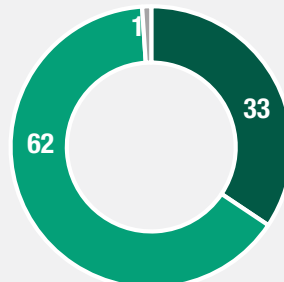
## Age Diversity by Employee Category

Senior Management



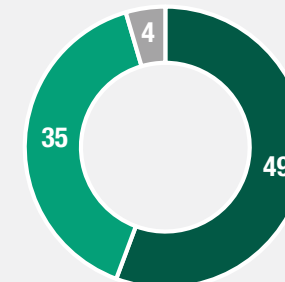
Age < 30 Age > 50  
30 <= Age <= 50

Middle Management



Age < 30 Age > 50  
30 <= Age <= 50

Other Employees



Age < 30 Age > 50  
30 <= Age <= 50

# SUSTAINABILITY STATEMENT (CONTINUED)

## Employment Practices

Rhone Ma considers employees crucial for its success and growth. We are dedicated to recruiting, nurturing, and retaining high-performing individuals in a supportive and empowering work environment. Additionally, the company supports various development programmes to keep employees competitive, progressive, and well-prepared for the future.

## Talent Acquisition and Onboarding

Building a sustainable talent pipeline is crucial for Rhone Ma. We strictly follow our Recruitment Policy and Procedures, focusing on hiring individuals based on their merits, skills, experience, and suitability for the role, while also aligning with the company's values, culture, and vision. This fair and unbiased talent attraction and recruitment process aims to establish a strong employer brand that attracts top talent.

We also maintain stable workforce management by carefully overseeing its hiring and attrition processes. As of 31 December 2023, our total employee count stands at 205, including both local and foreign employees. There were 10 temporary or contract workers at Rhone Ma.



# SUSTAINABILITY STATEMENT (CONTINUED)

## Percentage of Employees That Are Contractors or Temporary Staff

	FY2023
Temporary/Contract employees	10
Percentage	4.87%

We actively promote the hiring of local talents to strengthen the domestic talent pool. In the fiscal year 2023, we welcomed 46 new employees while 36 employees departed due to resignations.

## Total Number of New Hires by Gender in FY2023

Male	Female
25	21
New Hire Rate	New Hire Rate
21.37%	23.86%

## Total Number of New Hires by Age in FY2023

Age $\leq$ 30	30<Age $\leq$ 50	Age>50
33	13	-
New Hire Rate	New Hire Rate	New Hire Rate
40.24%	12.38%	-

## Total Number of Employee Turnover by Gender in FY 2023

Male	Female
23	13
Turnover Rate	Turnover Rate
19.66%	14.77%

# SUSTAINABILITY STATEMENT (CONTINUED)

## Total Number of Employee Turnover by Age in FY 2023

Age $\leq$ 30	30<Age $\leq$ 50	Age>50
24	12	-
Turnover Rate	Turnover Rate	Turnover Rate
29.27%	11.43%	-

## Total Number of Employee Turnover by Employee Category in FY 2023

Senior Management	Middle Management	Other Workers
-	17	19
Turnover Rate	Turnover Rate	Turnover Rate
-	17.71%	21.59%

In 2023, Rhone Ma had a new hire rate of 22.44% and a voluntary turnover rate of approximately 17.56%.

## New Hire and Turnover Rate in FY2023

Total New Hires	Total Turnover
46	36
Total New Hire Rate (%)	Total Turnover Rate (%)
22.44%	17.56%

## Upskilling and Reskilling

Our goal is to cultivate an adaptable and skilled workforce capable of thriving in a constantly evolving market influenced by technological advancements and emerging trends. To address skill gaps and support our employees in achieving their career development aspirations, we regularly evaluate their training needs through individual surveys and review existing training programmes for ongoing relevance.

Our comprehensive training sessions cover diverse areas including safety, quality, waste management, technical, laboratory diagnostic tests, good manufacturing practices, competencies, professionalism, and soft skills. In FY2023, our employees completed a total of 5,059 training hours.

## Total Hours of Training by Employee Category in FY 2023

Senior Management	Middle Management	Other Employees
675	2964	1420
Average Training Hours	Average Training Hours	Average Training Hours
32	31	16

## Average training hours per employee (hours)

Total training hours	5059
Total number of employees	205
Overall average training hours per employee (hours)	25



# SUSTAINABILITY STATEMENT (CONTINUED)

## Remuneration and Benefits

Rhone Ma provides fair and competitive compensation and benefits aligned with legal standards, striving to improve employee retention, morale, and overall satisfaction. All permanent employees receive comprehensive benefits, including medical and annual leaves, Life Insurance, Health Care, Disability and Invalidity coverage, and Parental leave among others. Evaluation of these benefits considers factors like longevity, tenure, and job position at Rhone Ma, aiming to create a motivating environment that attracts and retains top talents.



## Handling of Data and Data Security

Recent trends such as remote work, e-commerce, and automation have accelerated the use of digital technologies, making data more vulnerable to cyber threats. This has led to the responsibility of protecting Rhone Ma from cyber-attacks and ensuring the safety of customers' sensitive information to avoid any data breaches or loss.

At Rhone Ma, managing data and security is an integral part of our Enterprise Risk Management framework. We adhere fully to the Personal Data Protection Act and conduct regular reviews to ensure that our data privacy and security controls and processes are operating effectively. Moreover, our policy for retaining and disposing of data guides us to maintain information only for the required duration and securely delete it once it's no longer necessary.

Rhone Ma has implemented a firewall system to protect our networks from external cyber threats. In the event of any security threat or downtime, as part of our business contingency plans, essential data from the servers are backed up to an external data centre and we are also transitioning to cloud-based services. Continuous awareness is also provided to employees to recognise phishing emails.

Throughout the fiscal year 2023, there were no reported data breaches, and no confirmed complaints were received concerning customer data loss or violations of customer privacy.

### Cybersecurity and Data Protection

Indicator	Unit	FY2023
Number of substantiated complaints concerning breaches of customer privacy or losses of customer	Number	-

# SUSTAINABILITY STATEMENT (CONTINUED)

## Impact on Local Communities

We strongly believe that nurturing a connection between businesses and communities generates beneficial and tangible results in the future. At Rhone Ma, we actively advocate impactful Corporate Social Responsibility (CSR) programmes, aiming to be a responsible corporate entity by contributing to the local communities where we operate.



This is achieved through our community engagement and impact initiatives, concentrating particularly on education and social welfare. These CSR initiatives not only provide assistance to those in our communities but also have a positive influence on our employees, who are encouraged to engage in volunteer activities.

In 2023, we have contributed a total of RM46,902 to support the communities we operate in and impacted approximately 14 beneficiaries. We persist in providing financial aid to orphanages and elder care facilities such as Pusat Jagaan Suci Rohani, Trinity Community Children Home, Seri Setia Sungai Way Old Folks' Home, and the Dignity for Children Foundation.



Moreover, we sustained our commitment to award scholarships to students pursuing veterinary studies at Universiti Putra Malaysia and Universiti Malaysia Kelantan. This effort is supplemented by offering internship opportunities at our headquarters in Petaling Jaya.



# SUSTAINABILITY STATEMENT (CONTINUED)

## Contribution to Community 2023

Name of Activity	Amount contributed (RM)	Estimated number of beneficiaries
Sponsorship – University	24,565	5
CSR Visit	22,337	9

Community investment performance data is shown below:

## Community Investment

Indicator	Unit	FY2023
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	46,902
Total number of beneficiaries of the investment in communities	Number	14

## Human Rights

We hold the belief that robust adherence to human rights, along with ethical treatment, enhances productivity and fosters a positive work environment. Hence, we are dedicated to fair labour practices, compliance with the laws of the regions and communities in which we operate, and the upholding of human rights benchmarks. Rhone Ma operates in alignment with Malaysian regulations, which include the Malaysian Employment (Amendment) Act of 1955 and the Minimum Wages Order, 2022.

Our CoC and the CoC for Third Parties describe the expectations for both our employees and external stakeholders in dealing with human rights concerns while engaging in business with Rhone Ma. This code covers fair labour practices, zero tolerance against child and forced labour, protection against discrimination and harassment, the right to association and collective bargaining, as well as mechanisms for grievances, among other stipulations.

We have informed all our employees and workers about our process for managing grievances and our policy for whistleblowing. Our whistleblowing channels provide employees with a secure and confidential means to anonymously report any breach of labour practices, disputes, or inappropriate conduct.

In 2023, there is no historical record of human rights violations or labour non-compliance in the Group.

## Human Rights

Indicator	Unit	FY2023
Number of substantiated complaints concerning human rights violations	Number	-

# SUSTAINABILITY STATEMENT (CONTINUED)

## GOVERNANCE

### Product Quality and Safety

Ensuring product safety is at the core of our business to promote animal health. We promise that our products are consistently manufactured in adherence to the highest manufacturing standards and a hygienic manner. In addition, we ensure that our products comply with applicable laws and regulations, including licensing requirements and labeling practices.

We set up a series of tests to check the quality of the product such as pH of product, identification, assay, and microbial count, to maintain consistent product quality. Our products are mostly generic and adhere to formulations or recommended dosages established by a reference or innovator product. These products' safety and health standards were validated during their registration with authorities. For FY2023, there were no cases reported related to product safety and compliance.

#### Percentage of significant product and service categories for which health and safety impacts are assessed for improvement in FY 2023

Number of significant product and service categories for which health and safety impacts are assessed for improvement as at the end of reporting period	11
Total number of product and service categories as at the end of reporting period	12
Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	91.66%

#### Total number of incidents of non-compliance with regulations or voluntary codes concerning the health & safety impacts of products and services within FY2023

Total number of incidents of non-compliance with regulations or voluntary codes	-
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#### Number of recalls issued, and total units recalled for health and safety reasons in FY2023

Total number of product recalls	-
Total number of units that were subject to product recalls	-

All relevant employees receive training to adhere to applicable regulations and standards, integrated into our key standard operating procedures, which undergo routine reviews and improvements. Additionally, independent teams conduct internal audits periodically to provide impartial and objective assurance, separate from production operations.



# SUSTAINABILITY STATEMENT (CONTINUED)

Rhone Ma has successfully acquired PIC/S GMP Guide, ISO 9001:2015, and ISO 45001: 2018 certifications, which is an international standard emphasising requirements for a quality management system. The certifications are instrumental in advancing operational performance, proving high service quality, and bolstering our brand promotion. Details of Rhone Ma's quality-related certifications are listed below:

## Product Quality Management Certification

Entity Name	Product/Service	Certification	Year First Awarded	Validity Period
Rhone Ma Malaysia Sdn Bhd	Manufacturing of veterinary medicinal product	PIC/S GMP Guide	2012	Yearly
Rhone Ma Malaysia Sdn Bhd	Trading of Animal Health Products and Provision of Related Services	ISO 9001: 2015	2003	3 years
Rhone Ma Malaysia Sdn Bhd	Trading of Animal Health Products and Provision of Related Services	ISO 45001: 2018	2003	3 years
Vet Food Agro Diagnostic Sdn Bhd	Testing and Calibration Laboratory quality management system for veterinary	ISO 17025	2007	3 years
APSN Healthcare Sdn Bhd	Medical laboratory for medical microbiology	ISO 15189	2023	Yearly
APSN Healthcare Sdn Bhd	Good Distribution Practice for Medical Devices	GDPMD	2021	3 years
One Lazuli Sdn Bhd	Supplier of livestock farming equipment, machines & tools and veterinary products Installation, servicing and commissioning of livestock farming equipment and machines	ISO 9001: 2015	2022	3 years
Nor Livestock Farm Sdn Bhd	Recognition to farms that adopt APB with an environmentally friendly concept, safeguarding the welfare and safety of workers to produce quality, safe and edible products	MYGAP	2022	5 years



# SUSTAINABILITY STATEMENT (CONTINUED)

## Ethical and Lawful Behaviour (Anti-Bribery and Anti-Corruption)

We prioritise high standards of integrity, accountability, transparency, and fairness as the core of our corporate governance. Based on our Anti-Bribery & Anti-Corruption (ABC) Policy and Procedure, we consistently reinforce a culture of solid corporate governance, fostering trust among stakeholders.

The Group's zero-tolerance stance against corruption is outlined in our ABC Policy, which is regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission (MACC) Act 2009.

The Board and senior management also remain committed to conducting business with integrity, guided by our CoC. The CoC communicates Rhone Ma's fundamental principles and guidelines to all employees, including Directors in addressing ethical issues and carrying out their responsibilities.

The Group regularly communicates the ABC Policy's guidelines and principles to employees. Induction sessions for new employees include briefings on the Group's policies, including those related to anti-corruption and anti-bribery. Our business associates are also subject to ethical conduct and anti-bribery and corruption guidelines as entailed within the CoC and ABC Policy.

We have established a dedicated whistleblowing channel under the Whistleblowing Policy, which allows employees and external stakeholders to report improprieties confidentially through email and telephone. The Group has made our CoC, ABC Policy, and Whistleblowing Policy available on our corporate website to ensure they are accessible to all stakeholders.

In the fiscal year 2023, 100% percentage of employees have completed this training.

### Percentage of Employees Who Received Training on Anti-Corruption by Employee Category in 2023

Senior Management	Middle Management	Other Employees
100%	100%	100%

This year we have undertaken a corruption risk assessment that covers 100% of our operations.

### Percentage of Operations Assessed for Corruption-Related Risks

	FY2023
Percentage of operations assessed for corruption-related risks	100%

As of 31 December 2023, we recorded zero incidents of corruption across Rhone Ma's business operations.

### Confirmed Incidents of Corruption and Action Taken

	FY2023
Total number of confirmed incidents of corruption	-

# SUSTAINABILITY STATEMENT (CONTINUED)

## Transparency in the Supply Chain

Rhone Ma is devoted to advancing responsible procurement practices and strengthening the resilience of our supply chain by integrating sustainability aspects across our procurement process. We strongly support local businesses, where possible, aiming to foster economic growth in the communities where we operate. In addition, upholding an ethical supply chain is pivotal to us, and we achieve this through robust governance and close collaboration with vendors and suppliers.

Our ABC Policy extends to suppliers, vendors, contractors, and other partners involved with the Group to require them to adhere to our ethical business standards, encompassing zero tolerance for corruption.

We are committed to ensure fairness and transparency in our procurement practices via evaluating new vendors and suppliers, considering established criteria such as quality, pricing, payment terms, production capacity, and past performance. Moreover, in the coming year, we are going to integrate a sustainability assessment into our pre-qualification procedure to promote awareness of sustainability throughout our supply chain.

Recognizing our operational requirements, we prioritise obtaining products and services from local suppliers whenever possible. This approach not only positively contributes to the local economy but also reduces our carbon footprint. In 2023, out of RM143.31 million spent on procurement, 22.35% was spent on local suppliers.

### Proportion of Spending on Local Suppliers

	FY2023
Proportion of spending on local suppliers (%)	22.35%

## MOVING FORWARD

Our commitment to sustainability remains at the core of our strategy as we strive to become a more responsible corporate entity. The impacts on the environment, society, and governance resulting from our actions are steered by our three key strategic pillars. These priorities are instrumental in sustaining our operations and fostering growth, ultimately generating and safeguarding value for the collective good.

Looking ahead, we promise to consistently identify new opportunities for enhancement that align with our business strategies throughout the entire Group. It is our aspiration that as our sustainability initiatives progress and mature, we will enhance our environmental and societal commitments, setting a precedent for a more sustainable future for generations to come.

## STATEMENT OF ASSURANCE

This Sustainability Statement has been subjected to review by the Internal Auditor, IA Essential Sdn Bhd. The scope and subject matters under review are the compliance with the applicable Practice Note 9 Disclosure Requirements, the Sustainability Performance Data, and the Bursa's prescribed common Sustainability Indicators. The reviewed findings and commentary were presented to the Audit and Risk Committee.

# SUSTAINABILITY STATEMENT (CONTINUED)

Indicator	Measurement Unit	2023
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Middle Management	Percentage	100.00
Other Employees	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	46,902.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	14
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	38.10
Senior Management Above 50	Percentage	61.90
Middle Management Under 30	Percentage	34.38
Middle Management Between 30-50	Percentage	64.58
Middle Management Above 50	Percentage	1.04
Other Employees Under 30	Percentage	55.68
Other Employees Between 30-50	Percentage	39.77
Other Employees Above 50	Percentage	4.55
Gender Group by Employee Category		
Senior Management Male	Percentage	47.62
Senior Management Female	Percentage	52.38
Middle Management Male	Percentage	41.67
Middle Management Female	Percentage	58.33
Other Employees Male	Percentage	76.14
Other Employees Female	Percentage	23.86
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.43
Female	Percentage	28.57
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	3,018.55
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	2.16
Bursa C5(c) Number of employees trained on health and safety standards	Number	52
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	675
Middle Management	Hours	2,964
Other Employees	Hours	1,420
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.87
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	0
Middle Management	Number	17
Other Employees	Number	19
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		

# SUSTAINABILITY STATEMENT (CONTINUED)

Indicator	Measurement Unit	2023
Bursa C7(a) Proportion of spending on local suppliers	Percentage	22.35
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	15.750000
<b>Bursa (Waste management)</b>		
Bursa C10(a) Total waste generated	Metric tonnes	20.07
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	3.46
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	18.95
<b>Bursa (Emissions management)</b>		
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	15.73
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	2,240.54

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

The Board of Directors (“the Board”) of Rhone Ma Holdings Berhad recognises the importance of corporate governance and is committed to ensure that the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance 2021 (“the Code”) and Corporate Governance Guide (4th Edition) are observed and practised throughout the Company and its subsidiaries (collectively referred to as “the Group”) so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders’ investment and ultimately enhancing shareholders’ value.

This statement outlines the following principles and recommendations which the Group has comprehended and applied with the best practices outlined in the Code:

- Board Leadership and Effectiveness
- Effective Audit and Risk Management
- Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This statement is prepared in compliance with Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and it is meant to be read together with the Statement on Corporate Governance and the Corporate Governance Report. The Corporate Governance Report provides details on how the Company has applied each practice as set out in the Code for the financial year ended 31 December 2023, a copy of which is available on the Company’s website ([www.rhonema.com](http://www.rhonema.com)) as well as via an announcement on the website of Bursa Securities.

The Board will continue to take measures to improve compliance with the principles and recommended best practices in the ensuing years.

## BOARD LEADERSHIP AND EFFECTIVENESS

The Board has considered and discussed a wide range of matters during the financial year ended 31 December 2023, including strategic decisions and the reviewing of risk associated matters in the business. The Board is aware that decisions made for the business of the Group would affect a broad range of our stakeholders. While the Board sought to ensure that the decisions were taken in a way that was fair and consistent with the Group’s values, the Board also recognised the importance of balancing these with the need to support the long-term future of the business.

During the year, the Board undertook a review of its Board Charter and policies to ensure compliance with the regulatory requirements. It is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its Committees, the requirement of the Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board’s operating practices including matters reserved for the Board.

Moving forward, the Board, being in line with the recommended practice of having 30% women on the boards of listed issuers, will maintain a register of potential directors which include high-calibre female candidates and appoint them when the need arise.

Further details on how the Board operates effectively and is collectively responsible for the long-term sustainable success of the Group can be obtained in the Statement on Corporate Governance of this Annual Report.

## EFFECTIVE AUDIT AND RISK MANAGEMENT

The Audit and Risk Management Committee played a key role in ensuring integrity and transparency of corporate reporting. The Audit and Risk Management Committee’s role is to review and challenge Management to ensure that appropriate disclosures of accounting treatment and accounting policies are made. The Audit and Risk Management Committee has a duty to provide assurance to the Board that robust risk management, controls and assurance processes are in place. It continues to monitor the potential risks of the Group and ensures that mitigating factors are in place to ensure health, safety and business continuity of the Group.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

Risk management is a critical component of good management practice and effective corporate governance. With the Risk Management Framework being in place, the Board's decision-making was supported by sufficient information for the right discussions and considerations. The enhanced level of risk debate and greater involvement from the Management was also critical in ensuring that appropriate monitoring and mitigations were embedded to support the proposals under discussion.

During the financial year under review, the Audit and Risk Management Committee with the assistance of the internal audit function had undertaken a thorough review of the following areas within the Group to ensure that appropriate controls and effective management processes are in place:

- (i) Property, plant and equipment and investment properties;
- (ii) Risk assessment on the ruminant based subsidiaries;
- (iii) Financial, treasury, insurance and claims management; and
- (iv) Annual inventory count.

The Board will continue to drive a proactive risk management approach and ensure that the Group's employees have a good understanding of the application of risk management principles in order to work towards cultivating a sustainable risk management culture. The Board will also continue to challenge the Group's risk reporting mechanism and ensure that it is data-driven to capture and quantify exposures where applicable and necessary.

Further details pertaining to the activities undertaken by the Audit and Risk Management Committee can be obtained in the Report on the Audit and Risk Management Committee of this Annual Report.

## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Group recognises the importance of stakeholder engagement to the long-term sustainability of its businesses. As a responsible corporate citizen, we must interact with stakeholders and also acknowledge the potential impact that our operations may have on a wide range of stakeholders. For an engagement to be constructive and meaningful, each matter considered by the Board ought to be in the context of the relevant environmental, social and governance factors. The Company has heightened its engagement efforts with stakeholders by engaging with analysts, fund managers and shareholders, both locally and overseas, upon request.

The Company has yet to adopt an integrated reporting framework. The Board acknowledged that integrated reporting goes beyond a mere combination of our financial statements and sustainability report into a single document. Nevertheless, there are coordinated efforts among cross-functional departments in preparing the various statements and reports in the Annual Report.

## PRELUDE

Over the next few pages, we will look at the Board, its role, performance and oversight. We will provide details on the Board's activities and discussions during the financial year, the actions arising from these and the progress made against them. We will also provide an insight on director independence, evaluation on the effectiveness of our Board, succession planning and other on-going developments.

# STATEMENT ON CORPORATE GOVERNANCE

## BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

#### 1. Board of Directors

The Group acknowledges the pivotal role played by the Board in the stewardship of its directions and operations, and ultimately the enhancement of long-term shareholders' value. To fulfil this role, the Board plays a critical role in setting the appropriate tone at the top and is in charge of leading and managing the Group in an effective and ethical manner. The directors individually have a legal duty to act in the best interest of the Group and are also collectively aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed. There is a clear division of functions between the Board and the Management to ensure that no single individual or group dominates the decision-making process.

The Board's responsibilities, amongst others, include:

- (a) Promoting good corporate governance practices within the Group which reinforce ethical, prudent and professional behaviour;
- (b) Reviewing and deciding on Management's proposals for the Group as well as monitoring their implementation by Management;
- (c) Ensuring that the strategic plans of the Group support long-term value creation and include strategies on environmental, social and governance ("ESG") considerations underpinning sustainability;
- (d) Supervising and assessing Management's performance to determine whether the business is being properly managed;
- (e) Ensuring there is a sound framework for internal controls and risk management;
- (f) Understanding the principal risks of the Group's business and recognising that business decisions involve the taking of appropriate risks;
- (g) Setting the risk appetite within which the Board expects Management to operate and ensuring that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (h) Ensuring that Management has the necessary skills and experience, and that there are measures in place to provide for the orderly succession of Board and Management;
- (i) Ensuring that the Group has in place procedures to enable effective communication with stakeholders; and
- (j) Ensuring the integrity of the Company's financial and non-financial reporting.

To assist in the discharge of its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice:

- (i) Nominating Committee
- (ii) Remuneration Committee
- (iii) Audit and Risk Management Committee

Each Board Committee operates within their approved terms of reference set by the Board which are periodically reviewed. The Board appoints the Chairman and members of each Board Committee.

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may form other committees delegated with specific authorities to act on their behalf. These committees will operate under approved terms of reference or guidelines and are formed whenever required.

The profiles of the Directors are presented on pages 11 to 17 of this Annual Report.

## 2. Separation of Positions of Chairman and Managing Director

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of Chairman and Group Managing Director of the Company are separately held and each has clearly accepted division of responsibilities and accountability to ensure a balance of power and authority. This segregation of roles also facilitates a healthy open exchange of views between the Board and Management in their deliberation of the business, strategic and key activities of the Group.

The Chairman of the Board, Dato' Hamzah Bin Mohd Salleh, an Independent Non-Executive Director, leads the Board with focus on governance and compliance and acts as a facilitator at Board meetings. The Chairman's key responsibilities, amongst others, include:

- (a) Providing leadership for the Board in order for the Board to perform its responsibilities effectively;
- (b) Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- (c) Leading Board meetings and discussions;
- (d) Encouraging active participation at Board meetings and allowing dissenting views to be freely expressed;
- (e) Managing the interface between Board and Management;
- (f) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- (g) Leading the Board in establishing and monitoring good corporate governance practices within the Group.

The Group Managing Director, Dr Lim Ban Keong, oversees the day-to-day operations to ensure the smooth and effective running of the Group. He is assisted by two Executive Directors namely Foong Kam Weng and Dr Yip Lai Siong. The Group Managing Director also implements the policies, strategies, decisions adopted by the Board, monitors the financial results against plans and budgets and acts as a conduit between the Board and Management in ensuring the success of the Group's governance and management functions. The Executive Directors take on the primary responsibility to spearhead and manage the overall business activities of the various business segments of the Group to ensure optimum utilisation of corporate resources and expertise to achieve the Group's long term objectives. The Executive Directors are assisted by the heads of departments in the Group's day-to-day operations.

The Board is also of the view that the Chairman of the Board should not be involved in any Board Committee in order to ensure check and balance as well as to ensure that objectivity will not be impaired/influenced by the Chairman of the Board sitting on Board Committees. The Chairman of the Board has not been a member of any Board Committee since listing and does not participate in any of the Board Committees by way of invitation.

## 3. Supply of and Access to Information

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner to enable them to discharge their duties effectively.

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors and Board Committees in advance of the scheduled meetings. Notices of meetings are sent to Directors at least seven (7) days before the meetings. Management provides the Board with detailed meeting materials at least seven (7) days in advance of the Board or Board Committees' meetings. Management may be invited to join the meetings to brief the Board and Board Committees on the requisite information on matters being discussed, where necessary.

Technology is effectively used in the meetings of the Board and Board Committees and in communication with the Board.

## 4. Commitment of the Board

The Board would meet at least four (4) times a year. The meetings are scheduled at the onset of the financial year to help facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. All Board meetings are furnished with proper agendas with due notice given and Board papers are prepared by the Management and circulated to all Directors prior to the meetings.

All pertinent issues discussed at the Board meetings are properly recorded by the Company Secretaries.

The Board met five (5) times during the financial year ended 31 December 2023. Details of attendance are as follows:

Directors	Attendance	%
Dato' Hamzah Bin Mohd Salleh	5/5	100%
Dr Lim Ban Keong	5/5	100%
Foong Kam Weng	5/5	100%
Dr Yip Lai Siong	5/5	100%
Martin Jeyaratnam A/L Thiagaraj	5/5	100%
Rahanawati Binti Ali Dawam	5/5	100%
Teoh Chee Yong	5/5	100%

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at each Board meeting.

It is the Board's policy for Directors to notify the Board before accepting any new directorship notwithstanding that the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") allow a Director to sit on the board of a maximum of five listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment. At present, all Directors of the Company have complied with the MMLR where they do not sit on the board of more than five (5) listed issuers.

## 5. Continuous Development of the Board

The Board, via the Nominating Committee, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme Parts I and II. The Directors are mindful that they would continue to enhance their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on the Group's business and the regulatory requirements.

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Details of training programmes attended by the Directors during the financial year are as follows:

Directors	Date	Programmes attended
Dato' Hamzah Bin Mohd Salleh	16 May 2023	ESG Sustainability Training Programme - Bursa Malaysia: Enhanced Sustainability Disclosures
	25 - 26 October 2023	Mandatory Accreditation Programme ("MAP") Part II: Leading for Impact (LIP)
Dr Lim Ban Keong	19 January 2023	Introduction to Sustainability and ESG
	20 April 2023	ChatGPT AI - Its Application & Impact on Business & Information
	16 May 2023	ESG Sustainability Training Programme - Bursa Malaysia: Enhanced Sustainability Disclosures
	12 - 13 June 2023	The Challenges and Future Prospect of Swine Industry 2.0
	26 July 2023	The Evolution of Now
	24 August 2023	Design Thinking in the Business World
	19 - 20 September 2023	MAP Part II: Leading for Impact (LIP)
	6 December 2023	Financial Management: Costing and Margin Management
Foong Kam Weng	14 April 2023	Zoetis New Product Training - Vaxsafe MG & MS
	16 May 2023	ESG Sustainability Training Programme - Bursa Malaysia: Enhanced Sustainability Disclosures
	13 July 2023	Introduction to Infrared Technology
	25 - 26 October 2023	MAP Part II: Leading for Impact (LIP)
Dr Yip Lai Siong	12 April 2023	Safety Training: HAIRO
	14 April 2023	Zoetis New Product Training - Vaxsafe MG & MS
	16 May 2023	ESG Sustainability Training Programme - Bursa Malaysia: Enhanced Sustainability Disclosures
	12 - 13 June 2023	The Challenges & Future Prospect of Swine Industry 2.0
	13 July 2023	Introduction to Infrared Technology
	6 - 7 September 2023	World's Poultry Science Association (Malaysia Branch) Scientific Conference
	13 October 2023	Biochek Software Training
	25 - 26 October 2023	MAP Part II: Leading for Impact (LIP)
	29 November - 1 December 2023	Livestock Malaysia 2023 - Technical Seminar
	6 December 2023	World's Poultry Science Association (Malaysia Branch) Scientific Forum



## STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Directors	Date	Programmes attended
Martin Jeyaratnam A/L Thiagaraj	16 May 2023	ESG Sustainability Training Programme - Bursa Malaysia: Enhanced Sustainability Disclosures
	25 - 26 October 2023	MAP Part II: Leading for Impact (LIP)
Rahanawati Binti Ali Dawam	16 May 2023	ESG Sustainability Training Programme - Bursa Malaysia: Enhanced Sustainability Disclosures
	25 - 26 July 2023	Shared Responsibility in Strengthening Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT) Compliance: Risks, Challenges and Collaborations
	25 - 26 October 2023	MAP Part II: Leading for Impact (LIP)
	4 December 2023	Environmental, Social, and Governance (ESG): Opportunities, Pitfalls, and Challenges
	5 December 2023	Malaysian Listed Companies: Managing Conflicts of Interest and Other Topical Issues
	5 December 2023	Company Law: Legal Issues of Fiduciaries in Group Enterprise: De Facto, Shadow and Nominee Directors
	6 December 2023	Bank Negara Malaysia: BNM is Back: Policy Updates
	6 December 2023	Contract Law: Illegality and Unjust Enrichment
	7 December 2023	Competition Law: Topical Issues in Competition Law and Merger Control
	7 December 2023	Transnational Contracts: Conflicts of Laws: Key Issues of Commercial Law in Transnational Contracts: The Neglected Dimension in Private International Law
	8 December 2023	Tax Law: Recent Trends, CGT & Court Challenges
	8 December 2023	Insolvency: Proposed Amendments to the Rescue Mechanism: A Game Changer?
	21 December 2023	Role & Duties of Private Liquidators in a Winding Up
Teoh Chee Yong	16 May 2023	ESG Sustainability Training Programme - Bursa Malaysia: Enhanced Sustainability Disclosures
	19 - 20 September 2023	MAP Part II: Leading for Impact (LIP)

The Company Secretaries will also highlight the changes to the relevant guidelines on statutory and regulatory requirements from time to time to the Board. The external auditors on the other hand, briefed the Board on changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

## 6. Board Committees

### **Audit and Risk Management Committee**

The Audit and Risk Management Committee monitors internal control policies and procedures designed to safeguard the Group's assets and to maintain the integrity of financial reporting. It maintains direct and unfettered access to the Company's external auditors, internal auditors and Management.

The Report on the Audit and Risk Management Committee is set out on pages 83 to 86 of this Annual Report.

A copy of the Audit and Risk Management Committee's Terms of Reference can be found on the Company's website at [www.rhonema.com](http://www.rhonema.com).

### **Nominating Committee**

The Nominating Committee oversees matters related to the nomination of new directors for approval by the Board, annually reviews the required mix of skills, experience and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.

The Nominating Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the Nominating Committee are as follows:

Rahanawati Binti Ali Dawam	Chairperson
Teoh Chee Yong	Member
Martin Jeyaratnam A/L Thiagaraj	Member

The Nominating Committee met once (1) during the financial year ended 31 December 2023 and the meeting was attended by all members. Below is a summary of the key activities undertaken by the Nominating Committee in discharge of its duties:

- (i) Annual assessment of the Board, the Board Committees and the individual Directors;
- (ii) Reviewed the performance and term of office of the Audit and Risk Management Committee and each of its members;
- (iii) Reviewed the composition of the Board of Directors;
- (iv) Reviewed and nominated to the Board the re-election and retirement by rotation of Directors;
- (v) Reviewed the Directors' Assessment Policy;
- (vi) Assessed the training needs of the Directors; and
- (vii) Reviewed and recommended to the Board for approval of the revised Terms of Reference of the Nominating Committee and Directors' Fit and Proper Policy to be in line with the amendments to the MMLR in relation to conflict of interest and other areas.

A copy of the Nominating Committee's Terms of Reference can be found on the Company's website at [www.rhonema.com](http://www.rhonema.com).

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

## Remuneration Committee

The Remuneration Committee is responsible for recommending to the Board the remuneration principles and framework for members of the Board and Senior Management.

The Remuneration Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the Remuneration Committee are as follows:

Martin Jeyaratnam A/L Thiagaraj	Chairman
Rahanawati Binti Ali Dawam	Member
Teoh Chee Yong	Member

The Remuneration Committee met once (1) during the financial year ended 31 December 2023 and the meeting was attended by all members. Below is a summary of the key activities undertaken by the Remuneration Committee in discharge of its duties:

- (i) Reviewed, assessed and recommended the remuneration packages of the Group Managing Director, the Executive Directors and Senior Management;
- (ii) Reviewed the remuneration packages of Non-Executive Directors and their meeting allowances; and
- (iii) Reviewed the Terms of Reference of the Remuneration Committee and Directors and Senior Management's Remuneration Policy.

A copy of the Remuneration Committee's Terms of Reference can be found on the Company's website at [www.rhonema.com](http://www.rhonema.com).

## 7. Board Charter

The Company has established a Board Charter to promote high standards of corporate governance and the Board Charter is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its Committees. The Board Charter clearly sets out the key values and principles of the Company and further sets out the duties and responsibilities of the Board, the Chairman, the Group Managing Director, the Senior Independent Director and the Board Committees. The Board Charter also provides structure guidance and ethical standards for the Board in discharging its duties towards the Group as well as its operating practices. The Board Charter further entails the following issues and decisions reserved for the Board:

- Conflict of interest and potential conflict of interest issues relating to substantial shareholders, a Director and/or key senior management, including approving of related party transactions
- Material acquisition and disposal of assets not in the ordinary course of business, including significant capital expenditures
- Strategic investments, mergers and acquisitions and corporate exercises
- Authority levels
- Treasury policies
- Risk management policies
- Key human resource issues

The Board Charter is reviewed annually by the Board to keep abreast with the new changes in legislations and best practices, and remains effective and relevant to the Board's objectives.

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

A copy of the Board Charter can be found on the Company's website at [www.rhonema.com](http://www.rhonema.com). Besides that, the Company has also put in place the following policies:

- Code of Conduct
- Code of Ethics
- Conflict of Interest Policy
- Corporate Disclosure Policies
- Diversity Policy
- Directors and Senior Management's Remuneration Policy
- Directors' Assessment Policy
- Directors' Fit and Proper Policy
- External Auditors' Assessment Policy
- Investor Relations Policy
- Insider Dealing Policy
- Related Party Transaction Policy and Procedures
- Risk Management Framework
- Sustainability Policy
- Succession Planning Policy
- Whistle Blowing Policies and Procedures
- Anti-Bribery and Anti-Corruption Policy and Procedure

## 8. Code of Conduct and Code of Ethics

The Company has established a Code of Conduct and a Code of Ethics to promote a corporate culture which engenders ethical conduct that permeates throughout the Group. The Code of Conduct is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism, whereas the Code of Ethics is based on the principles in relation to integrity, transparency, accountability and corporate social responsibility.

The Group practices the relevant principles and values in its dealings with employees, customers, suppliers and business associates. The Directors, officers and employees of the Group are also required to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as the Group's policies. Ongoing training is provided to staff on the Code of Conduct, Code of Ethics and general workplace behaviour to ensure they continuously uphold a high standard of conduct when performing their duties.

The Board is provided with guidance on the disclosure of conflict of interest and potential conflict of interest and other disclosure requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage conflict of interest situation that arose, persist or may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring such Directors to abstain or recuse themselves from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be interested or conflicted. The Directors of the Group are also required to disclose and confirm their directorships and shareholdings in the Group and any other entities where they have interest for the Company's monitoring on a half yearly basis or as and when required.

Notices on the closed period for trading in the Company's shares are sent to Directors and principal officers on a quarterly basis specifying the timeframe during which they are prohibited from dealing in the Company's shares, unless they comply with the procedures for dealings during closed period as stipulated in the MMLR.

The Code of Conduct and the Code of Ethics can be found on the Company's website at [www.rhonema.com](http://www.rhonema.com).

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

## 9. Whistle Blowing Policies and Procedures

The Group has adopted a set of whistle blowing policies and procedures as the Board believes that a sound whistle blowing system will strengthen and support good management and at the same time, demonstrates accountability, good risk management and sound corporate governance practices. The system is to encourage reporting of any major concerns over any wrongdoings within the Group.

The whistle blowing system outlines the relevant procedures such as when, how and to whom a concern may be properly raised about genuinely suspected instances of wrongdoing at the Company and its subsidiaries. The identity of the whistle blower is kept confidential and protection is accorded to the whistle blower against any form of reprisal or retaliation. All such concerns shall be set forth in writing and forwarded in a sealed envelope to either the Chairman of the Board or the members of the Audit and Risk Management Committee.

The whistle blowing policies and procedures can be found on the Company's website at [www.rhonema.com](http://www.rhonema.com).

## 10. Company Secretary

The Board is assisted by qualified and competent Company Secretaries who play a vital role in advising the Board in relation to the Group's constitution, policies, procedures and compliance with the relevant regulatory requirements, codes, guidance and legislations. Both of the Company Secretaries are Fellow members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and have obtained the Practising Certificates from the Companies Commission of Malaysia ("CCM"). All the Directors have unrestricted access to the advice and services of the Company Secretaries for the purpose of the conduct of the Board's affairs and businesses.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by the CCM and MAICSA. The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging its functions.

In addition, the Company Secretaries are also accountable to the Board and are responsible for the following:

- (i) Advising the Board on its roles and responsibilities;
- (ii) Advising the Board on matters related to corporate governance and the MMLR;
- (iii) Ensuring that Board procedures and applicable rules are observed;
- (iv) Maintaining records of the Board and ensuring effective management of the Company's statutory records;
- (v) Preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded;
- (vi) Assisting communications between the Board and Management;
- (vii) Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time; and
- (viii) Preparing agendas and co-coordinating the preparation of Board papers.



# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

## 11. Sustainability

The Company acknowledge the importance of sustainability relating to ESG including their risks and opportunities to/for the Group. The Company continuously and constantly monitors the targets and performances of the ESG; and if necessary, communicate to all the stakeholders of the Group.

## II. Board Composition

### 1. Composition and Diversity

The Directors are of the opinion that the current Board size and composition is adequate for facilitating effective decision making given the scope and nature of the Group's businesses and operations. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors which is reflected in the diversity of backgrounds and competencies of the Directors. Such competencies include finance, accounting, legal, digital and other relevant industry knowledge, entrepreneurial and management experience and familiarity with regulatory requirements and risk management.

As at the date of this Statement, the Board consists of one (1) Independent Non-Executive Chairman, one (1) Senior Independent Non-Executive Director, two (2) Independent Non-Executive Directors, one (1) Group Managing Director and two (2) Executive Directors, wherein at least half of the Board comprises Independent Directors. The composition of the Board ensures that the Independent Non-Executive Directors will be able to exercise independent judgment on the affairs of the Company.

The Board of Directors' profile can be found on pages 11 to 17 of this Annual Report.

### 2. Independence of Independent Directors

The tenure of the Independent Directors has yet to exceed a cumulative term of nine (9) years. Nonetheless, if such Independent Directors exceeded a cumulative term of nine (9) years, the Board will assess, justify and seek annual shareholders' approval for retaining the director concerned to continue in office as an Independent Non-Executive Director.

The Independent Directors play a crucial role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders. The Board, via the Nominating Committee assesses each Director's independence annually to ensure on-going compliance with this requirement. The Nominating Committee is satisfied that the Independent Directors are independent of Management and free from any business or other relationships which could interfere with the exercise of independent judgement, objectivity and the ability to act in the best interest of the Company.

### 3. Appointment of Board and Senior Management

The Board of Directors comprise of a collective of individuals having an extensive complementary knowledge and competencies, as well as expertise to make an active, informed and positive contribution to the management of the Group in terms of the business' strategic direction and development. The appointment of the Board and its Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The Directors' Fit and Proper Policy of the Company serves as a guide to the Nominating Committee and the Board in conducting the assessment on potential candidates to be appointed as Directors and/or existing Directors seeking re-election and to ensure that all Directors possess the right blend of qualification, expertise, track record, character, integrity and time commitment to effectively discharge their roles and responsibilities as Directors of the Company.

The Nominating Committee will assess the suitability of the candidates before formally considering and recommending them for appointment to the Board or senior management. In proposing its recommendation, the Nominating Committee will consider and evaluate the candidates' required skills, knowledge, expertise, competence, experience, characteristics, professionalism. For appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in MMLR of Bursa Securities

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and Annual General Meetings.

## 4. Gender Diversity

The Board of Directors acknowledges the need to promote gender diversity within its composition and endeavour to increase female participation in the Board and Senior Management, it has decided not to set any specific targets as the Board believes that it is more important to have the right mix and skills for such positions. Nonetheless, the Board have appointed Dr Yip Lai Siong and Rahanawati Binti Ali Dawam as Executive Director and Independent Director respectively, which contributes 28.6% of the Board composition, to contribute to the development of the Group.

The Company has adopted a diversity policy which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board and in Senior Management positions. This includes requirements for the Board to establish measurable objectives for achieving diversity on the Board and in management positions, and for the appropriate Board Committees to monitor the implementation of the policy, assess the effectiveness of the Board nomination process and the appointment process for management positions at achieving the objectives of the policy.

## 5. Identifying Suitable Candidates

Any proposed appointment of a new member to the Board will be deliberated by the full Board based upon a formal report, prepared by the Nominating Committee on the necessity for reviewing the qualifications and experience of the proposed director. The Nominating Committee will be guided by an internal policy on criteria and skill sets in assessing the suitability of the potential candidates for appointment to the Board. Any appointment of a new Director to the Board or Board Committee is recommended by the Nominating Committee for consideration and approval by the Board.

There was no appointment of new Director for the financial year 2023. Nonetheless, the Board will utilise independent search firms in identifying suitable candidates for appointment of directors in the future when the need arise.

## 6. Chairman of the Nominating Committee

The Nominating Committee is led by Rahanawati Binti Ali Dawam, an Independent Director. She directs the Nominating Committee in reviewing succession planning and appointment of Board members and Senior Management by conducting annual review of board effectiveness and skill assessments. This provides the Nominating Committee with information concerning the Group's needs, allowing it to source for suitable candidates when the need arises.

## 7. Annual Evaluation

The Nominating Committee is responsible in evaluating the performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The evaluation process is led by the Nominating Committee and supported by the Company Secretary via questionnaires. The Nominating Committee reviews the outcome of the evaluation and recommends to the Board any areas for further improvement.

On 20 February 2024, the Nominating Committee assessed the effectiveness of the Board, its Committees and the contribution of each Director by identifying the strengths and weaknesses of the Board.

The assessment criteria used in the assessment of Board and individual Directors include mix of skills, knowledge, Board diversity, size and experience of the Board, core competencies and contribution of each Director. The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, frequency and length of meetings, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.

The results and recommendations from the evaluation of the Board and Committees were reported to the Board for consideration and action. The Board was comfortable with the outcome and is of the view that the skills and experience of the current Directors satisfy the requirements of the skills matrix.

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

The Nominating Committee also recommends to the Board, the relevant Directors retiring by rotation and standing for re-election at Annual General Meetings based on the assessment conducted on whether the director concerned has the (i) character and integrity; (ii) experience and competence; (iii) time and commitment in accordance with the Directors' Fit and Proper Policy. The Directors who will be retiring by rotation and subject to re-election at the forthcoming Annual General Meeting are Dr Yip Lai Siong, Teoh Chee Yong and Martin Jeyaratnam A/L Thiagaraj.

## III. Remuneration

The objective of the Group's remuneration policy is to provide fair and competitive remuneration to its Board members and Senior Management in order for the Group to attract and retain human resources of calibre to run the Group successfully. The responsibilities for developing the remuneration policy and determining the remuneration packages of Directors, Group Managing Director and Senior Management lie with the Remuneration Committee. Nevertheless, it is ultimately the responsibility of the Board to approve the remuneration of Directors, Group Managing Director and Senior Management.

Based on the remuneration framework, the remuneration packages of the Group Managing Director, the Executive Directors and Senior Management comprised of a fixed component (i.e. salary, allowances etc.) and a variable component (i.e. bonus, incentives, benefit-in kind etc.) which is determined by the Group's overall financial performance in each financial year. The remuneration packages are designed to support our strategy and provide a balance between motivating and challenging our Group Managing Director, Executive Directors and Senior Management to deliver strong performances in driving the long-term sustainable success of the Group.

The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken. Non-Executive Directors will receive a fixed fee, with additional fees if they are Board Chairman or members of Board Committees. The fees for Directors are determined by the Board with the approval from shareholders at Annual General Meetings and no Director is involved in deciding his/her own remuneration.

During the financial year under review, the Remuneration Committee had reviewed the remuneration packages for the Directors, Group Managing Director and Senior Management which reflect their level of responsibilities as well as the performance of the Group, and considered the remuneration packages to be comparable with the industry norm.

The details of the remuneration of the Directors of the Company comprising remuneration received/receivable from the Company and the Group for the financial year 2023 can be obtained on Note 32 to the Financial Statements.

A copy of the Directors and Senior Management's Remuneration Policy can be found on the Company's website at [www.rhonema.com](http://www.rhonema.com).

## EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit and Risk Management Committee

Presently, the Audit and Risk Management Committee consists of three (3) Independent Non-Executive Directors. The members of the Audit and Risk Management Committee are as follows:

Teoh Chee Yong	Chairman
Rahanawati Binti Ali Dawam	Member
Martin Jeyaratnam A/L Thiagaraj	Member

The Chairman of the Audit and Risk Management Committee is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the findings and recommendation of the Audit and Risk Management Committee remains intact.

## STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

In presenting the annual audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is responsible to present a clear, balanced and understandable assessment of the Group's performance and position. The Audit and Risk Management Committee is entrusted to provide assistance to the Board in reviewing the Group's financial reporting process, accuracy of its financial results, and scrutinising information for disclosure to ensure accuracy, adequacy, completeness and compliance with accounting standards.

The Board places great emphasis on the objectivity and independence of the external auditors. Through the Audit and Risk Management Committee, the Board maintains a transparent relationship with the external auditors in ensuring compliance with the appropriate accounting standards. The Audit and Risk Management Committee is empowered to communicate directly with the external auditors to highlight any issues of concern at any point in time.

The external auditors would meet the Audit and Risk Management Committee without the presence of the executive Board members and Management at least two (2) times a year on matters relating to the Group and its audit activities. During such meetings, the external auditors highlight and discuss the nature and scope of the audit, audit programmes, understanding of internal controls relevant to the audit and any other issues that may require the attention of the Audit and Risk Management Committee or the Board.

The Audit and Risk Management Committee ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the external auditors in order to make sure that it does not give rise to conflict of interests. The excluded contracts would include management consulting, internal audit and standard operating policies and procedures documentation.

For the financial year ended 31 December 2023, fees paid to the external auditors, Messrs BDO PLT and its affiliated firms by the Company and the Group are stated in the table below:

<b>Nature of Services</b>	<b>Company RM</b>	<b>Group RM</b>
Audit	57,000	255,500
Non-Audit		
- Tax filing	2,000	56,000
- Review of the Statement on Risk Management and Internal Control	5,000	5,000
- Review of other information	8,000	8,000
<b>Total</b>	<b>72,000</b>	<b>324,500</b>

In safeguarding and supporting the external auditors' independence and objectivity, the Board had established an External Auditors' Assessment Policy to spell out the selection process of new external auditors, basic principles on the prohibition of non-audits services and the approval process for the provision of non-audit services. An annual assessment on the external auditors was conducted during the financial year 2023 in accordance with the criteria set out in the External Auditors' Assessment Policy of the Company. The Audit and Risk Management Committee was satisfied with the performance of the external auditors and has recommended to the Board to put forth the proposal for the re-appointment of Messrs BDO PLT as external auditors of the Company for the financial year 2024 to the shareholders for approval at the upcoming Annual General Meeting.

The external auditors have confirmed to the Audit and Risk Management Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Further information on the roles and responsibilities of the Audit and Risk Management Committee may be found in the Report on the Audit and Risk Management Committee of this Annual Report.

## II. Risk Management and Internal Control Framework

The Board assumes ultimate responsibility for the effective management of risk across the Group, determining its risk appetite as well as ensuring that each business area implements appropriate internal controls. In order to achieve such an objective, a risk management framework has been adopted by the Group. The Group's risk management systems are designed to manage and eliminate risks where possible, to achieve business objectives and can only provide a reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibility for reviewing the effectiveness of the Group's systems of internal control to the Audit and Risk Management Committee. This covers all material controls including financial, operational, compliance and risk management systems. The Audit and Risk Management Committee is further supported by an internal audit function.

Our Group had outsourced the internal audit function to an independent third party service provider, IA Essential Sdn Bhd, which has ten (10) internal audit personnel assisting the person responsible for the internal audit, replacing Agile Advisory Services PLT, which faced resource limitations. The internal auditors report directly to the Audit and Risk Management Committee and carries out its function in accordance with the annual internal audit plan approved by the Audit and Risk Management Committee.

Details of the person responsible for the Group's internal audit are set out below:

<b>Person responsible</b>	Chong Kian Soon
<b>Qualification</b>	<ul style="list-style-type: none"> <li>Chartered Accountants Australia and New Zealand</li> <li>Certified Public Accountant of the Malaysian Institute of Certified Public Accountants</li> <li>Chartered Member and Certified QAR Assessor of the Institute of Internal Auditors Malaysia</li> </ul>
<b>Independence</b>	Does not have any family relationship with any director and/or major shareholder of the Company
<b>Public sanction or penalty</b>	Has no convictions for any offences within the past five (5) years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

Further information may be found in the Statement on Risk Management and Internal Control of this Annual Report.



# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. Communication with Stakeholders

The Board believes that stakeholders' communication is an essential requirement of the Group's sustainability. In view thereof, stakeholders are informed of all material business events of the Group in a factual, timely and widely available manner. The Board has formalised a corporate disclosure policy and procedure not only to comply with the disclosure requirements as stipulated in the MMLR, but also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders.

The Group has set up an investor relations program to facilitate effective two-way communication with investors and analysts to provide a greater understanding of the Group's vision, strategies, developments and financial prospects. A variety of engagement initiatives including direct meetings and dialogues with stakeholders are constantly conducted to allow the Group to learn about stakeholders' needs.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report and other corporate announcements to Bursa Securities. It is the Group's practice that any material information for public announcements are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner.

The Company's corporate website includes a dedicated Investor Relations section which provides all relevant information on the Group, including announcements to Bursa Securities, share price information, as well as the corporate and governance structure of the Group. Stakeholders are also able to subscribe to email alerts from the Group via the Investor Relation page.

### II. Conduct of General Meetings

The Annual General Meeting is the principal forum for dialogue with shareholders, allowing shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. To ensure shareholders have sufficient time to go through the Annual Report, it is circulated at least twenty eight (28) clear days before the date of the Annual General Meeting. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting.

During the Annual General Meeting, shareholders are provided with information on the Group's performance and major activities which were carried out during the financial year. The Board also encourages participation from shareholders by having a question and answer session during the Annual General Meeting during which the Directors are available to provide meaningful response to questions raised by the shareholders.

In line with the MMLR, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

# STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

## ADDITIONAL COMPLIANCE INFORMATION

### 1. Utilisation of Proceeds

The status of the utilisation of raised proceeds of RM13,457,620 from the Company's private placement of 20,086,000 ordinary shares ("Private Placement") as at 31 December 2023 is as follows:

Purpose	Estimated timeframe for utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Balance unutilised RM'000
Establishment of a milk processing plant	Within 36 months	7,500	(3,782)	-	3,718
Marketing expenses	Within 36 months	2,500	-	-	2,500
Working capital	Within 12 months	3,008	(3,050)	42 <sup>(1)</sup>	-
Estimated expenses for the Private Placement	Within 1 month	450	(408)	(42) <sup>(1)</sup>	-
<b>Total</b>		<b>13,458</b>	<b>(7,240)</b>	<b>-</b>	<b>6,218</b>

Note:

(1) The actual expenses incurred for the Private Placement were less than the estimated expenses by approximately RM0.04 million due mainly to lower than expected incidental charges incurred in conjunction with the Private Placement. The surplus of funds for the payment of expenses for the Private Placement were adjusted to the amount allocated for working capital.

### 2. Material Contracts

There were no material contracts entered into by the Group during the financial year ended 31 December 2023 that involved the interests of the Directors and major shareholders.

### 3. Contracts Relating to Loans

There were no contracts relating to loans entered into by the Group during the financial year ended 31 December 2023 that involved the interests of Directors and major shareholders.

### 4. Recurrent Related Party Transactions

Details of the recurrent related party transactions undertaken by the Group during the financial year ended 31 December 2023 are disclosed in the Note 32 to the Financial Statements.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board of Directors to establish and maintain a sound risk management and internal control system to safeguard shareholders' investments and the Group's assets. Guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present this Statement on Risk Management and Internal Control of the Group pursuant to the Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## BOARD RESPONSIBILITY

The Board of Directors recognises the importance of sound risk management and internal control practices to good corporate governance. The Board affirms its overall responsibility for the Group's risk management and internal control system which is fundamental to managing the principal risks which may impede the achievement of the Group's business and corporate objectives. This responsibility includes reviewing the adequacy and integrity of the system.

The Board however recognises that, due to inherent limitations in any internal control system, such system is designed to manage rather than eliminate risks that may impede the achievement of the Group's business and corporate objectives. In this regard, the systems and procedures put in place are aimed at minimising and managing risks. All aspects of financial, organisational, operational, compliance controls as well as risk management procedures are contained within this system of risk management and internal control and are benchmarked against risk governance best practices.

## RISK MANAGEMENT

The Board understands that all areas of the Group's activities involve some degree of risk and recognises that business decisions involve the taking of appropriate risks. The ultimate objective is to balance those risks with the potential returns to shareholders. The Board is assisted by the Audit and Risk Management Committee in the oversight of the overall system of risk management of the Group.

The Group embraces risk management as a foundation of its business operations. It employs a risk management framework which sets out the Group's risk principles and strategies established to drive strong risk culture and consistent risk management practices across the Group. The risk management framework, policies, systems and processes are incessantly reviewed, refined and established to proactively manage risks to ensure that the Group's risk profile remains conservative and aligned to its risk appetite.

With its commitment to strong risk governance and implementation of sound risk management principles and best practices, the Group has been able to sustain its profitability without compromising on its asset quality. The Group has been practicing prudent trading practices and implementing risk initiatives to enhance the Group's vigilance and resilience to the risks faced by the Group.

The Management team led by the Group Managing Director also play an important role in the implementation of the Board's policies and procedures on risk management by identifying and assessing risks, making recommendations on how to manage, control and mitigate such risks, and continuously monitoring and reviewing the risks and its impact on the Group's operations.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

## KEY RISK FACTORS

For the financial year under review, we have identified a number of key risks for the Group. These were presented to the Board where internal controls and risk mitigation strategies were highlighted. The table below shows some examples of the key risks deliberated.

Key risks	Description	Strategic response
Foreign currency fluctuations	The majority of our purchases are transacted in foreign currencies. Any unfavourable fluctuations in foreign exchange rates may have an adverse impact on our financial performance and profitability.	We will continuously monitor the foreign currency fluctuations and enter into foreign exchange spot contracts to hedge against the foreign currency fluctuation risk, as and when necessary.
Credit risk and default in payment by customers	Our customers have varying degrees of credit risk profiles which exposes us to the risk of non-payment by them. In the event of default in payment, our operating cash flows, financial condition and results of operations could be materially and adversely affected.	We mitigate this by putting in place credit management policies in our Group through the application of credit approval, credit limit and monitoring procedures on an on-going basis.

## INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to a professional service firm which is independent of the activities and operations of the Group to review the adequacy of the internal control system of the Group. The outsourced internal auditors, which report directly to the Audit and Risk Management Committee, conducted internal control assessment on the Group in order to identify potential areas with weak internal controls, non-compliance of policies and procedures and/or unsound business practices. The internal auditors prepare audit plans for presentation to the Audit and Risk Management Committee for approval wherein the scope of work encompasses management and operational audit of functions within the Group.

During the financial year, internal audit was performed on the following functions:

- (i) Property, plant and equipment and investment properties;
- (ii) Risk assessment on the ruminant based subsidiaries;
- (iii) Financial, treasury, insurance and claims management; and
- (iv) Annual inventory count.

Upon the completion of their review, the internal auditors presented their findings to the Audit and Risk Management Committee during quarterly meetings where the findings, recommendations, as well as Management's responses and action plans were deliberated.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

## KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system include, among others, the following:

- Defined organisation structure with proper segregation of duties, responsibilities and authorities among the Directors, Management and employees;
- The Board had delegated certain of its responsibilities to the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee which undertake their duties and responsibilities in accordance to their delegated functions as set out in their respective terms of reference;
- Formalised Code of Conduct and Code of Ethics that set forth the standards by which the Group conducts its operations and Whistle-blower Policy that provides a channel for raising genuine concerns about possible improprieties or wrongdoing involving the Group or its Directors or employees;
- Standardised staff recruitment process and performance appraisal system, as well as structured training and development programs are in place to achieve the objective of ensuring staff are competent to carry out their duties and responsibilities;
- The Board and the Audit and Risk Management Committee meet on a quarterly basis to review the Group's performance and financial results and on an ad-hoc basis where the need arise to discuss matters raised by the Management; and
- Standard operating procedures which include policies and procedures within the Group are continuously reviewed and updated.

## CONCLUSION

For the financial year under review, after due and careful assessment and based on information and assurances provided by the Group Managing Director and Group Finance Director, the Board is satisfied that the Group's system of risk management and internal control was operating adequately and effectively in all material respects throughout the financial year and up to the date of approval of this Statement by the Board for inclusion in the Annual Report. Measures are in place and continually being taken to ensure the ongoing adequacy and effectiveness of internal controls to safeguard shareholders' investments and the Group's assets.

There were no material losses, contingencies or uncertainties as a result of weaknesses in the risk management and internal control system that would require separate disclosures in this Annual Report. Nevertheless, the Board will continue to assess the adequacy and effectiveness of the Group's risk management and internal control system and to strengthen it, as and when required.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with 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 ("AAPG3") issued by the Malaysian Institute of Accountants. AAPG3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the risk management system and internal control processes of the Group. AAPG3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report would, in fact, remedy the problems. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 & 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors on 16 April 2024.



# REPORT ON THE AUDIT AND RISK MANAGEMENT COMMITTEE

## COMPOSITION

The Audit and Risk Management Committee is established by the Board and comprises three (3) members, all of whom are independent non-executive directors. Mr Teoh Chee Yong, the Chairman of the Audit and Risk Management Committee is a Chartered Accountant of the Malaysian Institute of Accountants. Hence, the Company has complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Step-Up Practice 9.4 of Malaysian Code on Corporate Governance. The Chairman of the Audit and Risk Management Committee is not the chairman of the Board and this is in line with Practice 1.4 of the Malaysian Code on Corporate Governance. No alternate director is appointed as a member of the Committee.

The composition of the Committee is as follows:

Directors	Designation
Teoh Chee Yong	Chairman
Martin Jeyaratnam A/L Thiagaraj	Member
Rahanawati Binti Ali Dawam	Member

## TERM OF OFFICE & PERFORMANCE

In order to assess the term of office of the Audit and Risk Management Committee members and performance of the Audit and Risk Management Committee in accordance with the Listing Requirements, each of the Audit and Risk Management Committee members has performed the self and peer evaluation assessment and the results were tabled to the Nominating Committee for review and discussion. The Nominating Committee was satisfied with the performance of the Audit and Risk Management Committee and confirmed that they have carried out their duties and responsibilities effectively in accordance with the Terms of Reference.

## MEETINGS OF THE COMMITTEE

The Audit and Risk Management Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. However, at least twice a year, the Committee shall meet with the external auditors and internal auditors without the presence of executive Board members and Management.

In addition, the Chairman may call a meeting of the Audit and Risk Management Committee if a request is made by any Committee member or the internal/external auditors.

The Company Secretary or other appropriate senior officer shall act as secretary of the Audit and Risk Management Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

The secretary shall be responsible for keeping the minutes of meetings of the Audit and Risk Management Committee, and circulating them to Committee members and to the other members of the Board.

A quorum shall consist of a majority of independent directors.

# REPORT ON THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

The other Directors and employees may attend any Audit and Risk Management Committee meeting upon invitation of the Committee.

The Committee members may participate in a meeting by means of telephone conference, video conference or other communications equipment of which all persons participating in the meeting can communicate with each other. Such participation in a meeting shall constitute presence in person at such meeting.

A total of five (5) meetings were held during the financial year ended 31 December 2023. The attendance of the Committee members is as follows:

<b>Committee members</b>	<b>Attendance</b>
Teoh Chee Yong	5/5
Martin Jeyaratnam A/L Thiagaraj	5/5
Rahanawati Binti Ali Dawam	5/5

## SUMMARY OF ACTIVITIES UNDERTAKEN BY THE COMMITTEE

During the year under review, the Chairman of the Audit and Risk Management Committee reports regularly to the Board on the activities carried out by the Committee in discharging its functions and duties as set out in its Charter.

The summary of activities carried out by the Committee is laid out as follows:

### Financial Results

- (i) Reviewed the unaudited quarterly financial statements of the Group to ensure that they are in compliance with the requirements of the relevant authorities, prior to making a recommendation to the Board for their approval and release of the Group's results to Bursa Securities;
- (ii) Reviewed the annual audited financial statements of the Group and of the Company prior to making a recommendation to the Board for their consideration and approval;
- (iii) Deliberation on changes in and implementation of accounting policies and practices to ensure compliance with accounting standards; and
- (iv) Deliberation on significant matters highlighted in the audited financial statements including financial reporting issues, key audit matters, significant judgements made by Management, significant and unusual events or transactions and how these matters are being addressed.

### External Auditors

- (i) Considered the re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit through an evaluation exercise, before making a recommendation to the Board for approval;
- (ii) Reviewed the audit plan of the external auditors in terms of their scope of audit prior to their commencement of the annual audit;
- (iii) Reviewed the external auditors' report in relation to audit and accounting issues, internal control issues and reported to the Board;
- (iv) Reviewed the external auditors' management letter together with Management's responses in ensuring that appropriate actions have been taken;

# REPORT ON THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

- (v) Met with the external auditors without the presence of the executive Board members and Management; and
- (vi) Reviewed the nature for the provision of non-audit services by the external auditors' affiliates to the Group and approved the proposed engagement for such non-audit services.

## Internal Auditors

- (i) Reviewed and approved the Group's audit plan for adequacy of scope and comprehensive coverage of the Group's activities;
- (ii) Reviewed the internal audit reports which outlined the recommendations towards correcting areas of weaknesses and ensure that there were management action plans established for the implementation of the internal auditors' recommendation;
- (iii) Reviewed the effectiveness of the internal auditors through an evaluation exercise;
- (iv) Reviewed the internal audit proposals received from several audit firms for recommendation to the Board for change of internal auditors; and
- (v) Met with the internal auditors without the presence of the executive Board members and Management.

## Risk Management and Internal Control

- (i) Reviewed the adequacy of the Group's risk management framework;
- (ii) Reviewed the effectiveness of the internal control systems through the review of the work performed by both the internal and external auditors and in discussion with the Management;
- (iii) Reviewed and recommended corrective measures to mitigate risks; and
- (iv) Monitored and communicated risk assessment results to the Board.

## Related Party Transactions and Conflict of Interests

- (i) Reviewed the related party transactions (if any) entered into by the Group to ensure that they were not detrimental to the interests of minority shareholders;
- (ii) Reviewed the recurrent related party transactions entered into by the Group to ensure the transactions were fair, reasonable, on normal commercial terms, not detrimental to the interests of the minority shareholders and in the best interest of the Group; and
- (iii) Reviewed if there are any conflict of interest and/or potential conflict of interest situations that arose, persist or may arise within the Group.

# REPORT ON THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

## Other Activities

- (i) Reviewed and recommended to the Board for approval of the Terms of Reference and the relevant policies to ensure they are always updated with the changes in the regulatory requirements;
- (ii) Reviewed and recommended the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control to the Board for approval and inclusion in the Annual Report 2023;
- (iii) Reviewed if there are any complaints and/or cases received in relation to the whistle blowing policy;
- (iv) Reviewed the solvency status of the Company and recommended to the Board for approval the proposed final dividend for the financial year ended 31 December 2022; and
- (v) Reviewed the Conflict of Interest Policy and recommended to the Board for approval and adoption.

## INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an independent professional firm, which reports directly to the Audit and Risk Management Committee and assists the Board in monitoring and managing risks and internal controls. The function is designed to evaluate and enhance the risk management, controls and governance processes to assist Management in achieving its corporate goals. The total cost paid by the Group to the outsourced independent professional firm amounted to RM54,000 for the financial year ended 31 December 2023.

For the financial year under review, internal audit reviews were carried out in accordance with the approved internal audit plan which covered the adequacy and effectiveness of the operational controls in mitigating risks, compliance with established policies and procedures, authority limits and applicable laws.

The results of the reviews were formally reported to the Audit and Risk Management Committee. The internal audit reviews conducted did not reveal significant weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control of this Annual Report.

# DIRECTORS' RESPONSIBILITY STATEMENT

The Board is required by the Companies Act 2016 to present the financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

The Board is satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2023, the appropriate accounting policies were used and applied consistently, adopted to include new and revised Malaysian Financial Reporting Standards and IFRS Accounting Standards. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which enable the financial position of the Group and the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended to be disclosed with reasonable accuracy and which enable them to ensure that the financial statements comply with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and irregularities.

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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

### PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and involved in the provision of management services. The principal activities of the subsidiaries are summarised as follows:

- (a) marketing, trading, distribution and manufacturing of biotechnology and animal health products and the provision of veterinary advisory services;
- (b) undertaking research and development activities related to animal health, food safety and agriculture and trading in animal health products;
- (c) distribution and supply of food ingredients;
- (d) provision of diagnostic laboratory analyses and consultation services to the veterinary, agriculture and food industries;
- (e) investment holding;
- (f) provision of tests and diagnostics services for human healthcare, conduct research and development in biotechnology and distribution of human healthcare and related products;
- (g) wholesale and distribution of pharmaceutical and veterinary products including animal feeds and provision of training; and
- (h) raising, breeding and production of semi-domesticated animals, business of dairy farming and provision of training.

Other information relating to the respective subsidiaries are disclosed in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year other than the newly additional principal activity of engaging in buying, selling, renting or leasing any land or building for business purpose from newly incorporated subsidiary during the financial year. This subsidiary has not commenced business operation since its incorporation.

### RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit for the financial year	<u>13,087,340</u>	<u>4,092,076</u>
Attributable to:		
Owners of the parent	12,081,423	4,092,076
Non-controlling interests	<u>1,005,917</u>	<u>-</u>
	<u>13,087,340</u>	<u>4,092,076</u>

## DIRECTORS' REPORT (CONTINUED)

### DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	<b>Group and Company RM</b>
In respect of the financial year ended 31 December 2023:	
Interim single-tier dividend of 1.00 sen per ordinary share, declared on 15 December 2023 and paid on 2 February 2024	<u>2,212,260</u>
In respect of the financial year ended 31 December 2022:	
Final single-tier dividend of 1.00 sen per ordinary share, declared on 11 April 2023 and paid on 17 July 2023	<u>2,212,260</u>

The Directors recommend a final single-tier dividend of 1.00 sen per ordinary share amounting to RM2,212,260 in respect of the financial year ended 31 December 2023, subject to the approval of members at the forthcoming Annual General Meeting. This dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES AND DEBENTURES

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

### WARRANTS 2021/2026

On 5 February 2021, the Company issued 80,343,987 free warrants of the Company ("Warrant(s)") on the basis of two (2) free warrants for every five (5) existing ordinary shares held in the Company.

The Warrants were listed on Bursa Malaysia Securities Berhad on 10 February 2021 and the salient features of the Warrants are as follows:

- (i) Each Warrant entitles the registered holder thereof ("Warrant holder(s)") to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.70 during the 5-year period expiring on 4 February 2026 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;
- (ii) At the expiry of the Exercise Period, any Warrants, which has not been exercised shall automatically lapse and cease to be valid for any purposes; and

## DIRECTORS' REPORT (CONTINUED)

### WARRANTS 2021/2026 (continued)

The Warrants were listed on Bursa Malaysia Securities Berhad on 10 February 2021 and the salient features of the Warrants are as follows: (continued)

- (iii) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after their issue and allotment thereof.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

### DIRECTORS OF RHONE MA HOLDINGS BERHAD

The Directors who held office during the financial year and up to the date of this report are as follows:

Dato' Hamzah Bin Mohd Salleh  
Lim Ban Keong  
Foong Kam Weng  
Yip Lai Siong  
Martin Jeyaratnam A/L Thiagaraj  
Rahanawati Binti Ali Dawam  
Teoh Chee Yong

### DIRECTORS OF SUBSIDIARIES OF RHONE MA HOLDINGS BERHAD

Pursuant to Section 253 of the Companies Act 2016, the Directors of the subsidiaries of Rhone Ma Holdings Berhad during the financial year and up to the date of this report are as follows:

Dato' Hamzah Bin Mohd Salleh  
Lim Ban Keong  
Foong Kam Weng  
Yip Lai Siong  
Rahanawati Binti Ali Dawam  
Raymond Choo Pow Yoon  
Lim Hang Chern  
Raja Mariam Binti Raja Rustam Shahrome  
Mai Lam @ Rosli Mai Lam (alternate to Raja Mariam Binti Raja Rustam Shahrome)  
Qasem Walid Alhasan  
Nor Hazimah Binti Zabarudin (appointed on 11 September 2023)

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	----- Number of ordinary shares -----			Balance as at 31.12.2023
	Balance as at 1.1.2023	Acquired	Sold	
<b>The Company</b>				
<u>Direct interests:</u>				
Lim Ban Keong	10,265,498	794,600	-	11,060,098
Martin Jeyaratnam A/L Thiagaraj	110,000	-	-	110,000
Rahanawati Binti Ali Dawam	55,000	-	-	55,000
Foong Kam Weng	8,414,400	-	-	8,414,400
Yip Lai Siong	6,175,800	-	-	6,175,800
<u>Indirect interests:</u>				
Lim Ban Keong <sup>a</sup>	75,632,043	-	-	75,632,043
Foong Kam Weng <sup>a</sup>	75,632,043	-	-	75,632,043

	----- Number of Warrants 2021/2026 -----			Balance as at 31.12.2023
	Balance as at 1.1.2023	Acquired	Sold	
<b>The Company</b>				
<u>Direct interests:</u>				
Lim Ban Keong	16,453,318	-	-	16,453,318
Martin Jeyaratnam A/L Thiagaraj	44,000	-	-	44,000
Rahanawati Binti Ali Dawam	22,000	-	-	22,000
Foong Kam Weng	8,619,867	-	-	8,619,867
Yip Lai Siong	8,351,411	-	-	8,351,411

	----- Number of ordinary shares -----			Balance as at 31.12.2023
	Balance as at 1.1.2023	Acquired	Sold	
<b>Ultimate holding company</b>				
<b>Blue Advantage Sdn. Bhd.</b>				
<u>Direct interests:</u>				
Lim Ban Keong	4,107	-	-	4,107
Foong Kam Weng	2,858	-	-	2,858
Yip Lai Siong	1,944	-	-	1,944

a Deemed interest by virtue of their substantial interest in Blue Advantage Sdn. Bhd., pursuant to Section 8(4) of the Companies Act 2016 in Malaysia.

By virtue of their interests in the ordinary shares of the Company, Lim Ban Keong and Foong Kam Weng are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any beneficial interest in the ordinary shares of the Company, warrants or options over ordinary shares in the Company or its related corporations during the financial year.

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors) 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 other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Executive Directors' remuneration:		
Salaries and other emoluments	2,734,490	-
Defined contribution plan	288,280	-
	3,022,770	-
Estimated monetary value of benefits-in-kind	163,713	-
	<u>3,186,483</u>	-
Non-executive Directors' remuneration:		
Fees	290,000	250,000
Other emoluments	104,200	19,200
	<u>394,200</u>	<u>269,200</u>
Total Directors' remuneration	<u>3,580,683</u>	<u>269,200</u>
Total Directors' remuneration:		
Total Directors' remuneration excluding benefits-in-kind	3,416,970	269,200
Estimated monetary value of benefits-in-kind	163,713	-
Total Directors' remuneration including benefits-in-kind	<u>3,580,683</u>	<u>269,200</u>

## DIRECTORS' REPORT (CONTINUED)

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against to Directors and officers. The amount of insurance premium paid by the Group and the Company for the financial year ended 31 December 2023 was RM19,715.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

#### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.



## DIRECTORS' REPORT (CONTINUED)

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

#### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) 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 of the Group and of the Company misleading.

#### HOLDING COMPANY

The Directors regard Blue Advantage Sdn. Bhd., a company incorporated in Malaysia, as the immediate and ultimate holding company.

#### AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	<b>Group RM</b>	<b>Company RM</b>
Statutory audit	255,500	57,000
Other services	<u>13,000</u>	<u>13,000</u>
	<u>268,500</u>	<u>70,000</u>

Signed on behalf of the Board in accordance with a resolution of the Directors.

.....  
**Lim Ban Keong**  
Director

.....  
**Foong Kam Weng**  
Director

Kuala Lumpur  
16 April 2024

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 106 to 167 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....  
**Lim Ban Keong**  
Director

.....  
**Foong Kam Weng**  
Director

Kuala Lumpur  
16 April 2024

## STATUTORY DECLARATION

I, Chan Yan San (CA 11673), being the officer primarily responsible for the financial management of Rhone Ma Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 106 to 167 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed at Kuala Lumpur this  
16 April 2024

.....  
**Chan Yan San (CA 11673)**

Before me:

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHONE MA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Rhone Ma Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 106 to 167.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHONE MA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA) (CONTINUED)

## Key Audit Matters

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

## Key Audit Matters of the Group

### 1. Recoverability of trade receivables

As at 31 December 2023, the net carrying amount of trade receivables of the Group was RM35,231,800 as disclosed in Note 14 to the financial statements.

The Group has impaired trade receivables of RM321,169 as at 31 December 2023.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

#### *Audit response*

Our audit procedures included the following:

- (a) assessed the adequacy of credit impaired assessment performed by management on trade receivables exceeding their credit terms and long overdue balances;
- (b) recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group; and
- (c) recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHONE MA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA) (CONTINUED)

## Key Audit Matters (continued)

### Key Audit Matters of the Group (continued)

#### 2. Carrying amount of inventories at the lower of cost and net realisable value

As at 31 December 2023, the Group held RM58,430,370 of inventories, as disclosed in Note 13 to the financial statements.

We determined this to be a key audit matter as the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires management to exercise significant judgement in estimating the net realisable value of the inventories.

In estimating the net realisable value of inventories, management had exercised significant judgements in identifying slow-moving and obsolete inventories by assessing the expiry dates of the respective inventories, expectation of current market prices and future demand of customers.

#### *Audit response*

Our audit procedures included the following:

- (a) discussed with management and obtained an understanding of the process implemented by management over the determination of the lower of cost and net realisable value of inventories;
- (b) tested the accuracy of expiry dates of inventories by sighting to the expiration date stated on the physical inventories; and
- (c) tested inventories close to expiry dates as well as slow-moving inventories for sales subsequent to the year end to support the assertion that the carrying amount of inventories is at the lower of cost and net realisable value.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHONE MA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA) (CONTINUED)

## Key Audit Matters (continued)

### Key Audit Matters of the Group (continued)

#### 3. Impairment assessment of the carrying amount of goodwill

As disclosed in Note 9 to the financial statements, the carrying amount of goodwill of the Group amounted to RM3,941,075 as at 31 December 2023.

Goodwill is tested for impairment by the Group annually, or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. To determine if there is any impairment loss required on goodwill, management used a value-in-use model to compute the present values of forecasted future cash flows for the respective Cash Generating Units ("CGUs").

We determined the impairment assessment of the carrying amount of goodwill to be a key audit matter as the determination of whether or not an impairment loss is necessary involves significant judgements by the management about the future results and cash flows of the relevant business, including forecast growth in future revenue and gross profit margins as well as determining an appropriate pre-tax discount rate and terminal values, which are, among others, dependent on forecasted economic conditions.

#### *Audit response*

Our audit procedures included the following:

- (a) compared prior period projections to historical performance to assess reliability of management's projections;
- (b) compared cash flow projections against the CGUs' approved five-years financial budget and future projections;
- (c) assessed the reasonableness of the key assumptions applied in the value-in-use calculations through discussions with management to understand and evaluate their basis in determining the key assumptions and compared them to available external market information;
- (d) assessed the reasonableness of the pre-tax discount rate applied by management for the CGUs by comparing the discount rates used to entities with similar risk profiles and relevant market information and other risk factors; and
- (e) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHONE MA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA) (CONTINUED)

## Key Audit Matters (continued)

### Key Audit Matters of the Company

#### 1. Impairment assessment of the carrying amounts of cost of investments in subsidiaries

As disclosed in Note 10 to the financial statements, the carrying amounts of cost of investments in subsidiaries amounted to RM96,765,031 as at 31 December 2023. Included in this carrying amount is cost of investment in a subsidiary amounting to RM86,438,999 as at 31 December 2023 which have indication of impairment.

Management used forecasted future cash flow based on value-in-use model to compute the present value of forecasted future cash flow for this subsidiary/Cash Generating Unit ("CGU") to determine if there is any impairment loss required on the cost of investment in this subsidiary.

We determined the impairment assessment of the carrying amounts of the cost of investments in these subsidiaries to be a key audit matter as the determination of whether or not an impairment loss is necessary involves significant judgements and estimates by the management about the future results and key assumptions applied to cash flow projections of this subsidiary/CGU in determining the recoverable amount. These key assumptions include forecast growth in future revenue and gross profit margins, as well as determining an appropriate pre-tax discount rate and terminal values, which are, among others, dependent on forecasted economic conditions.

#### *Audit response*

Our audit procedures included the following:

- (a) compared prior period projections to historical performance to assess reliability of management's projections;
- (b) compared cash flow projections against the subsidiaries' approved five-years financial budget and future projections;
- (c) assessed the reasonableness of the key assumptions applied in the value-in-use calculations through discussions with management to understand and evaluate their basis in determining the key assumptions and compared them to available external market information;
- (d) assessed the reasonableness of the pre-tax discount rate applied by management for the subsidiaries by comparing the discount rates used to entities with similar risk profiles and relevant market information and other risk factors; and
- (e) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHONE MA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA) (CONTINUED)

## Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

## Responsibilities of the Directors for the Financial Statements

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

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHONE MA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA) (CONTINUED)

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) 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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RHONE MA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA) (CONTINUED)

## Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

## 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.

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

**Shahira Binti Shahar**  
03646/03/2026 J  
Chartered Accountant

Kuala Lumpur  
16 April 2024

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	76,779,383	77,600,880	-	-
Right-of-use assets	6	10,672,718	10,838,664	-	-
Biological assets	7	2,702,375	3,600,260	-	-
Investment property	8	-	5,524,798	-	-
Intangible asset	9	3,941,075	3,941,075	-	-
Investments in subsidiaries	10	-	-	96,765,031	96,765,031
Investment in a joint venture	11	3,257,655	-	-	-
Other investment	12	79,948	70,043	-	-
Trade and other receivables	14	-	-	13,400,000	6,600,000
		97,433,154	101,575,720	110,165,031	103,365,031
<b>Current assets</b>					
Inventories	13	58,430,370	60,831,091	-	-
Trade and other receivables	14	49,925,084	37,929,762	10,671,515	16,016,788
Cash and bank balances	15	24,142,113	16,081,430	625,739	22,966
Short term funds	16	273,043	2,562,322	273,043	2,562,322
Current tax assets		386,877	454,458	71,586	205,840
		133,157,487	117,859,063	11,641,883	18,807,916
<b>TOTAL ASSETS</b>		<u>230,590,641</u>	<u>219,434,783</u>	<u>121,806,914</u>	<u>122,172,947</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	17	117,271,655	117,271,655	117,271,655	117,271,655
Reserves	18	43,707,697	36,063,670	2,247,628	2,580,072
		160,979,352	153,335,325	119,519,283	119,851,727
Non-controlling interests		10,692,639	9,686,722	-	-
<b>TOTAL EQUITY</b>		<u>171,671,991</u>	<u>163,022,047</u>	<u>119,519,283</u>	<u>119,851,727</u>

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONTINUED)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	19	23,076,495	20,661,781	-	-
Lease liabilities	6	304,383	260,062	-	-
Deferred tax liabilities	20	1,790,944	1,704,362	-	-
Deferred income	21	71,450	85,878	-	-
		25,243,272	22,712,083	-	-
<b>Current liabilities</b>					
Trade and other payables	22	22,800,563	24,564,625	2,287,631	2,321,220
Borrowings	19	8,404,896	8,053,833	-	-
Lease liabilities	6	275,837	259,795	-	-
Deferred income	21	14,428	14,428	-	-
Current tax liabilities		2,179,654	807,972	-	-
		33,675,378	33,700,653	2,287,631	2,321,220
<b>TOTAL LIABILITIES</b>		<u>58,918,650</u>	<u>56,412,736</u>	<u>2,287,631</u>	<u>2,321,220</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>230,590,641</u>	<u>219,434,783</u>	<u>121,806,914</u>	<u>122,172,947</u>

The accompanying notes form an integral part of the financial statements.



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	23	202,934,518	198,151,787	4,500,000	5,700,000
Cost of sales		<u>(148,784,900)</u>	<u>(144,294,754)</u>	-	-
Gross profit		54,149,618	53,857,033	4,500,000	5,700,000
Other operating income		4,105,874	1,854,870	605,648	352,117
Distribution costs		(9,800,999)	(11,147,525)	-	-
Administrative expenses		(28,599,774)	(23,886,571)	(881,703)	(1,254,026)
Finance costs	24	(1,655,445)	(1,323,147)	-	-
Reversal of impairment losses/ (impairment losses) on trade receivables, net		372,148	(306,984)	-	-
Share of result of a joint venture, net of tax	11	<u>(67,345)</u>	-	-	-
Profit before tax	25	18,504,077	19,047,676	4,223,945	4,798,091
Tax expense	26	<u>(5,416,737)</u>	<u>(4,410,782)</u>	<u>(131,869)</u>	<u>(37,723)</u>
Profit for the financial year		13,087,340	14,636,894	4,092,076	4,760,368
<b>Other comprehensive income, net of tax</b>					
<u>Item that may be reclassified subsequently to profit or loss</u>					
(Loss)/Gain on foreign currency translations		<u>(12,876)</u>	<u>3,072</u>	-	-
Total comprehensive income		<u>13,074,464</u>	<u>14,639,966</u>	<u>4,092,076</u>	<u>4,760,368</u>

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Profit for the financial year attributable to:					
Owners of the parent		12,081,423	12,738,365	4,092,076	4,760,368
Non-controlling interests		1,005,917	1,898,529	-	-
		<u>13,087,340</u>	<u>14,636,894</u>	<u>4,092,076</u>	<u>4,760,368</u>
Total comprehensive income attributable to:					
Owners of the parent		12,068,547	12,741,437	4,092,076	4,760,368
Non-controlling interests		1,005,917	1,898,529	-	-
		<u>13,074,464</u>	<u>14,639,966</u>	<u>4,092,076</u>	<u>4,760,368</u>
		<b>2023 sen</b>	<b>2022 sen</b>	<b>2023 sen</b>	<b>2022 sen</b>
Earnings per ordinary share attributable to equity holders of the parent:					
- Basic	27	5.46	5.86		
- Diluted	27	<u>4.01</u>	<u>4.28</u>		
Dividend per ordinary share in respect of the financial year:					
<b>2022</b>					
- Interim single-tier dividend (paid)	28	-	1.0	-	1.0
- Final single-tier dividend (paid)	28	<u>-</u>	<u>1.0</u>	<u>-</u>	<u>1.0</u>
<b>2023</b>					
- Interim single-tier dividend (paid)	28	1.0	-	1.0	-
- Final single-tier dividend (recommended)	28	<u>1.0</u>	<u>-</u>	<u>1.0</u>	<u>-</u>

The accompanying notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	[-----Non-distributable-----]		Distributable		Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Reorganisation debit balance RM	Foreign currency translation reserve RM	Retained earnings RM			
Balance as at 1 January 2022		103,618,035	(59,488,997)	-	87,235,750	131,364,788	7,788,193	139,152,981
Profit for the financial year		-	-	-	12,738,365	12,738,365	1,898,529	14,636,894
Foreign currency translations		-	-	3,072	-	3,072	-	3,072
Total comprehensive income		-	-	3,072	12,738,365	12,741,437	1,898,529	14,639,966
<b>Transactions with owners</b>								
Issuance of shares pursuant to:								
- Private placement	17	13,457,620	-	-	-	13,457,620	-	13,457,620
- Exercise of warrants	17	196,000	-	-	-	196,000	-	196,000
Dividends paid/payable	28	-	-	-	(4,424,520)	(4,424,520)	-	(4,424,520)
Total transactions with owners		13,653,620	-	-	(4,424,520)	9,229,100	-	9,229,100
Balance as at 31 December 2022		117,271,655	(59,488,997)	3,072	95,549,595	153,335,325	9,686,722	163,022,047

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Group	Note	[-----Non-distributable-----]		Distributable		Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Reorganisation debit balance RM	Foreign currency translation reserve RM	Retained earnings RM			
Balance as at 1 January 2023		117,271,655	(59,488,997)	3,072	95,549,595	153,335,325	9,686,722	163,022,047
Profit for the financial year		-	-	-	12,081,423	12,081,423	1,005,917	13,087,340
Foreign currency translations		-	-	(12,876)	-	(12,876)	-	(12,876)
Total comprehensive income		-	-	(12,876)	12,081,423	12,068,547	1,005,917	13,074,464
<b>Transaction with owners</b>								
Dividends paid/payable	28	-	-	-	(4,424,520)	(4,424,520)	-	(4,424,520)
Total transaction with owners		-	-	-	(4,424,520)	(4,424,520)	-	(4,424,520)
Balance as at 31 December 2023		117,271,655	(59,488,997)	(9,804)	103,206,498	160,979,352	10,692,639	171,671,991

The accompanying notes form an integral part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Note	Non-distributable Share capital RM	Distributable Retained earnings RM	Total equity RM
Balance as at 1 January 2022		103,618,035	2,244,224	105,862,259
Profit for the financial year		-	4,760,368	4,760,368
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	4,760,368	4,760,368
<b>Transactions with owners</b>				
Issuance of shares pursuant to:				
- Private placement	17	13,457,620	-	13,457,620
- Exercise of warrants	17	196,000	-	196,000
Dividends paid/payable	28	-	(4,424,520)	(4,424,520)
Total transactions with owners		13,653,620	(4,424,520)	9,229,100
Balance as at 31 December 2022/ 1 January 2023		117,271,655	2,580,072	119,851,727
Profit for the financial year		-	4,092,076	4,092,076
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	4,092,076	4,092,076
<b>Transaction with owners</b>				
Dividends paid/payable	28	-	(4,424,520)	(4,424,520)
Total transaction with owners		-	(4,424,520)	(4,424,520)
Balance as at 31 December 2023		117,271,655	2,247,628	119,519,283

The accompanying notes form an integral part of the financial statements.

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		18,504,077	19,047,676	4,223,945	4,798,091
Adjustments for:					
Amortisation of deferred income	21	(14,428)	(314,427)	-	-
Bad debts written off	25	-	504	-	-
Changes in fair value of biological assets	7	363,712	(409,544)	-	-
Depreciation of property, plant and equipment	5	3,269,097	3,184,010	-	-
Depreciation of investment property	8	-	42,640	-	-
Depreciation of right-of-use assets	6	493,183	527,541	-	-
Dividend income	23	-	-	(4,500,000)	(5,700,000)
Fair value changes on other investment	25	(9,905)	3,765	-	-
Fair value changes on short term fund	25	(10,566)	(164,545)	(10,566)	(164,545)
(Reversal of impairment losses)/ Impairment losses on trade receivables, net		(372,148)	306,984	-	-
Interest expense	24	1,655,445	1,323,147	-	-
Interest income	25	(133,738)	(116,051)	(594,927)	(174,339)
Income distribution from short term funds	25	(155)	(13,233)	(155)	(13,233)
Inventories written off	13	1,124,171	1,195,093	-	-
Inventories written back, net	13	(88,815)	(1,337,341)	-	-
Gain on disposal of property, plant and equipment	25	(179,999)	(111,482)	-	-
Gain on disposal of investment property	25	(925,202)	-	-	-
Loss on disposal of biological assets	25	175,047	35,908	-	-
Property, plant and equipment written off	25	1,425	8,400	-	-
Unrealised loss/(gain) on foreign currency exchange, net	25	422,395	(177,389)	-	-
Share of result of a joint venture	11	67,345	-	-	-
Operating profit/(loss) before changes in working capital		24,340,941	23,031,656	(881,703)	(1,254,026)



## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>					
Operating profit/(loss) before changes in working capital		24,340,941	23,031,656	(881,703)	(1,254,026)
Changes in working capital:					
Inventories		1,369,542	(27,443,325)	-	-
Trade and other receivables		(11,614,690)	341,025	104,761	(57,716)
Trade and other payables		(2,247,594)	4,661,501	(33,589)	39,485
Cash generated from/(used in) operations		11,848,199	590,857	(810,531)	(1,272,257)
Tax paid		(4,041,169)	(4,680,474)	(90,508)	(141,628)
Tax refunded		150,277	-	92,893	-
Net cash from/(used in) operating activities		7,957,307	(4,089,617)	(808,146)	(1,413,885)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividend received		-	-	5,700,000	4,300,000
Interest received		133,738	116,051	635,439	133,827
Net withdrawal of short term fund		2,300,000	2,200,000	2,300,000	2,200,000
Placement of deposits with licensed banks (maturity more than three (3) months)		(94,601)	(3,263)	-	-
Proceeds from disposal of:					
- property, plant and equipment		180,000	222,016	-	-
- investment property		6,450,000	-	-	-
- biological assets		359,126	140,304	-	-
Purchase of property, plant and equipment	5	(2,449,003)	(2,261,305)	-	-
Purchase of other investment		-	(49,920)	-	-
Acquisition of a joint venture	11	(3,325,000)	-	-	-
Net cash from investing activities		3,554,260	363,883	8,635,439	6,633,827

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net advances to subsidiaries		-	-	(2,800,000)	(15,100,000)
Dividends paid		(4,424,520)	(4,220,860)	(4,424,520)	(4,220,860)
Drawdown of revolving credit		-	3,000,000	-	-
Interest paid		(1,636,237)	(1,308,327)	-	-
Proceeds from issuance of shares pursuant to private placement	17	-	13,457,620	-	13,457,620
Proceeds from issuance of shares pursuant to exercise of warrants	17	-	196,000	-	196,000
Payments of lease liabilities		(286,082)	(330,799)	-	-
Term loans:					
- drawdowns		8,485,990	-	-	-
- repayments		(5,840,516)	(6,082,468)	-	-
Net cash (used in)/from financing activities		<u>(3,701,365)</u>	<u>4,711,166</u>	<u>(7,224,520)</u>	<u>(5,667,240)</u>
Net increase/(decrease) in cash and cash equivalents		7,810,202	985,432	602,773	(447,298)
Effect of exchange rate changes on cash and cash equivalents		35,577	44,611	-	-
Cash and cash equivalents at beginning of financial year		<u>14,150,193</u>	<u>13,120,150</u>	<u>22,966</u>	<u>470,264</u>
Cash and cash equivalents at end of financial year	15(d)	<u><u>21,995,972</u></u>	<u><u>14,150,193</u></u>	<u><u>625,739</u></u>	<u><u>22,966</u></u>

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	<b>Lease liabilities (Note 6) RM</b>	<b>Group Revolving credit (Note 19) RM</b>	<b>Term loans (Note 19) RM</b>
As at 1 January 2022	491,212	-	30,277,486
Cash flows:			
- drawdown	-	3,000,000	-
- repayments	(330,799)	-	(6,082,468)
- payments of interest	-	-	(1,104,523)
Non-cash flows:			
- reassessment and modification of lease	344,624	-	-
- accretion of interest/interest expense	14,820	-	1,104,523
As at 31 December 2022	<u>519,857</u>	<u>3,000,000</u>	<u>24,195,018</u>
As at 1 January 2023	519,857	3,000,000	24,195,018
Cash flows:			
- drawdowns	-	-	8,485,990
- repayments	(286,082)	-	(5,840,516)
- payments of interest	-	(245,047)	(1,146,194)
Non-cash flows:			
- reassessment and modification of lease	327,237	-	-
- accretion of interest/interest expense	19,208	245,047	1,146,194
As at 31 December 2023	<u>580,220</u>	<u>3,000,000</u>	<u>26,840,492</u>

*The accompanying notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 1. CORPORATE INFORMATION

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

The registered office is located at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at Lot 18A & 18B, Jalan 241, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries and the interests of the Group in a joint venture. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 16 April 2024.

### 2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and involved in the provision of management services. The principal activities and the details of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of the new MFRSs and Amendments to MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are disclosed in Note 4 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

Prior to the listing of the ordinary shares of the Company on the Main Market of Bursa Malaysia, the Company was incorporated as a holding company merely to effect the reorganisation of the existing Rhone Ma Malaysia Sdn. Bhd. (“RMM”) (including its direct subsidiaries) (“RMM Group”) without any changes to the economic substance of the existing RMM Group. Hence, the business combination for RMM has been accounted as a reverse acquisition accounting by analogy in accordance with MFRS 3 *Business Combination* and the Company is regarded as the accounting acquiree while RMM is the accounting acquirer.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 3. BASIS OF PREPARATION (continued)

The consolidated financial statements of the Group represent the continuation of the financial statements of RMM that reflect:

- (i) The results from the beginning of the accounting period to the date of the combination as those of the RMM Group;
- (ii) The assets and liabilities of RMM Group being recognised and measured in the financial statements at their pre-combination carrying amounts without restatement to fair values;
- (iii) The retained earnings and other equity balances of RMM Group immediately before the combination are those of the RMM Group; and
- (iv) The equity structure, however, reflects that of the Company, including the equity instruments issued to effect the acquisition with the difference between the issued equity of the Company and the issued equity of RMM amounting to RM59,488,997 being recorded under the equity component as “reorganisation debit balance” and disclosed in Note 18 to the financial statements.

The reverse acquisition was completed in the financial year ended 31 December 2016.

#### 4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

##### 4.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contract (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS112

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company other than the adoption of Amendments of MFRS 101 *Disclosure of Accounting Policies*. The Amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

These Amendments did not result in any changes to the accounting policies of the Group and the Company. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONTINUED)

### 4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

#### 4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

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# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONTINUED)

### 5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM	Buildings RM	GMP plant and equipment RM	Furniture and fittings RM	Motor vehicles RM	Laboratory equipment RM	Office and computer equipment RM	Product applicator and vaccination equipment RM	Renovations RM	Capital work-in-progress RM	Barn RM	Farm equipment and machinery RM	Total RM
At 31 December 2023	-	3,401,265	4,114,166	598,799	1,303,172	4,566,291	1,865,667	449,088	4,516,860	-	272,249	565,568	21,653,125
Accumulated depreciation	-	1,160,801	598,194	92,002	395,622	234,275	223,990	56,186	193,640	-	119,847	194,540	3,269,097
Disposals	-	-	-	-	(705,924)	-	-	-	-	-	-	-	(705,924)
Written off	-	-	-	(5,633)	-	(460,168)	(26,881)	(2,648)	-	-	-	-	(495,330)
Effect of foreign exchange	-	-	-	-	-	-	12	-	-	-	-	-	12
At 31 December 2023	-	4,562,066	4,712,360	685,168	992,870	4,340,398	2,062,788	502,626	4,710,500	-	392,096	760,108	23,720,980
Net carrying amount	8,512,003	51,115,160	7,135,283	573,359	1,228,833	988,407	744,827	100,973	834,606	2,971,980	1,908,839	665,113	76,779,383





## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land has an unlimited useful life and is not depreciated. Capital work-in-progress represent machinery under installation and Good Manufacturing Practices (“GMP”) plant and equipment under construction which are not depreciated until such time when the assets are available for use.

Depreciation on other property, plant and equipment is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal depreciation period and annual rates are as follows:

Buildings	50 years
GMP plant and equipment	5% - 10%
Furniture and fittings	10% - 20%
Motor vehicles	20% - 25%
Laboratory equipment	10%
Office and computer equipment	10% - 25%
Product applicator and vaccination equipment	20%
Renovations	10% - 20%
Barn	5%
Farm equipment and machinery	10% - 20%

- (b) As at the end of the reporting period, freehold land and certain buildings of the Group with total carrying amounts of RM8,512,003 and RM50,426,525 respectively (2022: RM8,512,003 and RM51,530,285 respectively) have been charged to banks for credit facilities granted to the Group as disclosed in Note 19 to the financial statements.

#### 6. LEASES

##### The Group as lessee

##### Right-of-use assets

Group	Long term leasehold land RM	Warehouse and office premises RM	Motor vehicles RM	Total RM
<b>At 31 December 2023</b>				
<b>At cost</b>				
At 1 January 2023	12,336,782	1,063,752	140,842	13,541,376
Reassessment and modification of lease	-	327,237	-	327,237
At 31 December 2023	12,336,782	1,390,989	140,842	13,868,613
<b>Accumulated depreciation</b>				
At 1 January 2023	1,944,447	655,575	102,690	2,702,712
Depreciation charge for the financial year	223,126	231,905	38,152	493,183
At 31 December 2023	2,167,573	887,480	140,842	3,195,895
<b>Net carrying amount</b>				
At 31 December 2023	10,169,209	503,509	-	10,672,718

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 6. LEASES (continued)

##### The Group as lessee (continued)

##### Right-of-use assets (continued)

Group	Long term leasehold land RM	Warehouse and office premises RM	Motor vehicles RM	Total RM
<b>At 31 December 2022</b>				
<b>At cost</b>				
At 1 January 2022	12,336,782	719,128	299,826	13,355,736
Reassessment and modification of lease	-	344,624	-	344,624
Transfer to property, plant and equipment (Note 5)	-	-	(158,984)	(158,984)
<b>At 31 December 2022</b>	<b>12,336,782</b>	<b>1,063,752</b>	<b>140,842</b>	<b>13,541,376</b>
<b>Accumulated depreciation</b>				
At 1 January 2022	1,721,321	439,160	53,758	2,214,239
Depreciation charge for the financial year	223,126	216,415	88,000	527,541
Transfer to property, plant and equipment (Note 5)	-	-	(39,068)	(39,068)
<b>At 31 December 2022</b>	<b>1,944,447</b>	<b>655,575</b>	<b>102,690</b>	<b>2,702,712</b>
<b>Net carrying amount</b>				
<b>At 31 December 2022</b>	<b>10,392,335</b>	<b>408,177</b>	<b>38,152</b>	<b>10,838,664</b>

##### Lease liabilities

Group	Long term leasehold land RM	Warehouse and office premises RM	Motor vehicles RM	Total RM
<b>At 31 December 2023</b>				
At 1 January 2023	51,108	412,197	56,552	519,857
Reassessment and modification of lease	-	327,237	-	327,237
Lease payments	(19,200)	(241,610)	(25,272)	(286,082)
Interest expense	1,916	13,452	3,840	19,208
<b>At 31 December 2023</b>	<b>33,824</b>	<b>511,276</b>	<b>35,120</b>	<b>580,220</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2023 (CONTINUED)

### 6. LEASES (continued)

#### The Group as lessee (continued)

#### Lease liabilities (continued)

	Long term leasehold land RM	Warehouse and office premises RM	Motor vehicles RM	Total RM
At 31 December 2022				
At 1 January 2022	67,616	301,936	121,660	491,212
Reassessment and modification of lease	-	344,624	-	344,624
Lease payments	(19,200)	(241,800)	(69,799)	(330,799)
Interest expense	2,692	7,437	4,691	14,820
At 31 December 2022	51,108	412,197	56,552	519,857

Represented by:	Group	
	2023 RM	2022 RM
<b>Non-current liabilities</b>		
- Lease liabilities owing to financial institutions	28,527	49,959
- Lease liabilities owing to non-financial institutions	275,856	210,103
	304,383	260,062
<b>Current liabilities</b>		
- Lease liabilities owing to financial institutions	21,432	21,432
- Lease liabilities owing to non-financial institutions	254,405	238,363
	275,837	259,795
Total lease liabilities	580,220	519,857

- (a) The Group leases a number of land, warehouse, office premises and motor vehicles in the locations, which they operate with fixed periodic rent over the lease term.

In addition, the Group has certain leases of warehouse with lease term of 12 months or less. The Group applies the "short-term lease" exemption for these leases.

- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on a straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Long term leasehold land	Up to 68 years
Warehouse and office premises	2 to 5 years
Motor vehicles	5 years



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 6. LEASES (continued)

(c) As at the end of the reporting period, certain long term leasehold land with a total carrying amount of RM8,573,671 (2022: RM8,754,246) have been charged to banks for credit facilities granted to the Group as disclosed in Note 19 to the financial statements.

(d) The following are the amounts recognised in profit or loss:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Included in administration expenses:		
Expense relating to short-term leases	111,235	5,566
Depreciation charge of right-of-use assets	493,183	527,541
Included in finance costs:		
Interest expense on lease liabilities	<u>19,208</u>	<u>14,820</u>
	<u><u>623,626</u></u>	<u><u>547,927</u></u>

(e) The following are total cash outflows for leases as a lessee:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Included in net cash from/(used in) operating activities:		
Payment relating to short-term leases	111,235	5,566
Included in net cash (used in)/from financing activities:		
Payments of lease liabilities	<u>286,082</u>	<u>330,799</u>
	<u><u>397,317</u></u>	<u><u>336,365</u></u>

(f) Management exercises judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

(g) Information on the financial risk of lease liabilities is disclosed in Note 34 to the financial statements.

#### 7. BIOLOGICAL ASSETS

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>At fair value</b>		
At 1 January	3,600,260	3,366,928
Disposals	(534,173)	(176,212)
Changes in fair value of biological assets	<u>(363,712)</u>	<u>409,544</u>
At 31 December	<u><u>2,702,375</u></u>	<u><u>3,600,260</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 7. BIOLOGICAL ASSETS (continued)

- (a) Biological assets of the Group comprise of dairy cows. The biological assets are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resulting gain or loss recognised in profit or loss for the year in which it arises.

The feeding costs incurred for raising of heifers and calves are capitalised, until such time when they reach maturity.

- (b) The fair value of biological assets of the Group, which are estimated using unobservable inputs is categorised within Level 3 of the fair value hierarchy. Fair value assessment have been completed using the same valuation techniques.

There was no transfer between levels in the hierarchy during the financial year ended 31 December 2023.

- (c) The following table shows the valuations techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Market approach	The most recent market transaction price or market prices	The higher the market transaction price or market prices, the higher the fair value of the biological asset

#### 8. INVESTMENT PROPERTY

Group	Freehold land RM	Building RM	Total RM
<b>At 31 December 2023</b>			
<b>At cost</b>			
At 1 January 2023	3,648,640	2,131,998	5,780,638
Disposals	(3,648,640)	(2,131,998)	(5,780,638)
31 December 2023	-	-	-
<b>Accumulated depreciation</b>			
At 1 January 2023	-	255,840	255,840
Disposals	-	(255,840)	(255,840)
At 31 December 2023	-	-	-
<b>Net carrying amount</b>			
At 31 December 2023	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 8. INVESTMENT PROPERTY (continued)

Group	Freehold land RM	Building RM	Total RM
<b>At 31 December 2022</b>			
<b>At cost</b>			
At 1 January 2022/31 December 2022	3,648,640	2,131,998	5,780,638
<b>Accumulated depreciation</b>			
At 1 January 2022	-	213,200	213,200
Depreciation charge for the financial year	-	42,640	42,640
At 31 December 2022	-	255,840	255,840
<b>Net carrying amount</b>			
At 31 December 2022	3,648,640	1,876,158	5,524,798
<b>Fair value</b>			
At 31 December 2022			7,257,000

- (a) Investment property, which is owned is initially measured at cost. After initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of the lease liabilities.

Depreciation is calculated to write off the cost of the investment property to its residual value on a straight-line basis over its estimated useful life. The principal depreciation period is as follows:

Building 50 years

Freehold land has an unlimited useful life and is not depreciated.

- (b) In the previous financial year, the investment property of the Group with a total carrying amount of RM5,524,798 had been pledged as security for banking facilities granted to the Group.
- (c) The amounts of direct expenses recognised in profit or loss are as follows:

	Group	
	2023 RM	2022 RM
<b>Quit rent and assessment</b>		
Non-income generating unit	18,692	14,735

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 8. INVESTMENT PROPERTY (continued)

- (d) In the previous financial year, the fair value of the investment property for disclosure purposes, which was at Level 3 fair value was estimated at approximately RM7,257,000 based on the Directors' estimation by reference to market evidence of transaction prices of similar properties in the vicinity and same category. There was no transfer between levels of hierarchy in the previous financial year.

Description of valuation techniques used and key inputs to valuation on investment properties of the Group measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs	2023 RM	2022 RM
<b>Group</b>				
Freehold land and building	Comparison method	Adjusted property value	-	217 per square feet

- (e) Investment property of the Group was mainly used to generate rental income. However, the fair value of the investment property reflected the highest and best use of the said property should the investment property be disposed. The investment property had been disposed during the financial year.

#### 9. INTANGIBLE ASSET

	Group	
	2023 RM	2022 RM
<b>Goodwill</b>		
At 1 January/31 December	<u>3,941,075</u>	<u>3,941,075</u>

- (a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the Cash-Generating Units ("CGUs") based on estimation of the value-in-use, which requires significant judgements, estimates about the future results and key assumptions made by the management. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of goodwill allocated to each CGU are as follows:

	Group	
	2023 RM	2022 RM
<b>Segment - Animal health products and equipment</b>		
CGU 1	2,875,234	2,875,234
CGU 2	<u>1,065,841</u>	<u>1,065,841</u>
	<u>3,941,075</u>	<u>3,941,075</u>

- (b) For the purpose of impairment assessment, the recoverable amount of goodwill is determined based on the "value-in-use" of CGUs. The value-in-use of CGUs is determined by discounting the future cash flows to be generated from continuing use of the CGUs. The value-in-use is derived based on approved management's five (5) years period cash flow projections.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 9. INTANGIBLE ASSET (continued)

(b) (continued)

The key assumptions used in the value-in-use calculations, which are, among others, dependent on forecasted economic conditions, are as follows:

#### 2023

	Key assumptions	
	CGU 1	CGU 2
Revenue growth rate	5%	10% - 13.5%
Gross profit margin	16.1% - 30%	14.3%
Pre-tax discount rate	6.8%	6.8%
Terminal value	Zero growth rate	Zero growth rate

#### 2022

	Key assumptions	
	CGU 1	CGU 2
Revenue growth rate	-5% - 8%	4% - 5%
Gross profit margin	30%	9.1%
Pre-tax discount rate	6.2%	6.2%
Terminal value	Zero growth rate	Zero growth rate

Based on these assumptions, management is of the view that no impairment loss is required as the recoverable amounts determined are higher than the carrying amount of the CGUs.

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

#### 10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Unquoted equity shares, at cost	<u>96,765,031</u>	<u>96,765,031</u>

(a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 10. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows:

Name of Company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Rhone Ma Malaysia Sdn. Bhd.	Malaysia	100	100	Marketing, trading, distribution and manufacturing of animal health products and the provision of veterinary advisory services
APSN Lifescience Sdn. Bhd. (“APSN”)	Malaysia	100	100	Engaged in undertaking research and development activities related to animal health, food safety and agriculture and trading in animal health products
Link Ingredients Sdn. Bhd.	Malaysia	100	100	Engaged in distribution and supply of food ingredients
Vet Food Agro Diagnostics (M) Sdn. Bhd.	Malaysia	100	100	Provision of diagnostic laboratory analyses and consultation services to the veterinary, agriculture and food industries
A2 Fresh Holdings Sdn. Bhd. (“A2F”)	Malaysia	49	49	Investment holding company
<b>Subsidiaries of APSN</b>				
APSN Biotech Sdn. Bhd.	Malaysia	100	100	Trading in biotechnology and animal health products and provision of related services
APSN Healthcare & Diagnostics Sdn. Bhd.	Malaysia	100	100	Provision of tests and diagnostics services for human healthcare, conduct research and development in biotechnology and distribution of human healthcare and related products

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 10. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of Company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
<b>Subsidiaries of A2F (“A2F Group”)</b>				
One Lazuli Sdn. Bhd. (“OLSB”)	Malaysia	49	49	Engaged in wholesale and distribution of pharmaceutical and veterinary products including animal feeds and provision of training
Nor Lazuli Nutrition Sdn. Bhd. (“NLN”)	Malaysia	49	49	Engaged in wholesale, distribution and retail sale of livestock feeds and provision of training
Nor Livestock Farm Sdn. Bhd. (“NLF”)	Malaysia	49	49	Engaged in raising, breeding and production of semi-domesticated animals, business of dairy farming and provision of training
Gemas Agro Ventures Sdn. Bhd. (“GAV”)*	Malaysia	49	-	Engaged in buying, selling, renting or leasing any land or building for business purpose. This subsidiary has not commenced business operation since its incorporation.

\* Incorporation of subsidiary during the financial year but has no significant impact to the financial statements of the Group.

- (c) The Group considers that it controls A2F, OLSB, NLN, NLF and GAV even though it owns less than fifty percent (50%) of the voting rights. This is due to the Group having control over the Board of Directors and power to govern the relevant activities of these entities.
- (d) For the purpose of impairment assessment, the recoverable amounts of the investments in subsidiaries is determined based on the “value-in-use” of the respective subsidiaries. The value-in-use of the respective subsidiaries is determined by discounting the future cash flows to be generated from continuing use of these subsidiaries. The value-in-use is derived based on approved management’s five (5) years period cash flow projections.

The key assumptions used in the value-in-use calculations, which are, among others, dependent on forecasted economic conditions, are as follows:

#### 2023

	Key assumptions
Revenue growth rate	4.3% - 8.0%
Gross profit margin	31.7% - 32.0%
Pre-tax discount rate	6.8%
Terminal value	Zero growth rate



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 10. INVESTMENTS IN SUBSIDIARIES (continued)

(d) (continued)

2022

#### Key assumptions

Revenue growth rate	-2.9% - 8.5%
Gross profit margin	26.2% - 33.0%
Pre-tax discount rate	6.2%
Terminal value	Zero growth rate

Based on these assumptions, management is of the view that no impairment loss is required as the recoverable amounts determined are higher than the carrying amount of the investments in subsidiaries.

(e) The subsidiaries of the Group that have material non-controlling interests (“NCI”) are as follows:

	2023 RM	2022 RM
NCI percentage of ownership interest and voting interest	51%	51%
Carrying amount of NCI	<u>10,692,639</u>	<u>9,686,722</u>
Profit allocated to NCI	<u>1,005,917</u>	<u>1,898,529</u>
Total comprehensive income allocated to NCI	<u>1,005,917</u>	<u>1,898,529</u>

(f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	A2F Group 2023 RM	A2F Group 2022 RM
<b>Assets and liabilities</b>		
Non-current assets	29,689,023	27,156,032
Current assets	24,051,307	15,359,678
Non-current liabilities	(624,525)	(584,235)
Current liabilities	<u>(13,621,512)</u>	<u>(4,476,616)</u>
Net assets	<u>39,494,293</u>	<u>37,454,859</u>
<b>Results</b>		
Revenue	26,548,410	37,038,390
Profit for the financial year	2,039,433	3,722,606
Total comprehensive income	<u>2,039,433</u>	<u>3,722,606</u>
Net cash from operating activities	3,641,743	3,001,070
Net cash used in investing activities	(4,835,730)	(705,241)
Net cash from/(used in) financing activities	<u>695,881</u>	<u>(798,808)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(498,106)</u>	<u>1,497,021</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 10. INVESTMENTS IN SUBSIDIARIES (continued)

- (g) On 13 April 2023, A2F, a 49% owned subsidiary of the Company has incorporated a new subsidiary known as Gemas Agro Ventures Sdn. Bhd. with a paid-up share capital of RM1 comprising 1 ordinary share. There is no significant financial impact to the Group arising from this incorporation.

#### 11. INVESTMENT IN A JOINT VENTURE

	Group	
	2023 RM	2022 RM
Unquoted shares, at cost	3,257,655	-

- (a) Investment in a joint venture is measured at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.
- (b) Details of the joint venture are as follows:

Name of Company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	

##### Joint venture of A2F

Jemaluang Dairy Valley Sdn. Bhd. (“JDV”)	Malaysia	17	-	Engaged in production of raw milk from cows or buffaloes; wholesale of dairy products; activities of holding companies. This joint venture has not commenced business operation since the acquisition.
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- (c) Movement in investment in joint venture:

	Group 2023 RM
At 1 January	-
Acquisition of a joint venture	3,325,000
Share of result of a joint venture	(67,345)
At 31 December	3,257,655

On 8 February 2023, A2F, a 49% owned subsidiary of the Company has subscribed for 525,000 ordinary shares in JDV at the subscription price of RM1.00 per share for a cash consideration of RM525,000, representing 35% equity interest in JDV.

Subsequently, on 17 November 2023, A2F has further subscribed for additional 2,800,000 ordinary shares in JDV at the subscription price of RM1.00 per share for a cash consideration of RM2,800,000. The Company’s interest in JDV remained the same after this subscription.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 11. INVESTMENT IN A JOINT VENTURE (continued)

- (d) JDV is an unlisted separate entity whose quoted market prices are not available. The contractual arrangement provides the Group with only rights to the net assets of the joint arrangement, with the rights to assets and obligation for liabilities of the joint arrangement resting primarily with JDV.
- (e) Summarised financial information of the joint venture is not disclosed as this is immaterial to the Group.

#### 12. OTHER INVESTMENT

	Group	
	2023 RM	2022 RM
<b>Fair value through profit or loss</b>		
Quoted shares in Malaysia	79,948	70,043

Quoted shares in Malaysia are categorised as Level 1 in fair value hierarchy. Fair value of quoted shares is determined by reference to exchange quoted market prices at the end of the reporting period. There were no transfer between levels in the fair value hierarchy during the financial year.

#### 13. INVENTORIES

	Group	
	2023 RM	2022 RM
<b>At cost</b>		
Trading goods	38,330,130	44,206,435
Finished goods	8,029,354	6,909,977
Raw materials	11,358,649	9,120,824
Packaging materials	712,237	593,855
	58,430,370	60,831,091

- (a) Inventories are stated at the lower of cost and net realisable value. Cost of inventories consists of purchase price and is determined using the first-in, first-out formula.
- (b) Cost of inventories of the Group recognised as cost of sales during the financial year amounted to RM137,436,922 (2022: RM135,202,336).
- (c) The amounts of inventories written back, inventories written down and inventories written off recognised in the statements of profit or loss and other comprehensive income are as follows:

	Group	
	2023 RM	2022 RM
<b>Recognised in cost of sales</b>		
Inventories written back	(669,000)	(1,854,314)
Inventories written down	580,185	516,973
	(88,815)	(1,337,341)
Inventories written off	1,124,171	1,195,093
	1,035,356	(142,248)

- (d) The Group reversed RM669,000 (2022: RM1,854,314) in respect of inventories written down in the previous financial years that were subsequently not required as the Group was able to sell those inventories above their carrying amounts.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current asset</b>				
<b>Other receivables</b>				
Amounts owing by subsidiaries	-	-	13,400,000	6,600,000
<b>Current assets</b>				
<b>Trade receivables</b>				
Third parties	35,552,969	32,953,248	-	-
Less: Impairment losses	(321,169)	(693,317)	-	-
	35,231,800	32,259,931	-	-
<b>Other receivables</b>				
Amounts owing by subsidiaries	-	-	10,669,255	15,884,016
Amount owing by a joint venture	1,350,000	-	-	-
Deposits	691,540	881,054	2,260	92,260
Other receivables	225,742	144,423	-	40,512
	<u>2,267,282</u>	<u>1,025,477</u>	<u>10,671,515</u>	<u>16,016,788</u>
<b>Total receivables</b>	37,499,082	33,285,408	24,071,515	22,616,788
<b>Prepayments</b>	<u>12,426,002</u>	<u>4,644,354</u>	-	-
	<u>49,925,084</u>	<u>37,929,762</u>	<u>24,071,515</u>	<u>22,616,788</u>

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranged from 30 to 90 days (2022: 30 to 90 days) from the date of invoice. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.
- (c) The non-current amounts owing by subsidiaries represent advances of fund to subsidiaries, which are unsecured, subject to interest at rate of 5.14% (2022: 4.50%) per annum, and receivable after twelve (12) months in cash and cash equivalents.

The carrying amounts of the non-current amounts owing by subsidiaries are reasonable approximation of their fair values due to the insignificant impact of discounting.

- (d) Included in current amounts owing by subsidiaries is an amount of RM4,500,000 (2022: RM5,700,000) representing dividend income receivable from subsidiaries, which is unsecured, interest free and receivable within the next twelve (12) months in cash and cash equivalents.

The remaining current amounts owing by subsidiaries represent advances of fund to subsidiaries, which are unsecured, interest free and receivable within the next twelve (12) months in cash and cash equivalents. In the previous financial year, included in the remaining current amounts owing by subsidiaries was an amount of RM4,000,000, which bore interest at rate of 4.50% per annum.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 14. TRADE AND OTHER RECEIVABLES (continued)

- (e) The current amount owing by a joint venture is non-trade transactions, which is unsecured, interest free and receivable within the next twelve (12) months in cash and cash equivalents.
- (f) Included in prepayments of the Group are advance payments to suppliers for purchases of trading goods amounting to RM12,205,453 (2022: RM4,410,329).
- (g) The currency exposure profile of trade and other receivables (exclude prepayments) are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	37,083,513	33,285,408	24,071,515	22,616,788
Australian Dollar	325,752	-	-	-
Singaporean Dollar	89,817	-	-	-
	<u>37,499,082</u>	<u>33,285,408</u>	<u>24,071,515</u>	<u>22,616,788</u>

- (h) The reconciliation of movements in the impairment losses on trade receivables is as follows:

Group	Lifetime expected credit loss ("ECL") allowance RM	Credit impaired RM	Total allowance RM
<b>At 1 January 2023</b>	478,051	215,266	693,317
Charge for the financial year	32,295	-	32,295
Reversal of impairment loss	(300,000)	(104,443)	(404,443)
<b>At 31 December 2023</b>	<u>210,346</u>	<u>110,823</u>	<u>321,169</u>
<b>At 1 January 2022</b>	128,734	257,599	386,333
Charge for the financial year	349,317	22,932	372,249
Reversal of impairment loss	-	(65,265)	(65,265)
<b>At 31 December 2022</b>	<u>478,051</u>	<u>215,266</u>	<u>693,317</u>

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than twelve (12) months as deemed credit impaired and assesses for their risk of loss individually.

- (i) The Group applies the MFRS 9 simplified approach in measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for trade receivables. During this process, the probability of non-payment by the trade receivable is adjusted by forward looking information on macroeconomic factors. The Group has identified consumer price index, gross domestic product, unemployment rate, inflation rate, Malaysia non-performing loan rate, service growth rate and manufacturing growth rate to be the most relevant factors and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivable. For trade receivable, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 14. TRADE AND OTHER RECEIVABLES (continued)

(i) (continued)

The Group measures the ECL of trade receivables collectively based on grouping of customers sharing the common credit risk characteristics - geographic region and industry.

For trade receivables that contain a significant financing component and other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The Group defined significant increase in credit risk based on past due information, i.e. twelve (12) months after credit term. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result in default events on a financial instrument that are possible within twelve (12) months after the reporting date.

For the purpose of assessing whether the credit risk of the Group has increased significantly since initial recognition, the Group compares the risk of a default occurring at the reporting date with the risk of a default occurring at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that are reasonable and supportable, including historical experience and forward-looking information, which are available without undue cost or effort.

Significant judgement is required in determining the probabilities of default by receivables and appropriate forward-looking information in assessing the expected credit loss allowance.

(j) As at the end of each reporting period, the credit risks exposures of the Group are summarised in the table below:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Maximum exposure	35,552,969	32,953,248
Collateral obtained	-	-
Impairment losses	<u>(321,169)</u>	<u>(693,317)</u>
Net exposure to credit risk	<u>35,231,800</u>	<u>32,259,931</u>

During the financial year, the Group did not renegotiate the terms of any trade receivable.

(k) The ageing analysis of trade receivables of the Group are as follows:

<b>Group 2023</b>	<b>Gross carrying amount RM</b>	<b>Total allowance RM</b>	<b>Net carrying amount RM</b>
Current	17,636,873	(8,414)	17,628,459
Past due:			
1 to 30 days	8,697,169	(41,244)	8,655,925
31 to 60 days	4,841,838	(38,259)	4,803,579
61 to 90 days	2,753,524	(53,563)	2,699,961
91 to 120 days	435,356	(33,164)	402,192
More than 120 days	1,188,209	(146,525)	1,041,684
	<u>17,916,096</u>	<u>(312,755)</u>	<u>17,603,341</u>
	<u>35,552,969</u>	<u>(321,169)</u>	<u>35,231,800</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 14. TRADE AND OTHER RECEIVABLES (continued)

(k) The ageing analysis of trade receivables of the Group are as follows: (continued)

Group 2022	Gross carrying amount RM	Total allowance RM	Net carrying amount RM
Current	18,179,328	(19,122)	18,160,206
Past due:			
1 to 30 days	8,538,471	(73,369)	8,465,102
31 to 60 days	2,842,031	(91,800)	2,750,231
61 to 90 days	2,078,104	(141,120)	1,936,984
91 to 120 days	576,962	(152,640)	424,322
More than 120 days	738,352	(215,266)	523,086
	<u>14,773,920</u>	<u>(674,195)</u>	<u>14,099,725</u>
	<u>32,953,248</u>	<u>(693,317)</u>	<u>32,259,931</u>

(l) No expected credit loss is recognised arising from other financial assets as it is negligible.

(m) Information on the financial risk of trade and other receivables is disclosed in Note 34 to the financial statements.

#### 15. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	23,602,029	15,636,834	625,739	22,966
Deposits with licensed banks	<u>540,084</u>	<u>444,596</u>	<u>-</u>	<u>-</u>
	<u>24,142,113</u>	<u>16,081,430</u>	<u>625,739</u>	<u>22,966</u>

(a) Total cash and bank balances are classified as financial assets measured at amortised cost.

(b) Deposits placed with financial institutions of the Group have maturity periods ranging from three (3) months to twelve (12) months (2022: three (3) months to twelve (12) months).

(c) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	23,786,640	15,118,336	625,739	22,966
United States Dollar	277,473	769,863	-	-
Euro	2,905	36,676	-	-
Australian Dollar	4,235	11,827	-	-
Singaporean Dollar	<u>70,860</u>	<u>144,728</u>	<u>-</u>	<u>-</u>
	<u>24,142,113</u>	<u>16,081,430</u>	<u>625,739</u>	<u>22,966</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 15. CASH AND BANK BALANCES (continued)

- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the financial year:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	24,142,113	16,081,430	625,739	22,966
Less:				
Deposits with licensed banks with original maturity of more than three (3) months	(505,242)	(410,641)	-	-
Bank overdrafts (Note 19)	<u>(1,640,899)</u>	<u>(1,520,596)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents included in the statements of cash flows	<u>21,995,972</u>	<u>14,150,193</u>	<u>625,739</u>	<u>22,966</u>

- (e) No expected credit losses are recognised arising from cash and bank balances because the probability of default by these financial institutions is negligible.
- (f) Information on the financial risk of cash and bank balances are disclosed in Note 34 to the financial statements.

#### 16. SHORT TERM FUNDS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Fair value through profit or loss</b>				
Short term funds	<u>273,043</u>	<u>2,562,322</u>	<u>273,043</u>	<u>2,562,322</u>

- (a) Short term funds are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy. The short term funds of the Group and of the Company are denominated in RM.
- (b) The management assessed that the fair value of the short term funds approximate their carrying amounts largely due to the short term maturities of these instruments.
- (c) Information on financial risks of short term funds is disclosed in Note 34 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 17. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
<b>Issued and fully paid with no par value</b>				
As at 1 January	221,226,000	117,271,655	200,860,000	103,618,035
Ordinary shares issued pursuant to private placement	-	-	20,086,000	13,457,620
Issuance of ordinary shares	-	-	280,000	196,000
As at 31 December	<u>221,226,000</u>	<u>117,271,655</u>	<u>221,226,000</u>	<u>117,271,655</u>

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (b) In the previous financial year, the issued and paid-up share capital of the Company was increased from 200,860,000 to 221,226,000 by way of issuance of 20,366,000 new ordinary shares pursuant to the following:
- Private placement of 20,086,000 new ordinary shares of RM0.67 each for cash totalling RM13,457,620; and
  - 280,000 Warrants 2021/2026 exercised at RM0.70 each for cash totalling RM196,000.

The newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.

- (c) On 5 February 2021, the Company issued 80,343,987 free warrants of the Company ("Warrant(s)") on the basis of two (2) free warrants for every five (5) existing ordinary shares held in the Company.

The Warrants were listed on Bursa Malaysia Securities Berhad on 10 February 2021 and the salient features of the Warrants are as follows:

- Each Warrant entitles the registered holder thereof ("Warrant holder(s)") to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.70 during the 5-year period expiring on 4 February 2026 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll;
- At the expiry of the Exercise Period, any Warrants, which has not been exercised shall automatically lapse and cease to be valid for any purposes; and
- Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after their issue and allotment thereof.

The number of Warrants 2021/2026 unexercised at the end of the reporting period comprises 80,063,987 warrants. The Warrants 2021/2026 will expire on 4 February 2026.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 18. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-distributable</b>				
Reorganisation debit balance	(59,488,997)	(59,488,997)	-	-
Foreign currency translation reserve	(9,804)	3,072	-	-
<b>Distributable</b>				
Retained earnings	103,206,498	95,549,595	2,247,628	2,580,072
	<u>43,707,697</u>	<u>36,063,670</u>	<u>2,247,628</u>	<u>2,580,072</u>

#### Reorganisation debit balance

The reorganisation debit balance arose from the acquisition of RMM in the financial year ended 31 December 2016 based on the difference between the share capital issued by the Company and the share capital issued by RMM amounting to RM59,488,997.

#### Foreign currency translation reserve

Exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

#### 19. BORROWINGS

	Group	
	2023 RM	2022 RM
<b>Current liabilities</b>		
Bank overdrafts (secured)	1,640,899	1,520,596
Revolving credit (secured)	3,000,000	3,000,000
Term loans (secured)	3,763,997	3,533,237
	8,404,896	8,053,833
<b>Non-current liabilities</b>		
Term loans (secured)	23,076,495	20,661,781
	<u>31,481,391</u>	<u>28,715,614</u>
<b>Total borrowings</b>		
Bank overdrafts (secured) (Note 15)	1,640,899	1,520,596
Revolving credit (secured)	3,000,000	3,000,000
Term loans (secured)	26,840,492	24,195,018
	<u>31,481,391</u>	<u>28,715,614</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 19. BORROWINGS (continued)

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Borrowings are denominated in RM.
- (c) The term loans are repayable as follows:

<b>Loan</b>	<b>Interest rate</b>	<b>Year of drawdown</b>	<b>Repayment term</b>
Term loan - facility of RM4.2million	Base lending rate - 1.50%	January 2015	120 monthly instalments of RM44,753 commencing from November 2015
Term loan - facility of RM3.4million	Base lending rate - 1.50%	December 2018	120 monthly instalments of RM36,228 commencing from February 2019
Term loan - facility of RM20.8million	Base lending rate - 1.75%	December 2019	120 monthly instalments of RM236,150 commencing from the date of full drawdown or first day of the 25 <sup>th</sup> months from the date of first drawdown, whichever is earlier
Term loan - facility of RM0.7million	Base lending rate - 2.20%	September 2020	60 monthly instalments of RM12,690 commencing from October 2020
Term loan - facility of RM1.5million	Flat rate of 2.97% or effective rate of 6% per annum	May 2023	60 monthly instalments of RM24,833 commencing from June 2023
Term loan - facility of RM7.0million	Base lending rate - 2.30%	October 2023	180 monthly instalments of RM53,720 commencing from October 2023
Term loan - facility of RM4.4million	Base lending rate - 2.30%	August 2017	120 monthly instalments of RM45,640 commencing from January 2018. This term loan had been fully settled during the year.
Term loan - facility of RM5.0million	Base lending rate - 2.00%	March 2018	60 monthly instalments of RM94,290 commencing from May 2018. This term loan had been fully settled during the year.

- (d) As at the end of the reporting period, term loans, overdrafts and revolving credit of the Group are secured by:
- (i) legal charge over freehold land and certain buildings of the Group as disclosed in Note 5 to the financial statements respectively;
  - (ii) legal charge over certain long term leasehold land of the Group as disclosed in Note 6 to the financial statements; and
  - (iii) corporate guarantees by the Company as disclosed in Note 31 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 19. BORROWINGS (continued)

- (e) The carrying amounts of borrowings are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments, which are re-priced to market interest rates on or near the end of the reporting period. Fair value of the borrowings of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (f) Information on financial risks of borrowings and their remaining maturity is disclosed in Note 34 to the financial statements.

#### 20. DEFERRED TAX

- (a) The deferred tax liabilities are made up of the following:

	Group	
	2023 RM	2022 RM
Balance as at 1 January	1,704,362	1,917,744
Recognised in profit or loss (Note 26):		
- current year	82,093	248,369
- prior years	4,489	(461,751)
	<u>86,582</u>	<u>(213,382)</u>
Balance as at 31 December	<u>1,790,944</u>	<u>1,704,362</u>

- (b) The components and movements of deferred tax liabilities during the financial year are as follows:

	Group	
	2023 RM	2022 RM
<b>Deferred tax liabilities</b>		
<b>Property, plant and equipment</b>		
At 1 January	1,704,362	1,917,744
Recognised in profit or loss	<u>86,582</u>	<u>(213,382)</u>
At 31 December	<u>1,790,944</u>	<u>1,704,362</u>

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2023 RM	2022 RM
Unused tax losses:		
- Expires by 31 December 2028	52,269	52,269
- Expires by 31 December 2029	158,982	158,982
- Expires by 31 December 2030	85,393	87,940
- Expires by 31 December 2032	50,833	50,833
- Expires by 31 December 2033	53,749	-
Unutilised capital allowances	134,996	135,367
Other deductible temporary differences	<u>44,831</u>	<u>36,051</u>
	<u>581,053</u>	<u>521,442</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 20. DEFERRED TAX (continued)

(c) (continued)

Deferred tax assets of certain subsidiaries have not been recognised in respect of the above items as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

If the Group were able to recognise all unrecognised deferred tax assets, the retained earnings would increase by RM139,453 (2022: RM125,146) respectively. The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities. Unutilised tax losses of the subsidiaries incorporated in Malaysia can be carried forward up to ten (10) consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

#### 21. DEFERRED INCOME

	Group	
	2023 RM	2022 RM
<b>Government grant</b>		
<b>At cost</b>		
At 1 January/31 December	<u>417,138</u>	<u>417,138</u>
<b>Accumulated amortisation</b>		
At 1 January	316,832	2,405
Amortisation charge	<u>14,428</u>	<u>314,427</u>
At 31 December	<u>331,260</u>	<u>316,832</u>
<b>Carrying amount</b>	<u>85,878</u>	<u>100,306</u>
Deferred income is disclosed under:		
Non-current liabilities	71,450	85,878
Current liabilities	<u>14,428</u>	<u>14,428</u>
	<u>85,878</u>	<u>100,306</u>

Deferred income of the Group represents government grants received from the Department of Veterinary Services to facilitate the dairy farming development.

Government grants related to assets are presented in the statements of financial position as deferred revenue and recognised in profit or loss on a systematic basis over the useful life of the asset as follows:

Motor vehicle	5 years
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In the previous financial year, included in deferred income was a government grant related to biological assets measured at fair value less costs to sell that was conditional, which can only be recognised in profit or loss when, and only when, the conditions attaching to the government grant was met.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 22. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade payables</b>				
Third parties	11,430,313	14,705,742	-	-
<b>Other payables</b>				
Other payables	3,491,314	5,100,562	2,215,631	2,270,220
Deposit	4,899,541	111,629	-	-
Accruals	2,979,395	4,646,692	72,000	51,000
	<u>11,370,250</u>	<u>9,858,883</u>	<u>2,287,631</u>	<u>2,321,220</u>
	<u>22,800,563</u>	<u>24,564,625</u>	<u>2,287,631</u>	<u>2,321,220</u>

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days) from the date of invoice.
- (c) The currency exposure profiles of trade and other payables are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	14,776,751	13,028,728	2,287,631	2,321,220
United States Dollar	1,705,571	1,890,831	-	-
Euro	6,312,494	9,641,599	-	-
Singaporean Dollar	5,747	3,467	-	-
	<u>22,800,563</u>	<u>24,564,625</u>	<u>2,287,631</u>	<u>2,321,220</u>

- (d) Information on financial risks of trade and other payables is disclosed in Note 34 to the financial statements.

#### 23. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Revenue from contracts with customers</b>				
Sales of goods	198,276,756	194,834,096	-	-
Services rendered	4,657,762	3,317,691	-	-
	<u>202,934,518</u>	<u>198,151,787</u>	<u>-</u>	<u>-</u>
<b>Others</b>				
- Dividend income	-	-	4,500,000	5,700,000
	<u>202,934,518</u>	<u>198,151,787</u>	<u>4,500,000</u>	<u>5,700,000</u>
<b>Timing of revenue recognition</b>				
Transferred at a point in time	<u>202,934,518</u>	<u>198,151,787</u>	<u>-</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 23. REVENUE (continued)

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 33 to the financial statements, which has been organised into business units based on their products and services from which the sale transactions originated.

(a) Sale of goods

Revenue from sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sales of goods.

There is no significant financing component in the revenue arising from sales of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

(b) Services rendered

Revenue from services rendered is recognised at a point in time when services have been rendered to the customer and coincides with the delivery of services and acceptance by customers.

(c) Dividend income

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

#### 24. FINANCE COSTS

	Group	
	2023	2022
	RM	RM
Interest expenses on:		
Term loans	1,146,194	1,104,523
Bank overdraft	244,996	203,804
Revolving credit	245,047	-
Lease liabilities	19,208	14,820
	<u>1,655,445</u>	<u>1,323,147</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 25. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- statutory	255,500	234,200	57,000	51,000
- others	13,000	13,000	13,000	13,000
Bad debts written off	-	504	-	-
Fair value changes on:				
- other investment	(9,905)	3,765	-	-
- short term fund	(10,566)	(164,545)	(10,566)	(164,545)
Changes in fair value of biological assets	363,712	(409,544)	-	-
Inventories written off	1,124,171	1,195,093	-	-
Loss on disposal of biological assets	175,047	35,908	-	-
Property, plant and equipment written off	1,425	8,400	-	-
Rental of warehouse	111,235	5,566	-	-
Net loss/(gain) on foreign currency exchange:				
- realised	1,053,000	(915,431)	-	-
- unrealised	422,395	(177,389)	-	-
Amortisation of deferred income	(14,428)	(314,427)	-	-
Bad debts recovered	-	(3,418)	-	-
Gain on disposal of property, plant and equipment	(179,999)	(111,482)	-	-
Gain on disposal of investment property	(925,202)	-	-	-
Interest income	(133,738)	(116,051)	(594,927)	(174,339)
Income distribution from short term funds	(155)	(13,233)	(155)	(13,233)
Share of result of a joint venture	67,345	-	-	-
Inventories written back, net	(88,815)	(1,337,341)	-	-

Interest income is recognised as it accrues, using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 26. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense based on profit for the financial year:				
- current year provision	5,193,638	4,448,500	131,204	37,379
- under-provision in prior years	<u>70,576</u>	<u>175,664</u>	<u>665</u>	<u>344</u>
	5,264,214	4,624,164	131,869	37,723
Deferred tax (Note 20):				
- origination of temporary differences	82,093	248,369	-	-
- under/(over)-provision in prior years	<u>4,489</u>	<u>(461,751)</u>	<u>-</u>	<u>-</u>
	<u>86,582</u>	<u>(213,382)</u>	<u>-</u>	<u>-</u>
Income tax	5,350,796	4,410,782	131,869	37,723
Real property gain tax	<u>65,941</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>5,416,737</u></u>	<u><u>4,410,782</u></u>	<u><u>131,869</u></u>	<u><u>37,723</u></u>

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.
- (b) The numerical reconciliations between tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	<u>18,504,077</u>	<u>19,047,676</u>	<u>4,223,945</u>	<u>4,798,091</u>
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	4,440,978	4,571,442	1,013,747	1,151,542
Tax effects in respect of:				
Non-allowable expenses	1,315,249	1,181,319	199,365	258,333
Non-taxable income	(494,803)	(848,617)	(1,081,908)	(1,372,496)
Deferred tax assets not recognised	14,918	-	-	-
Utilisation of previously unrecognised deferred tax assets	<u>(611)</u>	<u>(207,275)</u>	<u>-</u>	<u>-</u>
	5,275,731	4,696,869	131,204	37,379
Under-provision of current tax expense in prior years	70,576	175,664	665	344
Under/(Over) - provision of deferred tax in prior years	<u>4,489</u>	<u>(461,751)</u>	<u>-</u>	<u>-</u>
Income tax	<u><u>5,350,796</u></u>	<u><u>4,410,782</u></u>	<u><u>131,869</u></u>	<u><u>37,723</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 26. TAX EXPENSE (continued)

(c) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Group Tax effect RM	After tax RM'000
<b>2023</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Loss on foreign currency translations	12,876	-	12,876
<b>2022</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Gain on foreign currency translations	(3,072)	-	(3,072)

#### 27. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
Profit attributable to equity holders of the parent (RM)	12,081,423	12,738,365
Weighted average number of ordinary shares in issue	221,226,000	217,411,841
Basic earnings per ordinary share (sen)	5.46	5.86

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2023	2022
Profit attributable to equity holders of the parent (RM)	12,081,423	12,738,365
Weighted average number of ordinary shares in issue	221,226,000	217,411,841
Effects of dilution due to warrants	80,063,987	80,063,987
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	301,289,987	297,475,828
Diluted earnings per ordinary share (sen)	4.01	4.28

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 28. DIVIDENDS

	Group and Company			
	2023		2022	
	Net dividend per share Sen	Amount of dividend net of tax RM	Net dividend per share Sen	Amount of dividend net of tax RM
In respect of the financial year ended 31 December 2023:				
Interim single-tier dividend, declared on 15 December 2023 and paid on 2 February 2024	1.0	2,212,260	-	-
In respect of the financial year ended 31 December 2022:				
Final single-tier dividend, declared on 11 April 2023 and paid on 17 July 2023	1.0	2,212,260	-	-
Interim single-tier dividend, declared on 15 December 2022 and paid on 16 January 2023	-	-	1.0	2,212,260
In respect of the financial year ended 31 December 2021:				
Final single-tier dividend, declared on 12 April 2022 and paid on 15 July 2022	-	-	1.0	2,212,260
	<u>2.00</u>	<u>4,424,520</u>	<u>2.00</u>	<u>4,424,520</u>

The Directors recommend a final single-tier dividend of 1.00 sen per ordinary share amounting to RM2,212,260 in respect of the financial year ended 31 December 2023, subject to the approval of members at the forthcoming Annual General Meeting. This dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

#### 29. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Wages, salaries and bonuses	17,434,752	17,176,106	-	-
Contributions to defined contribution plan	2,189,909	2,174,696	-	-
Social security contributions	164,452	139,130	-	-
	<u>19,789,113</u>	<u>19,489,932</u>	<u>-</u>	<u>-</u>

Included in the employee benefits of the Group are Executive Directors' remuneration of the Group amounting to RM3,022,770 (2022: RM2,739,696).

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 30. CAPITAL COMMITMENTS

	Group	
	2023 RM	2022 RM
Capital expenditure in respect of purchase of property, plant and equipment: Contracted but not provided for	<u>3,997,728</u>	<u>5,736,168</u>

#### 31. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2023 RM	2022 RM
Corporate guarantees given to financial institutions for banking facilities granted to subsidiaries		
Secured:		
- Limit of guarantee	68,709,304	71,129,304
- Amount utilised	<u>31,481,391</u>	<u>28,715,614</u>

- (a) The Group and the Company had previously explicitly asserted financial guarantee contracts under MFRS 4. The Group and the Company made an irrevocable choice to apply MFRS 9 *Financial Instruments* on a contract-by-contract basis to these financial guarantee contracts as at the date of transition to MFRS 17.
- (b) The Company provides corporate guarantees to banks for credit facilities granted to certain subsidiaries. The fair value of such guarantees based on the probability of the subsidiaries defaulting on the credit lines is negligible.
- (c) The Company assumes that there is a significant increase in credit risk when the financial position of the subsidiary deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:
- (i) the subsidiary is unlikely to repay its credit obligation to the bank in full; or
  - (ii) the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

The subsidiaries defaulting on the credit lines is negligible. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 32. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

- (i) Ultimate holding company;
- (ii) Direct and indirect subsidiaries as disclosed in Note 10 to the financial statements;
- (iii) A joint venture as disclosed in Note 11 to the financial statements; and
- (iv) Key management personnel, whom are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Paid/payable to a related party:				
Rental expenses	241,610	240,600	-	-
Received/receivable from subsidiaries:				
Dividend income	<u>-</u>	<u>-</u>	<u>4,500,000</u>	<u>5,700,000</u>

The related parties transactions described above were carried out on terms and conditions mutually agreed with the respective related parties.

(c) Compensation of key management personnel

The remuneration of Directors during the financial year was as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors' remuneration:				
Salaries and other emoluments	2,734,490	2,439,210	-	-
Defined contribution plan	288,280	300,486	-	-
	3,022,770	2,739,696	-	-
Estimated monetary value of benefits-in-kind	<u>163,713</u>	<u>138,711</u>	<u>-</u>	<u>-</u>
	<u>3,186,483</u>	<u>2,878,407</u>	<u>-</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 32. RELATED PARTY DISCLOSURES (continued)

##### (c) Compensation of key management personnel (continued)

The remuneration of Directors during the financial year was as follows: (continued)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors' remuneration	3,186,483	2,878,407	-	-
Non-executive Directors' remuneration:				
Fees	290,000	290,000	250,000	250,000
Other emoluments	104,200	104,200	19,200	19,200
	<u>394,200</u>	<u>394,200</u>	<u>269,200</u>	<u>269,200</u>
Total Directors' remuneration	<u>3,580,683</u>	<u>3,272,607</u>	<u>269,200</u>	<u>269,200</u>
	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total Directors' remuneration excluding benefits-in-kind	3,416,970	3,133,896	269,200	269,200
Estimated monetary value of benefits-in-kind	<u>163,713</u>	<u>138,711</u>	<u>-</u>	<u>-</u>
Total Directors' remuneration including benefits-in-kind	<u>3,580,683</u>	<u>3,272,607</u>	<u>269,200</u>	<u>269,200</u>

Group 2023	Fees RM	Salary RM	Bonus RM	Other emoluments RM	Benefits in-kind RM	Total RM
Dato' Hamzah Bin Mohd Salleh	90,000	-	-	4,800	-	94,800
Lim Ban Keong	-	403,152	451,192	130,755	13,325	998,424
Foong Kam Weng	-	298,272	49,712	57,510	51,580	457,074
Yip Lai Siong	-	271,992	45,332	52,905	49,928	420,157
Martin Jeyaratnam A/L Thiagaraj	60,000	-	-	4,800	-	64,800
Rahanawati Binti Ali Dawam	80,000	-	-	4,800	-	84,800
Teoh Chee Yong	60,000	-	-	4,800	-	64,800
Directors of subsidiaries	-	736,800	438,300	171,848	48,880	1,395,828
	<u>290,000</u>	<u>1,710,216</u>	<u>984,536</u>	<u>432,218</u>	<u>163,713</u>	<u>3,580,683</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 32. RELATED PARTY DISCLOSURES (continued)

##### (c) Compensation of key management personnel (continued)

The remuneration of Directors during the financial year was as follows (continued):

Group 2022	Fees RM	Salary RM	Bonus RM	Other emoluments RM	Benefits in-kind RM	Total RM
Dato' Hamzah Bin Mohd Salleh	90,000	-	-	4,800	-	94,800
Lim Ban Keong	-	403,152	171,192	102,788	13,325	690,457
Foong Kam Weng	-	298,272	169,712	74,658	54,000	596,642
Yip Lai Siong	-	271,992	165,332	67,075	22,763	527,162
Martin Jeyaratnam A/L Thiagaraj	60,000	-	-	4,800	-	64,800
Rahanawati Binti Ali Dawam	80,000	-	-	4,800	-	84,800
Teoh Chee Yong	60,000	-	-	4,800	-	64,800
Directors of subsidiaries	-	777,000	146,000	177,523	48,623	1,149,146
	290,000	1,750,416	652,236	441,244	138,711	3,272,607

Company	2023		2022	
	Directors' fees RM	Allowance RM	Directors' fees RM	Allowance RM
Dato' Hamzah Bin Mohd Salleh	70,000	4,800	70,000	4,800
Martin Jeyaratnam A/L Thiagaraj	60,000	4,800	60,000	4,800
Rahanawati Binti Ali Dawam	60,000	4,800	60,000	4,800
Teoh Chee Yong	60,000	4,800	60,000	4,800
	250,000	19,200	250,000	19,200

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

	Group	
	2023 RM	2022 RM
Wages, salaries and bonuses	2,805,392	2,733,192
Contributions to defined contribution plan	430,993	430,239
Other emoluments	8,292	13,263
	3,244,677	3,176,694
Estimated monetary value of benefits-in-kind	184,003	185,024
Total key management personnel's remuneration	3,428,680	3,361,718

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONTINUED)

### 33. OPERATING SEGMENTS

The Group is principally involved in the marketing, trading, distribution and manufacturing of animal health products and equipment as well as the distribution and supply of food ingredients. The Group is also involved in the provision of veterinary advisory services, undertaking research and development activities related to animal health, food safety and agriculture, the provision of tests and diagnostic services for human healthcare, as well as the business of livestock.

(a) Business segments

The Group's reportable segments were identified as animal health products and equipment and food ingredients that are required to be organised and managed separately according to the nature of products and services and specific expertise which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Animal health products and equipment

Marketing, trading, distribution and manufacturing of animal health products and equipment and undertaking research and development activities related to animal health, food safety and agriculture in animal health products.

(ii) Food ingredients

Distribution and supply of food ingredients to manufacturers within the food and beverage industry.

(iii) Others

Provision of diagnostic laboratory analyses and consultation services to the veterinary, agriculture and food industries, provision of tests and diagnostics services for human healthcare, conduct research and development in biotechnology and distribution of human healthcare and related products, management services and business of livestock.

The Group evaluates performance on the basis of profit or loss before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

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## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 33. OPERATING SEGMENTS (continued)

##### (a) Business segments (continued)

2023	Animal health products and equipment RM	Food ingredients RM	Others RM	Elimination RM	Consolidation RM
<b>Revenue</b>					
External sales	150,011,413	47,189,471	5,733,634	-	202,934,518
Inter-segment sales	2,649,232	137,105	5,548,699	(8,335,036)	-
<b>Total</b>	<b>152,660,645</b>	<b>47,326,576</b>	<b>11,282,333</b>	<b>(8,335,036)</b>	<b>202,934,518</b>
<b>Results</b>					
Segment results	14,859,802	5,012,923	3,595,865	(3,442,961)	20,025,629
Interest expense	(1,934,052)	(39,081)	(26,590)	344,278	(1,655,445)
Interest income	136,918	25,560	656,924	(685,509)	133,893
Profit before tax					18,504,077
Tax expense	(3,815,399)	(1,292,117)	(309,221)	-	(5,416,737)
Profit for the year					13,087,340
<b>Other information</b>					
Segment assets	187,496,531	34,792,875	40,684,554	(32,383,319)	230,590,641
Segment liabilities	70,400,694	16,486,088	9,683,417	(37,651,549)	58,918,650
Capital expenditure:					
- Property, plant and equipment	2,129,630	-	319,373	-	2,449,003
Depreciation	3,087,767	263,974	817,360	(406,821)	3,762,280
Other material non-cash items:					
- Changes in fair value of biological assets	-	-	363,712	-	363,712
- Gain on disposal of property, plant and equipment	(179,999)	-	-	-	(179,999)
- (Reversal of impairment losses)/ Impairment losses on trade receivables, net	(404,443)	28,500	3,795	-	(372,148)
- Inventories written back	(669,000)	-	-	-	(669,000)
- Inventories written down	265,500	312,800	1,885	-	580,185
- Inventories written off	1,067,216	56,955	-	-	1,124,171
- Loss on disposal of biological assets	-	-	175,047	-	175,047
- Gain on disposal of investment property	(925,202)	-	-	-	(925,202)
- Share of result of a joint venture	-	-	67,345	-	67,345

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 33. OPERATING SEGMENTS (continued)

##### (a) Business segments (continued)

2022	Animal health products and equipment RM	Food ingredients RM	Others RM	Elimination RM	Consolidation RM
<b>Revenue</b>					
External sales	151,429,292	35,343,281	11,379,214	-	198,151,787
Inter-segment sales	18,340,557	259,873	6,829,977	(25,430,407)	-
Total	169,769,849	35,603,154	18,209,191	(25,430,407)	198,151,787
<b>Results</b>					
Segment results	17,492,469	2,453,022	5,387,148	(5,091,100)	20,241,539
Interest expense	(1,391,869)	(32,955)	(70,043)	171,720	(1,323,147)
Interest income	88,563	14,592	197,849	(171,720)	129,284
Profit before tax					19,047,676
Tax expense	(3,808,377)	(592,397)	(10,008)	-	(4,410,782)
Profit for the year					14,636,894
<b>Other information</b>					
Segment assets	192,084,237	25,909,035	39,869,165	(38,427,654)	219,434,783
Segment liabilities	79,736,899	11,309,533	8,360,486	(42,994,182)	56,412,736
Capital expenditure:					
- Property, plant and equipment	2,075,512	2,300	183,493	-	2,261,305
Depreciation	3,184,373	269,574	883,211	(582,967)	3,754,191
Other material non-cash items:					
- Changes in fair value of biological assets	-	-	(409,544)	-	(409,544)
- Gain on disposal of property, plant and equipment	(111,482)	-	-	-	(111,482)
- Impairment losses on trade receivables, net	306,984	-	-	-	306,984
- Inventories written back	(1,700,524)	(3,500)	(150,290)	-	(1,854,314)
- Inventories written down	516,973	-	-	-	516,973
- Inventories written off	1,030,522	40,739	123,832	-	1,195,093
- Loss on disposal of biological assets	-	-	35,908	-	35,908

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 33. OPERATING SEGMENTS (continued)

##### (b) Geographical information

The business activities of the Group are predominantly located in Malaysia and as such segment reporting by geographical location is not presented.

##### (c) Major customers

The following is a major customer with revenue equal or more than ten percent (10%) of the Group's revenue:

	2023 RM	2022 RM
Customer A	<u>31,139,432</u>	<u>22,699,531</u>

#### 34. CAPITAL AND FINANCIAL RISK MANAGEMENT

##### (a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by equity. The Group includes within net debt, borrowings, lease liabilities, trade and other payables, less cash and bank balances and short term funds. Total capital represents equity attributable to the owners of the parent.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Borrowings	31,481,391	28,715,614	-	-
Lease liabilities	580,220	519,857	-	-
Trade and other payables	<u>22,800,563</u>	<u>24,564,625</u>	<u>2,287,631</u>	<u>2,321,220</u>
	54,862,174	53,800,096	2,287,631	2,321,220
Less: Cash and bank balances	(24,142,113)	(16,081,430)	(625,739)	(22,966)
Less: Short term funds	<u>(273,043)</u>	<u>(2,562,322)</u>	<u>(273,043)</u>	<u>(2,562,322)</u>
Net debt/(Net cash)	<u>30,447,018</u>	<u>35,156,344</u>	<u>1,388,849</u>	<u>(264,068)</u>
Total capital	<u>160,979,352</u>	<u>153,335,325</u>	<u>119,519,283</u>	<u>119,851,727</u>
Gearing ratio	<u>19%</u>	<u>23%</u>	<u>1%</u>	<u>- *</u>

\* Gearing ratio is not presented as the Company was in a net cash position.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

##### (a) Capital management (continued)

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than the twenty-five (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial years ended 31 December 2023 and 2022.

##### (b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and market price risk. Information on the management of the related exposures is detailed below:

##### (i) Credit risk

Cash deposits and receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables while the primary exposure of the Company is through the amounts owing by subsidiaries. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

##### Exposure to credit risk

As at the end of each reporting period, no collateral has been obtained by the Group. The maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancements to the secured borrowings of subsidiaries amounted to RM31,481,391 (2022: RM28,715,614) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

##### Credit risk concentration profile

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any individual customer or counterparty except that 32% (2022: 25%) of the total Group's trade receivables as at reporting date were due from three (3) (2022: three (3)) major customers.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

##### (b) Financial risk management (continued)

##### (i) Credit risk (continued)

###### Credit risk concentration profile (continued)

The Company has no significant concentration of credit risk except for the amounts owing by subsidiaries constituting approximately 100% (2022: 99%) of the total receivables of the Company.

##### (ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
<b>31 December 2023</b>				
<b>Financial liabilities</b>				
Trade and other payables	22,800,563	-	-	22,800,563
Term loans	4,975,485	18,234,184	9,245,326	32,454,995
Bank overdrafts	1,640,899	-	-	1,640,899
Revolving credit	3,000,000	-	-	3,000,000
Lease liabilities	297,192	334,467	-	631,659
Total undiscounted financial liabilities	32,714,139	18,568,651	9,245,326	60,528,116
<b>31 December 2022</b>				
<b>Financial liabilities</b>				
Trade and other payables	24,564,625	-	-	24,564,625
Term loans	4,694,887	16,294,182	7,796,023	28,785,092
Bank overdrafts	1,520,596	-	-	1,520,596
Revolving credit	3,000,000	-	-	3,000,000
Lease liabilities	280,022	274,119	-	554,141
Total undiscounted financial liabilities	34,060,130	16,568,301	7,796,023	58,424,454

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

##### (b) Financial risk management (continued)

##### (ii) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations (continued):

Company	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
<b>31 December 2023</b>				
<b>Financial liabilities</b>				
Other payables	2,287,631	-	-	2,287,631
Financial guarantee contracts	31,481,391	-	-	31,481,391
Total undiscounted financial liabilities	33,769,022	-	-	33,769,022
<b>31 December 2022</b>				
<b>Financial liabilities</b>				
Other payables	2,321,220	-	-	2,321,220
Financial guarantee contracts	28,715,614	-	-	28,715,614
Total undiscounted financial liabilities	31,036,834	-	-	31,036,834

##### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rates arises primarily from deposits with financial institutions, lease liabilities, interest-bearing amounts owing by subsidiaries and borrowings. The Group does not use derivative financial instruments to hedge its risks but regularly reviews its debt portfolio to enable it to source for low interest funding.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2023 (CONTINUED)

### 34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

- (b) Financial risk management (continued)
- (iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate/incremental borrowing rate %	RM			
			Within one (1) year	One (1) to five (5) years	Over five (5) years	Total
<b>As at 31 December 2023</b>						
<b>Fixed rates</b>						
Deposits with licensed banks	15	2.90	540,084	-	-	540,084
Lease liabilities	6	4.29	(275,837)	(304,383)	-	(580,220)
<b>Floating rates</b>						
Bank overdrafts	19	8.26	(1,640,899)	-	-	(1,640,899)
Revolving credit	19	8.26	(3,000,000)	-	-	(3,000,000)
Term loans	19	4.78	(3,763,997)	(14,749,013)	(8,327,482)	(26,840,492)
<b>As at 31 December 2022</b>						
<b>Fixed rates</b>						
Deposits with licensed banks	15	2.06	444,596	-	-	444,596
Lease liabilities	6	4.32	(259,795)	(260,062)	-	(519,857)
<b>Floating rates</b>						
Bank overdrafts	19	7.84	(1,520,596)	-	-	(1,520,596)
Revolving credit	19	8.01	(3,000,000)	-	-	(3,000,000)
Term loans	19	5.13	(3,533,237)	(13,380,300)	(7,281,481)	(24,195,018)

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONTINUED)

### 34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

- (b) Financial risk management (continued)
- (iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk (continued):

Company	Note	Weighted average effective interest rate/incremental borrowing rate %	Within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
<b>As at 31 December 2023</b>						
<b>Fixed rates</b>						
Amounts owing by subsidiaries	14	5.14	-	-	13,400,000	13,400,000
<b>As at 31 December 2022</b>						
<b>Fixed rates</b>						
Amounts owing by subsidiaries	14	4.50	4,000,000	-	6,600,000	10,600,000

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

##### (b) Financial risk management (continued)

##### (iii) Interest rate risk (continued)

##### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates for floating rate instrument at the end of each reporting period changed by twenty-five (25) (2022: fifty (50)) basis points with all other variables held constant:

	<b>2023</b>	<b>Group</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
<b>Profit after tax and equity</b>			
- increase by 0.25% (2022: 0.50%)	(59,815)		(109,405)
- decrease by 0.25% (2022: 0.50%)	<u>59,815</u>		<u>109,405</u>

Sensitivity analysis for fixed rate instruments is not presented as fixed rate instruments are not affected by change in interest rates.

##### (iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange rate risk on sales of finished goods and purchases of raw materials that are denominated in a currency other than the functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singaporean Dollar ("SGD") and Australian Dollar ("AUD").

The Group also holds bank balances denominated in foreign currency for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to RM355,473 (2022: RM963,094) (see Note 15(c) to the financial statements) for the Group.

During the financial year, the Group did not enter into any forward currency contract to manage exposures to currency risk for receivables and payables which are denominated in currencies other than the functional currency of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023 (CONTINUED)

#### 34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

##### (b) Financial risk management (continued)

##### (iv) Foreign currency risk (continued)

##### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD, EUR, SGD and AUD exchange rates against the Ringgit Malaysia ("RM") respectively, with all other variables held constant. 10% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Profit after tax and equity</b>		
USD/RM		
- strengthen by 10%	(108,535)	(85,194)
- weaken by 10%	108,535	85,194
EUR/RM		
- strengthen by 10%	(479,529)	(729,974)
- weaken by 10%	<u>479,529</u>	<u>729,974</u>

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

##### (v) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to market price risk arising from quoted investments and placement in short term funds held by the Group. These instruments are classified as financial assets at fair value through profit or loss.

To manage its market price risk, the Group manages its portfolio in accordance with established guidelines and policies.

Sensitivity analysis of market value for the quoted investments at the end of the reporting period, assuming all other variables remain constant, is as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Profit after tax and equity</b>		
- increased by 50% (2022: 40%)	30,380	21,293
- decreased by 50% (2022: 40%)	<u>(30,380)</u>	<u>(21,293)</u>

Sensitivity analysis of short term funds is not presented as the volatility of these funds is considered low.

# LIST OF GROUP PROPERTIES

Registered owner	Title / Location	Description / Existing use	Tenure / Expiry	Land area (Sq. ft.)	Approximate age of building (Years)	Carrying amounts as at 31/12/2023 (RM)	Date of last revaluation (* Date of acquisition)
Rhone Ma Malaysia Sdn Bhd	PN 33666, Lot 603, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor  Lot 18A, Jalan 241, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan	Industrial / Land with a three storey office building and a single storey warehouse annexed	Leasehold / Expiring on 2 September 2072	27,082	49	4,857,153	9/3/2020
Rhone Ma Malaysia Sdn Bhd	PN 33667, Lot 604, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor  Lot 18B, Jalan 241, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan	Industrial / Land with a three storey office building and a single storey warehouse annexed	Leasehold / Expiring on 2 September 2072	27,082	49	5,067,042	20/7/2020
Rhone Ma Malaysia Sdn Bhd	GRN 212778, Lot 16008, Bandar Nilai Utama, Daerah Seremban, Negeri Sembilan  Lot 16008, Jalan Nilam 3, Kawasan Perindustrian Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus	Industrial / Land with a three storey office building, three storey factory and a single storey warehouse annexed	Freehold	165,323	4	40,594,021	29/3/2021



## LIST OF GROUP PROPERTIES (CONTINUED)

Registered owner	Title / Location	Description / Existing use	Tenure / Expiry	Land area (Sq. ft.)	Approximate age of building (Years)	Carrying amounts as at 31/12/2023 (RM)	Date of last revaluation (* Date of acquisition)
Rhone Ma Malaysia Sdn Bhd	H.S. (D) 153802, PT 73996, Mukim Kapar, Daerah Klang, Negeri Selangor  No. 2, Jalan Bestari 2/KU7, Taman Perindustrian Kapar Bestari, Sungai Kapar Indah, 42200 Kapar, Selangor Darul Ehsan	Industrial / Land with a three storey office building and a single storey warehouse annexed	Freehold	94,561	5	16,993,983	12/6/2020
Rhone Ma Malaysia Sdn Bhd	Lot 1935, Block 43, Muara Tuang Land District, Penrissen Road, Kuching - Kota Samarahan, Negeri Sarawak  No. 90, Lorong Evergreen 8A, RH Park Light Industrial Estate, 93250 Kuching, Sarawak	Industrial / Land with a two storey office building and a single storey warehouse annexed	Leasehold / Expiring on 5 February 2080	5,885	5	988,228	* 16/8/2017
Rhone Ma Malaysia Sdn Bhd	Lot 1936, Block 43, Muara Tuang Land District, Penrissen Road, Kuching - Kota Samarahan, Negeri Sarawak  No. 91, Lorong Evergreen 8A, RH Park Light Industrial Estate, 93250 Kuching, Sarawak	Industrial / Land with a two storey office building and a single storey warehouse annexed	Leasehold / Expiring on 5 February 2080	7,570	5	1,035,525	* 16/8/2017

There was no revaluation on the land and properties owned by the Group for the financial year ended 31 December 2023.

## ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2024

Total number of issued shares	: 221,226,000
Class of shares	: Ordinary Shares
Voting right	: One vote per Ordinary Share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	56	4.66	1,584	0.00
100 to 1,000	115	9.57	54,710	0.02
1,001 to 10,000	513	42.68	2,674,370	1.21
10,001 to 100,000	416	34.61	12,638,898	5.71
100,001 to less than 5% of issued shares	100	8.32	119,387,897	53.97
5% and above of issued shares	2	0.16	86,468,541	39.09
<b>Total</b>	<b>1,202</b>	<b>100.00</b>	<b>221,226,000</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Substantial Shareholders	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
Blue Advantage Sdn Bhd	75,632,043	34.19	-	-
Dr Lim Ban Keong	11,203,898	5.06	75,632,043 <sup>(1)</sup>	34.19
Foong Kam Weng	8,439,400	3.82	75,632,043 <sup>(1)</sup>	34.19

Note:  
(1) Deemed interested by virtue of his substantial shareholdings in Blue Advantage Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

### DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
Dato' Hamzah Bin Mohd Salleh	-	-	-	-
Dr Lim Ban Keong	11,203,898	5.06	75,632,043 <sup>(1)</sup>	34.19
Foong Kam Weng	8,439,400	3.82	75,632,043 <sup>(1)</sup>	34.19
Dr Yip Lai Siong	6,175,800	2.79	-	-
Martin Jeyaratnam A/L Thiagaraj	110,000	0.05	-	-
Rahanawati Binti Ali Dawam	55,000	0.03	-	-
Teoh Chee Yong	-	-	-	-

Note:  
(1) Deemed interested by virtue of his substantial shareholdings in Blue Advantage Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

# ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2024 (CONTINUED)

## TOP THIRTY (30) SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Blue Advantage Sdn Bhd	75,264,643	34.02
2.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ban Keong	11,203,898	5.06
3.	Imaspro Corporation Berhad	10,992,857	4.97
4.	Chew Chong Hock	9,855,650	4.46
5.	Ker Boon Tong	9,538,650	4.31
6.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	8,814,700	3.98
7.	Foong Kam Weng	8,439,400	3.82
8.	Tan Leong Ann	8,005,260	3.62
9.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	6,598,030	2.98
10.	Yip Lai Siong	6,175,800	2.79
11.	Raymond Choo Pow Yoon	4,780,690	2.16
12.	Phillip Nominees (Tempatan) Sdn Bhd Exempt An for Phillip Capital Management Sdn Bhd	3,000,000	1.36
13.	Chai Lam Seng	2,472,126	1.12
14.	Ng Loon Em & Sons Poultry Farm (M) Sdn Bhd	2,259,576	1.02
15.	Teo Kwee Hock	2,237,890	1.01
16.	Hock Soon Poultry Farm Sdn Bhd	2,111,500	0.95
17.	Solid Pairs Sdn Bhd	1,842,720	0.83
18.	Chan Chew Yen	1,823,400	0.82
19.	Lim Kian Lee	1,633,600	0.74
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for TNTT Realty Sdn Bhd	1,250,000	0.57
21.	Tan Bin Chee	1,160,050	0.52
22.	Lim Hang Chern	1,082,760	0.49
23.	Tan Hoo Kim @ Tan Hoe Kim	1,077,576	0.49
24.	LTK Omega Plus Sdn Bhd	1,015,000	0.46
25.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Loy Huat (7000875)	1,000,000	0.45
26.	AmBank (M) Berhad Pledged Securities Account for Ong Yoong Nyock (SMART)	1,000,000	0.45
27.	Ng Swee Ying @ Ng Sooi Ying	1,000,000	0.45
28.	RHB Capital Nominees (Tempatan) Sdn Bhd Mohammed Zhakri Bin Mohammed Azlan	807,700	0.37
29.	Wong Chin Tat	801,740	0.36
30.	San Wei Hwa	780,000	0.35

# ANALYSIS OF WARRANT HOLDINGS AS AT 29 MARCH 2024

Total number of issued Warrants A	: 80,063,987
Exercise price of the Warrants A	: RM0.70
Issue date of the Warrants A	: 5 February 2021
Expiry date of the Warrants A	: 4 February 2026

## DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	144	16.35	5,494	0.01
100 to 1,000	132	14.98	71,828	0.09
1,001 to 10,000	351	39.84	1,503,880	1.88
10,001 to 100,000	195	22.14	6,388,585	7.98
100,001 to less than 5% of issued warrants	55	6.24	32,418,471	40.49
5% and above of issued warrants	4	0.45	39,675,729	49.55
<b>Total</b>	<b>881</b>	<b>100.00</b>	<b>80,063,987</b>	<b>100.00</b>

## DIRECTORS' WARRANT HOLDINGS

Name of Directors	No. of Warrants Held			
	Direct Interest	%	Indirect Interest	%
Dato' Hamzah Bin Mohd Salleh	-	-	-	-
Dr Lim Ban Keong	16,453,318	20.55	-	-
Foong Kam Weng	2,619,867	3.27	-	-
Dr Yip Lai Siong	8,351,411	10.43	-	-
Martin Jeyaratnam A/L Thiagaraj	44,000	0.06	-	-
Rahanawati Binti Ali Dawam	22,000	0.03	-	-
Teoh Chee Yong	-	-	-	-

# ANALYSIS OF WARRANT HOLDINGS AS AT 29 MARCH 2024 (CONTINUED)

## TOP THIRTY (30) WARRANT HOLDERS

No.	Name	No. of Warrants	%
1.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ban Keong	16,453,318	20.55
2.	Lim Kian Lee	8,501,000	10.62
3.	Yip Lai Siong	8,351,411	10.43
4.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Boon Ping (7004677)	6,370,000	7.96
5.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Genia Cheah Suan Li	4,000,000	5.00
6.	Chew Chong Hock	3,930,300	4.91
7.	Imaspro Corporation Berhad	2,857,142	3.57
8.	Foong Kam Weng	2,619,867	3.27
9.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Siew Lynn	2,000,000	2.50
10.	Goh Leng Pheow	1,050,000	1.31
11.	Chai Lam Seng	936,450	1.17
12.	Ong Yean Har	914,800	1.14
13.	Ng Loon Em & Sons Poultry Farm (M) Sdn Bhd	903,830	1.13
14.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Choon Ping	899,800	1.12
15.	Lim Hang Chern	875,640	1.09
16.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Au Chen Yuen	856,800	1.07
17.	Solid Pairs Sdn Bhd	737,088	0.92
18.	Phillip Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Leng Pheow	650,000	0.81
19.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	596,012	0.74
20.	Tee Lin Say	560,300	0.70
21.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd Pledged Securities Account for Nyong Chye Seng (S Petaling-CL)	550,000	0.69
22.	Yio Kim Sim	453,300	0.57
23.	LTK Omega Plus Sdn Bhd	372,000	0.47
24.	Benjamin Wynn Lim Boon Han	332,600	0.42
25.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Choh Calveen	298,800	0.37
26.	Mok Shaw Jang	292,012	0.37
27.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Shafee Bin Sirat	285,840	0.36
28.	Teh Bee Gaik	278,700	0.35
29.	Wong Chin Tat	253,736	0.32
30.	Tan Sin How	240,100	0.30

# NOTICE OF THE TENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Tenth Annual General Meeting (“AGM”) of Rhone Ma Holdings Berhad will be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 11 June 2024 at 10.00 a.m. for the following purposes:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 (“FY2023”) together with the Reports of the Directors and Auditors thereon.	<b>Please refer to Note A</b>
2. To approve the payment of Final Single-Tier Dividend of 1.0 sen per ordinary share in respect of the FY2023.	<b>Ordinary Resolution 1</b>
3. To approve the payment of Directors’ fees to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2024 (“FY2024”):  3.1 Director’s fee of RM90,000 to Dato’ Hamzah Bin Mohd Salleh 3.2 Director’s fee of RM60,000 to Teoh Chee Yong 3.3 Director’s fee of RM60,000 to Martin Jeyaratnam A/L Thiagaraj 3.4 Director’s fee of RM80,000 to Rahanawati Binti Ali Dawam	<b>Ordinary Resolution 2</b> <b>Ordinary Resolution 3</b> <b>Ordinary Resolution 4</b> <b>Ordinary Resolution 5</b>
4. To approve the payment of Directors’ benefits payable to the Non-Executive Directors of the Company amounting to RM19,200 until the next AGM of the Company.	<b>Ordinary Resolution 6</b>
5. To re-elect the following Directors retiring pursuant to Clause 95 of the Constitution of the Company:  5.1 Dr Yip Lai Siong 5.2 Teoh Chee Yong 5.3 Martin Jeyaratnam A/L Thiagaraj	<b>Ordinary Resolution 7</b> <b>Ordinary Resolution 8</b> <b>Ordinary Resolution 9</b>
6. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	<b>Ordinary Resolution 10</b>

# NOTICE OF THE TENTH ANNUAL GENERAL MEETING (CONTINUED)

## AS SPECIAL BUSINESS

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

**7. AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016 (“THE ACT”)**

“THAT pursuant to Section 76 of the Act, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares/ total number of voting shares of the Company (excluding treasury shares) at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad (“Bursa Securities”) and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

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

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

**8. To transact any other business that may be transacted at an AGM of which due notice shall have been given in accordance with the Act and Constitution of the Company.**

### Ordinary Resolution 11

## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** the final single-tier dividend of 1.0 sen per ordinary share in respect of the FY2023, if approved by the shareholders at the Tenth AGM, will be paid on 15 July 2024 to Depositors whose names appear in the Record of Depositors at the close of business on 28 June 2024.

A depositor shall qualify for entitlement to the dividend only in respect of the following:

- (a) Shares transferred into the Depositor’s Securities Account on or before 4.30 p.m. on 28 June 2024 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)(SSM PC No.: 202008001023)

TAN AI NING (MAICSA 7015852)(SSM PC No.: 202008000067)

Company Secretaries

Selangor Darul Ehsan

25 April 2024



# NOTICE OF THE TENTH ANNUAL GENERAL MEETING (CONTINUED)

## NOTES:

1. A proxy may but need not be a member.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. 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 is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. 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.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. [Registration No. 199601006647 (378993-D)] at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof, and in default the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the AGM or Adjourned AGM.

6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 5 June 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

## EXPLANATORY NOTES:

### Note A

#### To receive the Audited Financial Statements for the FY2023 together with the Reports of the Directors and Auditors thereon

This resolution is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

### Ordinary Resolutions 2 to 5

#### Payment of Directors' fees for the FY2024

Payment of Directors' fees and benefits under Section 230(1) of the Act provides amongst others, that the Directors' fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

During a review in 2024, the Remuneration Committee recommended and the Board has approved, subject to shareholders' approval at this AGM, that Directors' fees remained unchanged.

# NOTICE OF THE TENTH ANNUAL GENERAL MEETING (CONTINUED)

## Ordinary Resolution 6

### Directors' benefits payable to the Non-Executive Directors of the Company

There is no revision to the proposed Directors' benefits payable to the Non-Executive Directors per annum until the next AGM of the Company. In determining the estimated total amount of the Directors' benefits, the Board has considered the number of scheduled and special meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in the meetings.

## Ordinary Resolutions 7 to 9

### Re-election of Directors

The profiles of the Directors who are standing for re-election are set out in the Directors' profile of the Annual Report 2023.

Based on the recommendation of the Nominating Committee, the Board is satisfied with the performance and contributions of the following Directors and supports the re-election based on the following justifications:

a. Ordinary Resolution 7 - Re-election of Dr Yip Lai Siong as Executive Director

Dr Yip Lai Siong is familiar with the Group's business operations and contributes tremendously by overseeing the Group's sales and business development activities and steering the Group forward. She has also exercised her due care and carried out her professional duties proficiently during her tenure as an Executive Director of the Company.

b. Ordinary Resolution 8 - Re-election of Teoh Chee Yong as Independent Non-Executive Director

Teoh Chee Yong fulfills the requirement of independence set out in the Main Market Listing Requirements ("MMLR") of Bursa Securities as well as the prescribed criteria under the Malaysian Code on Corporate Governance 2021 ("MCCG 2021"). He has demonstrated his independence through his engagement in meetings by proactively giving valuable insights to the Management in developing the Group's business strategies. He also exercised his due care and carried out his professional duties proficiently during his tenure as an Independent Non-Executive Director of the Company.

c. Ordinary Resolution 9 - Re-election of Martin Jeyaratnam A/L Thiagaraj as Independent Non-Executive Director

Martin Jeyaratnam A/L Thiagaraj fulfills the requirement of independence set out in the MMLR of Bursa Securities as well as the prescribed criteria under the MCCG 2021. He has demonstrated his independence through his engagement in meetings by proactively giving valuable insights to the Management in developing the Group's business strategies. He also exercised his due care and carried out his professional duties proficiently during his tenure as an Independent Non-Executive Director of the Company.

# NOTICE OF THE TENTH ANNUAL GENERAL MEETING (CONTINUED)

## Ordinary Resolution 11

### Authority to allot and issue shares by Directors pursuant to Section 76 of the Act

The Ordinary Resolution 11 is to obtain a general mandate for issuance of shares by the Company under Section 76 of the Act.

The Ordinary Resolution 11, if passed, serves as a measure to meet the Company's immediate working capital needs in the short term without relying on conventional debt financing (which will result in higher finance costs to be incurred) for the purpose of funding investment project(s), working capital and/or acquisitions. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

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

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors of the Company at the Ninth AGM held on 13 June 2023 and which will lapse at the conclusion of the Tenth AGM. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# PROXY FORM



<b>CDS ACCOUNT NO. OF AUTHORISED NOMINEE</b>	
<b>NUMBER OF SHARES HELD</b>	

## RHONE MA HOLDINGS BERHAD

[Registration No. 201401040077 (1116225-A)]  
(Incorporated in Malaysia)

I/We, \_\_\_\_\_ NRIC/Registration No. \_\_\_\_\_  
(Full name in block letters)

of \_\_\_\_\_  
(Full Address)

being a member/members of **RHONE MA HOLDINGS BERHAD**, hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_  
(Full name in block letters) (Full Address)

or failing him/her, \_\_\_\_\_ of \_\_\_\_\_  
(Full name in block letters) (Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of Rhone Ma Holdings Berhad to be held at Atlanta East, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 11 June 2024 at 10.00 a.m. and at any adjournment thereof.

*Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.*

My/our proxy/proxies is/are to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
<b>Ordinary Business</b>			
Ordinary Resolution 1	To approve the Final Single-Tier Dividend of 1.0 sen per ordinary share		
Ordinary Resolution 2	To approve the payment of Director's fee of RM90,000 to Dato' Hamzah Bin Mohd Salleh for the financial year ending 31 December 2024 ("FY2024")		
Ordinary Resolution 3	To approve the payment of Director's fee of RM60,000 to Teoh Chee Yong for the FY2024		
Ordinary Resolution 4	To approve the payment of Director's fee of RM60,000 to Martin Jeyaratnam A/L Thiagaraj for the FY2024		
Ordinary Resolution 5	To approve the payment of Director's fee of RM80,000 to Rahanawati Binti Ali Dawam for the FY2024		
Ordinary Resolution 6	To approve the payment of Directors' benefits payable to the Non-Executive Directors of the Company		
Ordinary Resolution 7	To re-elect Dr Yip Lai Siong		
Ordinary Resolution 8	To re-elect Teoh Chee Yong		
Ordinary Resolution 9	To re-elect Martin Jeyaratnam A/L Thiagaraj		
Ordinary Resolution 10	To re-appoint Messrs BDO PLT as Auditors of the Company		
<b>Special Business</b>			
Ordinary Resolution 11	To authorise the Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

\_\_\_\_\_  
Signature / Common Seal of Shareholder

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Contact No: \_\_\_\_\_

**Notes:**

1. A proxy may but need not be a member.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. 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 is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. 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.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. [Registration No. 199601006647 (378993-D)] at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof, and in default the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).  
Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 5 June 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 April 2024

First Fold

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**THE SHARE REGISTRAR  
RHONE MA HOLDINGS BERHAD**

Registration No. 201401040077 (1116225-A)  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia

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Second Fold