

ANNUAL REPORT 2024



KOTRƏ

KOTRA INDUSTRIES BERHAD
[REGISTRATION NO. 199901022732 (497632-P)]



HEALTH FOR LIFE



VISION

HUMANISING HEALTH

Everyone deserves a healthier tomorrow



MISSION

To be the centre of excellence for the pharmaceutical industry



CORE VALUES

- We act with integrity
- We deliver on commitment
- We are customer oriented
- We work with passion and strong team spirit
- We believe everything is possible

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CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK JAMALUDIN BIN NASIR
Independent Non-Executive Chairman

PIONG TECK ONN
Managing Director

CHIN SWEE CHANG
Executive Director

LEE MIN ON
Independent Non-Executive Director

DATUK PIONG TECK YEN
Non-Independent Non-Executive Director

PIONG CHEE KIEN
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Lee Min On (Chairman)
Datuk Jamaludin bin Nasir
Piong Chee Kien

REMUNERATION COMMITTEE

Datuk Jamaludin bin Nasir (Chairman)
Lee Min On
Piong Chee Kien
Piong Teck Onn

NOMINATION COMMITTEE

Datuk Jamaludin bin Nasir (Chairman)
Lee Min On
Piong Chee Kien

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689) (SSM PC NO. 201908002648)

Tan Ley Theng
(MAICSA 7030358) (SSM PC NO. 201908001685)

SOLICITORS

Chee Siah Le Kee & Partners
Advocates & Solicitors
No. 2B, Jalan KLJ 4,
Taman Kota Laksamana Jaya,
75200 Melaka, Malaysia.
Tel : 06-283 3423
Fax : 06-284 7251

REGISTERED OFFICE

No. 60-1, Jalan Lagenda 5,
Taman 1 Lagenda,
75400 Melaka, Malaysia.
Tel : 06-288 0210
Fax : -
Email : info@sshb.com.my

BUSINESS OFFICE

No. 1, 2 & 3, Jalan TTC 12,
Cheng Industrial Estate,
75250 Melaka, Malaysia.
Tel : 06-336 2222
Fax : 06-336 6122

REGISTRAR

Mega Corporate Services Sdn. Bhd.
[Registration No. 198901010682 (187984-H)]
Level 15-2, Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia.
Tel : 03-2692 4271
Fax : 03-2732 5388
Email : mega-info@megacorp.com.my

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817 – LCA) & AF 1018
52, Jalan Kota Laksamana 2/15,
Taman Kota Laksamana, Seksyen 2,
75200 Melaka, Malaysia.
Tel : 06-282 5995
Fax : 06-283 6449

PRINCIPAL BANKER

Malayan Banking Berhad (Maybank)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Market
Stock Name : KOTRA
Stock Code : 0002
Sector : Health Care
Sub-sector : Pharmaceuticals

DIRECTORS' PROFILE



DATUK JAMALUDIN BIN NASIR
Independent Non-Executive Chairman
63, Malaysian, Male
Date appointed: 2 January 2017



PIONG TECK ONN
Managing Director
66, Malaysian, Male
Date appointed: 5 June 2000

Board Committee memberships:

- Chairman, Remuneration Committee
- Chairman, Nomination Committee
- Audit Committee

Academic qualification:

- Masters of Business Administration (MBA) from Texas A&M International University (formerly known as Laredo State University)
- Bachelor of Science in Finance & Business Economics, Southern Illinois University
- Bachelor of Arts in Economics, Southern Illinois University
- Alumni of Bank Negara Malaysia ICLIF Global Leadership Development Programme

Experience and career path:

- Malaysian Rating Corporation Bhd (MARC):
 - Advisor from June 2024
 - Group Chief Executive Officer from December 2019 till May 2024
 - Chairman, Rating Committee from September 2019 to November 2019
 - Member, Rating Committee from September 2014 till June 2024
- Asian Finance Bank (now MBSB Bank) as Deputy Chief Executive Officer from July 2010 to May 2012.
- Malayan Banking Bhd as Group Chief Credit Officer, Maybank Group July 2005 till June 2010.
- Dresdner Kleinwort Wasserstein, an investment bank as its Chief Operating Officer, Malaysia and Director, Capital Markets and Syndicate, Asia Pacific ex Japan based in Singapore from June 1999 till June 2005.
- Dresdner Bank AG, a commercial and institutional bank as General Manager, Labuan and the Group Principal Officer in Malaysia from February 1997 to June 2005.
- Kwong Yik Bank (presently known as RHB Bank) from February 1986 to January 1997. Head and Assistant General Manager, Corporate and Capital Market.

Other Boards, associations or affiliations:

- Past Board Member of MARC Ratings Bhd
- Past Board Member of MARC Solutions Sdn. Bhd.
- Past Board Member of MARC Data Sdn. Bhd.
- Past Board Member of Bank Pembangunan Malaysia Berhad
- Past Board Member of Aseambankers (M) Bhd (presently known as Maybank Investment Bank)
- Past Board Member of Kleinwort Benson Research (M) Sdn. Bhd.
- Past Board Member of Malaysian German Chamber of Commerce

Relationships with other Directors/Substantial Shareholders:

- No relationship

Board Meeting attendance during the financial year ended 30 June 2024:

- Has attended four (4) out of five (5) Board meetings

Board Committee memberships:

- Remuneration Committee

Academic qualification:

- Bachelor of Science in Pharmacy (University of Wales, Cardiff, United Kingdom)

Experience and career path:

- Completed his pre-registration training in a retail and wholesale pharmacy, City Chemist & Asia Pharmacy.
- Joined Kotra Pharma (M) Sdn. Bhd. ("KPM") in January 1984 and pioneered the development of KPM's manufacturing, marketing, research and development ("R&D") departments.
- With experience of more than 40 years and through his protracted efforts, he has also introduced a number of conventional dosage forms ranging from tablets, capsules, creams, ointments, wet and dry syrups as well as injectables, both aseptically and terminally sterilised.
- Under his leadership, KPM has grown from a locally established pharmaceutical company to an internationally recognised company, producing well-known brands such as Appeton, Axcel and Vaxcel as well as introducing the latest brand, Arite, that caters to metered dose inhaler products.
- Responsible for the Group's overall operations, business strategic directions and driving the Group's initiatives towards achieving its various set of goals.

Committee served:

- Chairman of the ASEAN Pharmaceutical Industry Club ("APC") (2008-2009)

Associations or affiliations:

- Past President of the Malaysian Organisation of Pharmaceutical Industries ("MOPI")
- Past Branch Committee Member of Federation of Malaysian Manufacturers ("FMM"), Malacca Branch
- Past Committee Member of FMM Belt & Road Initiative and China Affairs
- Member of Sectorial Training Committees ("STCs") for Chemicals & Chemical-Based Products under Human Resource Development Corporation ("HRDCorp")
- Current Executive Council Member of MOPI
- Chairman of Pharma Manufacturing Hub (Export) Sub-Committee under Pharmaceutical Productivity Nexus ("PPN")

Relationships with other Directors/Substantial Shareholders:

- Brother of Datuk Piong Teck Yen
- Married to Chin Swee Chang
- Uncle of Piong Chee Kien

Board Meeting attendance during the financial year ended 30 June 2024:

- Has attended all five (5) Board meetings

DIRECTORS' PROFILE (CONT'D)



CHIN SWEE CHANG
Executive Director
67, Malaysian, Female
Date appointed: 5 June 2000



LEE MIN ON
Independent Non-Executive Director
64, Malaysian, Male
Date appointed: 2 January 2017

Academic qualification:

- Bachelor of Science (Hons) in Data Processing (University of Leeds, United Kingdom)

Experience and career path:

- Programmer at Systems Automation Sdn. Bhd. in 1982, involved in development, implementation, user-training and maintenance of insurance software.
- Analyst Programmer at Eastern Systems Design Sdn. Bhd. in 1984, responsible in the development and maintenance for general accounting, insurance broking, hire purchase/leasing software.
- Head of the Electronic Data Processing Department at Robert Bosch (South East Asia) Pte Ltd in 1987, responsible for user support system coordination; coordination/liaison of system information with regional office and headquarters in Germany. Helped to coordinate, convert, transfer data and system migration from Nixdorf to IBM AS/400 system in 1991.
- IT Manager of KPM in 1993. Transformed the computerisation of the entire business from a stand-alone personal computer ("PC") environment to a local area network PC multi-user system, with fully integrated material requirements planning, financial and distribution software. Coordinated and implemented a new, fully integrated Symix MRP (US) package on PROGRESS database platform in 1997. Set-up an in-house IT team to support the growing number of users and computer systems in 2001. Since then, Symix system has gone through two rounds of upgrades. Symix was renamed as Syteline where the database was converted to MS SQL. Was also responsible for setting up Shipping Department and ensuring the smooth operations of order processing and administration departments.
- Was promoted to the current position, Chief Information Officer responsible for overseeing the operations, development and enhancement of Management Information Systems, Order Processing and Administration departments.
- Was the Project Manager for the SAP project implementation which started in November 2008 and went live as scheduled in July 2009. Modules of SD, MM, FICO and partial PP were implemented together to replace the legacy Infor ERP Syteline system.
- With the stabilisation of the SAP core modules, embarked on "Leverage on IT" projects to automate management information and reporting to support decisions making.
- Rolled out Mobile Sales System using iPads for the sales team's orders and information. All customers' information is available on the palm of the sales representatives.

Relationships with other Directors/Substantial Shareholders:

- Sister-in-law of Datuk Piong Teck Yen
- Married to Piong Teck Onn
- Aunt of Piong Chee Kien

Board Meeting attendance during the financial year ended 30 June 2024:

- Has attended all five (5) Board meetings

Board Committee memberships:

- Chairman, Audit Committee
- Remuneration Committee
- Nomination Committee

Professional qualification:

- Chartered Accountant (M), Malaysian Institute of Accountants
- Certified Public Accountant (M), Malaysian Institute of Certified Public Accountants
- Fellow (CFIIA), Institute of Internal Auditors Malaysia

Experience and career path:

- Began his career with Peat Marwick Mitchell & Co. (now known as KPMG PLT) in 1979 and retired as a partner of the firm after serving 36 years in the Audit and Consulting Divisions.
- Co-authored the Corporate Governance Guide: Towards Boardroom Excellence 1st and 2nd Editions, published by Bursa Malaysia Securities Berhad ("Bursa Securities").
- Served in the Task Force set up by Bursa Securities that was responsible for the development of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers in 2012.

Directorship in public listed companies:

- Tan Chong Motor Holdings Berhad
- APM Automotive Holdings Berhad
- Warisan TC Holdings Berhad
- Lii Hen Industries Bhd

Relationships with other Directors/Substantial Shareholders:

- No relationship

Board Meeting attendance during the financial year ended 30 June 2024:

- Has attended all five (5) Board meetings

DIRECTORS' PROFILE (CONT'D)



DATUK PIONG TECK YEN
Non-Independent Non-Executive Director
57, Malaysian, Male
Date redesignated: 1 February 2019



PIONG CHEE KIEN
Non-Independent Non-Executive Director
44, Malaysian, Male
Date appointed: 19 February 2019

Academic qualification:

- Lewisham College, United Kingdom

Experience and career path:

- Responsible for marketing and sales activities of Kwong Onn Tong Sdn. Bhd. ("KOT") in 1989.
- Sales Manager of KPM in 1989.
- Marketing Manager of KPM in 1995 and was instrumental in formulating and implementing promotions aimed at creating brand awareness.
- Served as the Business Director of KPM who was responsible for the development of exports and international marketing activities of the Group.

Awards:

- DMSM, DSM, PJK, JP

Relationships with other Directors/Substantial Shareholders:

- Brother of Piong Teck Onn
- Brother-in-law of Chin Swee Chang
- Uncle of Piong Chee Kien

Board Meeting attendance during the financial year ended 30 June 2024:

- Has attended all five (5) Board meetings

Board Committee memberships:

- Audit Committee
- Remuneration Committee
- Nomination Committee

Academic qualification:

- BSc in Telecommunications Engineering (London)
- MSc in e-Commerce Engineering (London)

Experience and career path:

- Brand Executive at KPM from November 2005 to October 2006 and was actively involved in planning and implementing brand marketing and trade strategies aimed at increasing brand performance.
- General Manager of Lonnix (M) Sdn. Bhd., specialising in broad range of traditional medicine, food supplement and effervescent products.

Relationships with other Directors/Substantial Shareholders:

- Nephew to Piong Teck Onn, Datuk Piong Teck Yen and Chin Swee Chang

Board Meeting attendance during the financial year ended 30 June 2024:

- Has attended all five (5) Board meetings

Additional Information

i. Directorship in public companies and listed issuers

Save as disclosed above, none of the Directors hold any directorships in any other public companies and listed issuers.

ii. Family relationship with Director and/or Substantial Shareholder

Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or substantial shareholder of Kotra Industries Berhad.

iii. Conflict of Interest/Potential Conflict of Interest

Save for the related party disclosures in the Circular to Shareholders dated 29 October 2024, none of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

iv. Conviction for offences

Other than traffic offences, none of the Directors has any conviction for offences within the past five (5) years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

KEY SENIOR MANAGEMENT'S PROFILE

CHEAH MING LOONG

Chief Operating Officer

53, Malaysian, Male

Date appointed: 1 November 2015

Academic qualification:

- Bachelor of Science in Pharmacy (Liverpool John Moores University, United Kingdom)
- MBA in Marketing (University of Southern Queensland, Australia)

Experience and career path:

- 29 years of pharmaceutical experience in both the patent and generic drugs industry.
- Currently, responsible for the daily operation and the strategic development of Kotra Pharma (M) Sdn. Bhd. ("KPM") for Malaysia and international market.
- Has been involvement and consultation with the Ministry of Health, Malaysia on matters relating to the development of local generic industry, guidelines & policies.
- Committee member for FMM Branding & Intellectual Property (IPR) 2021-25

Associations and affiliations:

- Member of Malaysian Pharmaceutical Society ("MPS")
- Member of Malaysian Organisation of Pharmaceutical Industry ("MOPI")
- Member of Federation of Malaysian Manufacturers ("FMM")

DANIEL CHUA CHONG LIANG

Chief Financial Officer

50, Malaysian, Male

Date appointed: 1 July 2003

Academic qualification:

- Bachelor of Business (Accounting) (University of Technology Sydney)

Experience and career path:

- More than 27 years of working experience and 21 years of experience in the pharmaceutical industry.
- Worked in the big six (6) international accounting firm with experience in the areas of audit and taxation.
- Currently, responsible for the financial management of Kotra Industries Berhad ("KIB") and KPM.

Associations and affiliations:

- Member of Malaysian Institute of Accountants ("MIA")

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

PIONG CHEE WEI

Executive Director of KPM,
a subsidiary of KIB
39, Malaysian, Male
Date appointed: 1 July 2021

Academic qualification:

- Master of Pharmacy (University of London, United Kingdom)

Experience and career path:

- More than 12 years of experience in pharmaceutical industry.
- Responsible for overseeing the daily operations and strategic development of KPM's over-the-counter ("OTC") sales and marketing department.

Associations and affiliations:

- Member of Malaysian Pharmaceutical Society ("MPS")

Relationships with other Directors/Substantial Shareholders:

- Son of Piong Teck Onn and Chin Swee Chang
- Nephew to Datuk Piong Teck Yen
- Cousin to Piong Chee Kien

Additional Information

i. Directorship in public companies and listed issuers

None of the Key Senior Management holds any directorships in any other public companies and listed issuers.

ii. Family relationship with Director and/or substantial shareholder

Save as disclosed herein, none of the Key Senior Management has any family relationship with any other Director and/or substantial shareholder of Kotra Industries Berhad.

iii. Conflict of Interest/Potential Conflict of Interest

Save for the related party disclosures in the Circular to Shareholders dated 29 October 2024, none of the Key Senior Management has any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

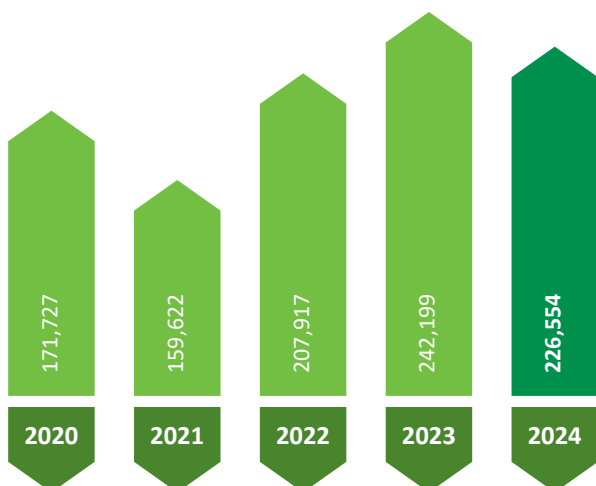
iv. Conviction for offences

Other than traffic offences, none of the Key Senior Management has any conviction for offences within the past five (5) years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

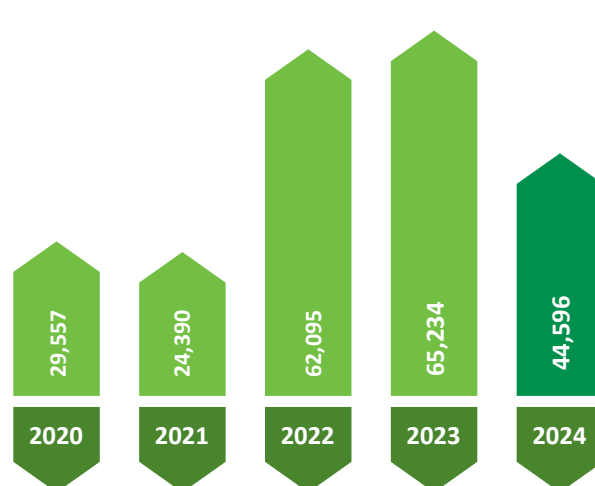
FINANCIAL HIGHLIGHTS

	2020 ('000)	2021 ('000)	2022 ('000)	2023 ('000)	2024 ('000)
Revenue	171,727	159,622	207,917	242,199	226,554
Profit after tax	29,557	24,390	62,095	65,234	44,596
Profit before tax	25,926	26,273	58,279	66,076	56,474
Shareholders' equity	189,846	206,419	244,140	271,079	275,439
Net assets per share	1.31	1.40	1.65	1.83	1.86
Gearing ratio	0.17	0.09	0.03	0.00	0.00
Return on assets (%)	11.67	9.66	20.76	19.75	13.16
Return on equity (%)	15.57	11.82	25.43	24.06	16.19

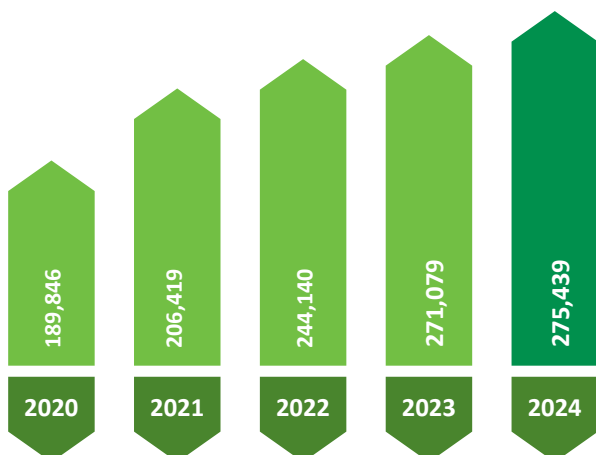
REVENUE (RM'000)



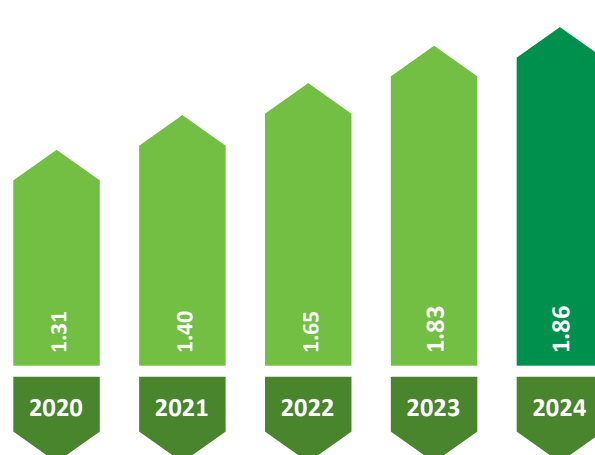
PROFIT AFTER TAX (RM'000)



SHAREHOLDERS' EQUITY (RM'000)



NET ASSETS PER SHARE (RM)



CHAIRMAN'S STATEMENT

Dear Esteemed Shareholders,

On behalf of the Board of Directors ("Board"), it is my pleasure to present the Annual Report of Kotra Industries Berhad ("Company") for the financial year ended 30 June 2024.



Allow me to share our formidable achievement during the financial year under review. The Company was honoured with the grand award of Centurion of The Year at The Edge Malaysia Centurion Club Corporate Awards 2023, in recognition of being the best overall performer amongst Bursa Malaysia Securities Berhad's listed companies with a market capitalisation of less than RM1 billion. Additionally, the Company was awarded for the 3rd consecutive year in a row the "Highest Return on Equity", "Highest Growth in Profit After Tax" and "Highest Return to Shareholders" under the healthcare sector. Winning these awards were a testament to the hard work, dedication and performance of the Group's Management and staff. These awards gave us the optimism of the Company's future and the motivation as we continue our journey of excellence.



Despite the challenges posed by the volatile exchange rates and inflationary pressures, the Group has demonstrated its resilience and agility to compete in the market. I believe the Group is in a much better position to overcome adverse conditions and uncertainties and adapt to the evolving landscape. It is our vision and mission to continue to create long-term sustainable value for our stakeholders.

Our Financial Performance

For the financial year ended 30 June 2024, the Group recorded a revenue of RM226.6 million, a decline of 6.5% or RM15.6 million from the last financial year due to a drop in sales of supplement products for both the export and local market. It is worth noting that for the financial year ended 30 June 2023, there was a surge in demand as customers were replenishing their stocks when the economies reboot post Covid-19 lockdown. This financial year, we saw the demand for our products normalising at a new baseline.

As a result, the Group's profit before tax ("PBT") was RM56.5 million, a decrease of RM9.6 million from the previous financial year. The lower PBT was compounded by certain expenses charged which were relatively fixed in nature. Profit after tax ("PAT") margin declined by 31.6% to RM44.6 million because of higher tax expenses due to the reversal of deferred tax assets arising from the utilisation of tax losses and incentives brought forward, as well as the recognition of deferred tax liabilities. Earnings per share saw a decrease at 30.07 sen as compared to 44.08 sen in the previous financial year, but remained commendable relative to our peers and competitors.

The Group's financial position remained healthy as reflected by its total assets which stood at RM339 million as of financial year ended 30 June 2024 in comparison to RM330.3 million in the preceding financial year. The shareholders' fund stood at RM275.4 million while net assets attributable to ordinary equity holders of the Company stood at RM1.86 per share in comparison to RM271.1 million and RM1.83 per share respectively in the financial year ended 30 June 2023.

Dividend

The Board has declared a second interim single-tier dividend of 13.0 sen per share, which together with the first interim single-tier dividend of 12.5 sen per share resulted in a total dividend of 25.5 sen per share in respect of the financial year ended 30 June 2024.

CHAIRMAN'S STATEMENT (CONT'D)

Our Product Pipeline

The Group's research and development ("R&D") remains a priority as we advance the product pipeline by leveraging on technologies and innovation. The Group's state-of-the-art facilities and skilled R&D team are crucial to driving these advancements forward and cement our ability to compete with new products.

We remained committed to maintaining the highest regulatory standards, rigorous adherence to the best market practices to ensure the quality, safety and efficacy of our products, supported by our strong compliance culture throughout our organisation.

Our pipeline reflects our commitment to addressing healthcare needs and improving patient care in line with our vision "Everyone Deserves A Healthier Tomorrow". During the financial year ended 30 June 2024, the Group launched Axcel Cefuroxime 500mg Tablet, a cephalosporin antibiotic used to treat a wide range of infections caused by susceptible bacteria.

Our Commitment Towards Corporate Governance and Sustainability

The Group recognises the importance of upholding the highest standards of corporate governance, regularly reviewing and updating our policies, procedures and practices to align with evolving regulatory requirements and industry standards. As part of fulfilling our fiduciary duties, the Board has played a vital role in providing strategic direction and oversight of the Group as well as ensuring compliance with the laws, regulations and best practices.

The Group maintains a zero-tolerance stance on bribery and corruption in all our business dealings and operations. We are dedicated to foster a culture of integrity, transparency and accountability across the Group. In addition, we continually enhance our risk management framework to address financial, sustainability and other critical business and operational risks. This approach includes identifying and mitigating emerging risks such as geopolitical risk, contamination and counterfeit risk that could impact the Group. It is key that we remain resilient in our ability to deal with hazards yet at the same time remain ethical in all our endeavours.

The Group is committed to continue building not only a financially stronger business but also a responsible business to minimise our environmental footprint, promote social responsibility and create long-term sustainable value for all stakeholders. We will continue our efforts in creating a workplace environment that is supportive of the wellbeing yet allow our employees to thrive by championing diversity, meritocracy and equity. We remain steadfast in our commitment to support our local community, with a particular focus on students and the underprivileged. The Group's sustainability journey and commitment to integrating sustainability practices and initiatives into aspects of the Group's operations can be found in the Sustainability Statement section of this Annual Report.

Outlook

Looking ahead, the economic landscape appears to be laden with macroeconomic uncertainties. In this challenging environment, the Group continues to remain positive and will adopt a vigilant, prudent yet pragmatic stance as always on our business, finances and investments. Our focus remains on our strategic initiatives to enhance the long-term performance of the Group's businesses.

We will continue enhancing our brand visibility through targeted marketing campaigns via social media and outdoor advertising. Needless to say, we will pursue new business opportunities within our existing key markets and explore new geographical areas to grow our customer base. To boost our market presence, the Group plans to participate in more international trade shows and exhibition fairs. During the financial year ended 30 June 2024, the Group participated in two major industry events, namely, CPPI Barcelona, the world's largest pharmaceutical event and Arab Health 2024, a leading healthcare exhibition in the Middle East. By actively engaging in these events, we aim to profile ourselves and reach out to potential customers. This will enhance the visibility of our products, expand our export footprint and stay informed on emerging market trends and industry developments.

It is the Group's determination to excel that has sustained us over the last four (4) decades. During this period, we were able to build a resilient and cohesive team of employees across various departments. We are leveraging on these strong fundamentals to stay on course in pursuing our long-term objectives and positioning the Group for future growth.



Acknowledgement

On behalf of the Board, I would like to thank our Management and employees across the Group for their hard work, dedication and commitment as well as their core contributions to the Group's performance. I would also like to extend my appreciation to my esteemed Board members for providing valuable advice, guidance and the wisdom at our Board meetings.

Lastly, my gratitude to our shareholders, customers, bankers, suppliers, business partners and distributors for their unwavering support to us. We sincerely appreciate the support, contribution and roles played in our journey all these years.

DATUK JAMALUDIN BIN NASIR

Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

I am pleased to present the Management Discussion and Analysis (“MD&A”) of Kotra Industries Berhad (“Company”) and its subsidiaries (“Group”) for the financial year ended 30 June 2024. This MD&A provides an overview of the financial and operational performance of the Group as well as the anticipated risks and outlook for the financial year 2025.



OVERVIEW

The Group is one of the leading pharmaceutical companies in Malaysia, engaged in developing, manufacturing and supplying pharmaceutical and healthcare products since its inception in 1982. The Group, headquartered in Melaka, Malaysia, currently has its manufacturing facilities in Melaka and a branch office located in Kuala Lumpur, which focuses on sales and marketing activities.

The Group has been offering a wide range of healthcare products of over-the-counter (“OTC”) supplements, nutritional as well as pharmaceutical products in various dosage forms. We carve our market niche via our three (3) main brands, namely Appeton, Axcel and Vaxcel. The Appeton brand offers high quality OTC products that cater to all stages of life, from prenatal development needs to geriatric health supplements. Axcel specialises in paediatric care, anti-infective medicine and dermatological care while Vaxcel products focus on sterile injectables that feature a range of antibiotics to treat an extensive range of health conditions. Our metered dose inhalers are branded as Arite. As of the financial year ended 30 June 2024, our 62 OTC products and 146 pharmaceutical products are registered in Malaysia as well as in the international markets that we operate.

Guided by our vision “humanising health where we believe everyone deserves a healthier tomorrow” and our strong workforce of close to 750 employees, we strive to bring a variety of safe and cost-efficient products accessible to everyone.

FINANCIAL REVIEW

The Group registered a 6.5% drop in revenue, with total revenue decreasing from RM242.2 million in the previous financial year to RM226.6 million for the financial year ended 30 June 2024. This decline was primarily attributed to the tapering off of the heightened demand for pharmaceutical products, which surged in the preceding financial year due to global health conditions and reopening of the economy. As demand returned to normalcy, revenue for the year adjusted accordingly.

For the financial year under review, pharmaceutical product sales contributed 55% of the Group's revenue, maintaining a strong market presence, while the remaining 45% came from OTC products.

In addition to the normalisation of demand, the Group also recorded a significant increase in tax expenses, amounting to RM11.9 million compared to RM0.8 million in the prior year. This increase was mainly due to the reversal of deferred tax assets arising from the utilisation of tax incentives and losses brought forward, as well as the recognition of deferred tax liabilities. These higher tax expenses, coupled with lower revenue, resulted in a 31.6% decrease in profit after tax to RM44.6 million, compared to RM65.2 million in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

Earnings per share ("EPS") dropped from 44.08 sen to 30.07 sen per share for the financial year ended 30 June 2024. The following chart illustrates the Group's EPS since 2015:



Dividend per share ("DPS") was maintained at the same level as the previous year, illustrated as follows for the last five (5) years:



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONS REVIEW

A. Manufacturing (Manufacturing Excellence)

In a pharmaceutical organisation, the quality, efficacy, and timely delivery of products are crucial success factors. Throughout the years, the Group has established consistent and constant adherence to regulatory requirements by having a strong internal quality control system and highly skilled team in place. Our manufacturing facilities comply with the current Good Manufacturing Practices ("cGMP") requirements of Pharmaceutical Inspection Co-operation Scheme ("PIC/S") whilst our quality management system is certified to the standards of ISO 9001, enabling our products to be consistently produced and controlled to the appropriate quality standards as required by the regulatory agencies. We also have ISO 17025 accreditation for our quality control laboratory to be competent in conducting tests and calibration.

Currently, our manufacturing capacity utilisation is approximately 30% to 40%, leaving us with a significant buffer to accommodate future growth. We believe that this healthy excess capacity, coupled with our state-of-the-art infrastructure and resources, enables our manufacturing facility to efficiently handle large-scale production while maintaining high-quality standards. This operational flexibility allows us to respond swiftly to shifts in market demand, meet both local and international orders, and seize new opportunities as they arise.

During the financial year, the Group continued with construction of the new automated warehousing facilities and the addition of three (3) new manufacturing lines, with completion targeted by end of 2025.

The additional lines will enable the manufacture of products with different dosage forms that the Group currently does not offer. We believe this expansion will unlock new opportunities for growth in both the local and international markets. Furthermore, it will help to reduce Malaysia's reliance on imported medicines, contributing to greater self-sufficiency in the pharmaceutical sector.

Currently, the Group's storage capacity exceeds 90%, underscoring the pressing need for expanded warehousing to support future growth. With existing storage facilities operating near maximum capacity, the new automated warehouse under construction is anticipated to streamline inventory management, reduce manual handling, and enhance the Group's ability to respond more flexibly to market fluctuations.

Sustainability in manufacturing has been one of our top priorities, as demonstrated by our investment in the solar photovoltaic (PV) system installed at our manufacturing facility. With growing pressures from regulators, investors, and customers to adopt sustainability practices, we will continue to find innovative ways to further integrate sustainability into our strategies and operations.

B. New Product Development (Research and Development Excellence)

The pharmaceutical industry in which we operate is intensely competitive and rapidly evolving. To remain relevant and maintain a competitive edge, new product development is both a strategic necessity and a core focus. To deliver high-quality and affordable products that are trusted by our customers and patients, we have consistently invested in our research and development ("R&D") capabilities, supported by a team of more than 40 dedicated and experienced employees.

The Group anticipates that local generic drug sales will continue to grow in the coming years, largely driven by demand and inflationary pressures. As cost-of-living increases, consumers are becoming more cost-conscious and are increasingly seeking affordable healthcare solutions. Generic drugs, which provide the same therapeutic benefits as innovator products but at a lower cost, are well-positioned to meet this demand. In light of this trend, we see significant upside for growth in the local generic drug market and intend to capitalise on this opportunity.

During the financial year ended 30 June 2024, we launched one (1) prescription product, namely, Axcel Cefuroxime 500mg Tablet. With our growing portfolio of registered products, we are confident of sustaining a competitive advantage in this industry. To further enhance our product range, we plan to expand our portfolio into new therapeutic areas.

We believe the future of the pharmaceutical industry lies in biopharmaceuticals, and we are actively seeking partnerships with established leaders in this field. Given that biopharmaceuticals are typically administered in injectable forms, our four (4) injectables production lines, combined with our 20 years of experience in aseptic operations, uniquely position us to expedite the migration to this advanced technology.

C. International Market (Global Pharmaceutical Excellence)

Over the years, the Group has dedicated towards strengthening our position in the international pharmaceutical market. Our global footprint now spans over thirty-five (35) countries, with a primary focus on key markets, including Indonesia, Myanmar, Vietnam, Cambodia, and Saudi Arabia. This strategic international expansion has been instrumental in diversifying our revenue streams and enhancing our global presence.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONS REVIEW (CONT'D)

C. International Market (Global Pharmaceutical Excellence) (Cont'd)

For the financial year under review, our international division contributed RM74.7 million to the Group's overall revenue, showing a slight increase from RM74.4 million in the previous year. While this represents a modest growth, it reflects our ongoing commitment to expanding our market reach and deepening our presence in these high-potential regions. The consistent performance of our international division underscores the effectiveness of our global strategy and sets a solid foundation for future revenue growth as we continue to explore new opportunities and markets.

Moreover, the availability of manufacturing capacity places us in a better position to participate in overseas tender bids, particularly for supplying our pharmaceutical products to the public sector.

D. Brand and Marketing (Brand and Marketing Excellence)

The Group believes that brand image is a critical driver in establishing customer loyalty and significantly influencing purchasing decisions. A strong brand not only differentiates us in the competitive market but also builds lasting relationships and credibility with our customers. Over the years, we have invested significantly in brand development, ensuring that our products are synonymous with quality, reliability and innovation. We believe that we have successfully positioned our brands as trusted names in the pharmaceutical industry.

Strategic advertising and promotional efforts have played a vital role in establishing the Group as one of the key players in the market, ensuring our brands are not only visible but also competitive. These efforts have been particularly effective in promoting Appeton, which remains one of the main contributors to our revenue.

Through sustained investments in advertising and promotional activities for Appeton, we have strengthened our brand position, particularly in the local market. These efforts have helped elevate brand awareness and consumer trust, enabling us to differentiate ourselves in a highly competitive industry. By consistently promoting Appeton's unique value propositions, we are able to reinforce our sustainable competitive advantage.

In recent years, the Group has strategically embraced digital media to enhance our brand image. By effectively utilising social media platforms such as Facebook, Instagram, and more recently, TikTok, we have been able to maximise customer engagement and expand our reach through targeted, data-driven advertising campaigns. Interactive content and influencer partnerships have boosted brand visibility and fostered meaningful consumer interactions. Recognising digital marketing as essential for brand building, we intend to continue leveraging these platforms as a core element of our long-term strategy.

We continued with outdoor advertising through billboards across Malaysia and other Asian markets where we operate. Additionally, we have taken significant steps to enhance brand presence by strategically positioning our product at customer outlets. This approach not only enables effective communication of product information to both existing and potential customers but also maximises product visibility and accessibility, further strengthening our market position.

For prescribed products, which are subjected to advertising restrictions, the Group has focused on building and strengthening brand presence through medical education initiatives. The Group is involved annually in medical educational related talks for doctors and pharmacists across the country, covering topics such as paediatric, dermatology and infectious diseases. Participating in these educational events enables the Group to deepen the medical community's understanding of our products and position our products as trusted and reliable solutions.

Looking ahead, we will focus on high-impact marketing activities that deliver value and increase awareness among our customers. We believe that by combining traditional and innovative marketing strategies, we will effectively reach our target audiences.

E. Human Capital (People Excellence)

We take pride in our human capital as one of our most valuable assets for driving continuous growth. We are dedicated to fostering a culture that empowers our employees to reach their full potential by developing our leaders and leveraging the strengths of a diverse workforce. While product innovation is crucial, retaining talented employees is equally important to avoid losing valuable experience, skills, and knowledge, which can negatively impact productivity and revenue.

We prioritised acquiring and retaining individuals who align with the Group's values and working culture while also bringing fresh ideas to help realise our vision. By building talents internally, it is not only cost-effective but, more importantly, motivates employees by offering opportunities for continuous development. We have developed succession planning, a strategic framework to identify and develop future leaders among our employees in the Group. Moreover, our job rotation programme provides potential candidates to expand their knowledge, exposing them to different experiences and garnering wider skills to enhance job satisfaction and enrichment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONS REVIEW (CONT'D)

E. Human Capital (People Excellence) (Cont'd)

A strong development programme for human capital enables our employees to be equipped with the necessary knowledge and skills to face the industry's challenges with confidence. We have been organising training internally through Kotra Institute of Talent Excellence ("KITE"), notably the National Sales Conference and Compass Meetings. We believe by continuously training and retaining our valued employees, we will be able to improve on their overall productivity and performance to continuously contribute to the Group.

ANTICIPATED RISKS

The business environment in the pharmaceutical industry is continuously evolving, especially given the current global situation. The Group recognises the critical importance of robust risk management in our operational processes. We systematically identify, evaluate, and address various business risks, including financial, operational, regulatory compliance, and competitive threats. Each division's risk owners are responsible for monitoring these risks closely. Risk mitigation plans are proposed, implemented, and periodically assessed to ensure their adequacy and effectiveness. All findings and updates are reported to the Audit Committee and Board for ongoing oversight and strategic decision-making. Salient ongoing risks faced by the Group comprise the following:

a) Financial and Operational Risk

As a manufacturer of pharmaceutical products, the Group is exposed to risks related to, amongst others, escalating costs of raw materials, especially Active Pharmaceutical Ingredients ("API"), shortage of raw materials, liquidity, credit risk, increase in labour costs as well as accessibility to skilled personnel. Due to our operations in the overseas market, we are also faced with uncertainties and risks associated with geopolitical instability on a global scale, fluctuations in foreign currency exchange, economic instability and inventory obsolescence that may have a material impact on the Group's financial position and business performance. In addition, any prolonged downturn in the general economic conditions presents risks to the Group's business, such as decrease in healthcare spending by the government and dampened consumer sentiments.

To mitigate the aforementioned risks to acceptable levels, we have been implementing pertinent measures by deploying, inter-alia, pragmatic procedures and internal control, prudent financial management and exercising vigilance in decision-making.

b) Regulatory and Compliance Risk in the Pharmaceutical industry

Regulatory and compliance risks are inherent in the pharmaceutical industry. Changes to regulatory requirements in a specific market in which the Group operates may increase the cost of production and/or lengthen the required time needed for product registration in that market. In such a case, higher costs or delays in product registration may lead to lower margins or hamper targeted sales volumes in the relevant market for the Group.

To mitigate this, the Group engages with relevant regulatory and government authorities as well as participates in pharmaceutical related associations, such as Malaysian Organisation of Pharmaceutical Industries ("MOPPI"), which enables the Group to anticipate and respond to regulatory changes swiftly and effectively. Internally, we have implemented a robust compliance management system by embedding controls and compliance process throughout the Group. This includes conducting periodic reviews, providing continuous training, and establishing a dedicated compliance management team consisting approximately 150 members across various departments, such as quality assurance, quality control and regulatory and product development department. This structure enables us to maintain our steadfast commitment towards regulatory compliance.

c) Competitive Environment

The pharmaceutical industry plays a pivotal role in improving health care. The Group faces stiff and fierce competition from a myriad of local and foreign players which have more resources than the Group. This competitive environment may threaten our revenue and profit margin if not effectively managed. Moreover, we may experience a rise in protectionist measures from overseas markets as can be seen in recent years, where governments in these countries prescribed policies such as tariffs, import quotas and subsidies to assist their local companies to manage and sustain their businesses against foreign competition.

The Group must be able to effectively respond to these competitive factors and emerging trends, including being mindful of the importance of pricing, promotional investments, customer preferences and trading terms. To remain dynamic, we continue to deepen our focus on quality marketing and brand development, pricing strategy and other relevant strategies that give us a comparative advantage to effectively deal with the intensity of external pressure. It is essential for us to remain resilient to put up with strong competition to retain our market share and expand our business to the other markets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OUTLOOK

After two record-breaking years of Group financial performance, the Group has faced significant economic challenges during the financial year under review, such as inflationary pressures and exchange rate volatility, which have impacted operational cost and consumer demand. Despite these challenges, the Group has demonstrated unwavering determination in striving to maintain our performance levels.

The Group believes that the pharmaceutical industry will continue to grow, supported by the New Industrial Master Plan 2030 (NIMP 2030), published by Malaysia's Ministry of Investment, Trade, and Industry (MITI). According to the Plan, Malaysia's pharmaceutical industry is projected to grow by 5.4% reaching RM9.6 billion by 2027. This growth is driven by increasing demand for healthcare treatments, spurred by an ageing population, an increase in chronic diseases due to lifestyle factors, and a growing trend toward proactive healthcare, with a greater focus on prevention rather than cure.

The Malaysian government's strong commitment to healthcare is reflected in the Ministry of Health (MOH)'s allocation of RM41.2 billion in Budget 2024, representing a 13.5% increase from the previous year. This significant investment highlights the priority placed on enhancing the country's healthcare infrastructure and services. Given these favourable industry trends, it is crucial for the Group to remain agile and adaptable, making strategic changes when necessary to capitalise on emerging opportunities.

In addition, the Group recognises our role in enhancing the Social (S) pillar in environmental, social and governance ("ESG") as our products play an important role in helping communities treat or relieve various diseases and improve general health and immunity as well as enhance the population's access to affordable healthcare products. We recognise our responsibility to address the challenges of global sustainability, especially challenges posed by climate changes and their associated impacts. A more comprehensive coverage of all our ESG initiatives has been included in the Sustainability Statement of this Annual Report.

Looking ahead, the Group is mindful of the challenging market conditions and economic uncertainties. Despite these obstacles, we remain resolute and steadfast in our approach. Our focus will be on optimising our cost structure by enhancing productivity and continuous cost rationalisation measures. We are dedicated to improving efficiency across our operations to drive overall performance. With the strong capabilities within the Group, we are confident in our ability to execute the necessary initiatives for long-term success. We maintain a positive outlook on our growth prospects and are committed to delivering sustained value to our shareholders.

ACKNOWLEDGEMENT

Navigating this challenging journey has been made possible by the unwavering commitment of our employees and the support of our stakeholders. The Group's progress would not be possible without the dedication and hard work of our management team and employees. I would like to extend my heartfelt gratitude for their tireless efforts and invaluable contributions.

A special mention goes to the Board of Directors for their exceptional guidance and stewardship. I sincerely appreciate their leadership and support. Additionally, I would like to extend a big thank you to all our shareholders, suppliers, bankers, business partners, and clientele for their continued trust and support over the years.

Looking ahead, the key focus is to maintain our upward trajectory and continue enhancing operational efficiency and shareholders' returns. With the economic uncertainties and challenges ahead, we will continue to exercise caution and prudence in our day-to-day operations. With determination and focus, I am confident that we will be able to sail through the challenges to emerge stronger and deliver our commitments to our stakeholders.

PIONG TECK ONN

Managing Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) recognises the importance of adopting sound corporate governance practices and is committed to apply the Principles, Practices and Guidance set out in the Malaysian Code on Corporate Governance (“MCCG”) throughout the Company and its subsidiaries (“Group”), as appropriate. By upholding high standards of corporate governance, the Board is provided with the impetus to continuously enhance shareholders’ value and safeguard stakeholders’ interests with a view to create sustainable business in the long term.

This Corporate Governance Overview Statement (“Statement”) is prepared pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) with guidance drawn from Practice Note 9 of the MMLR, providing an overview of the application of the following three (3) key principles of MCCG:

- a) Principle A: Board Leadership and Effectiveness;
- b) Principle B: Effective Audit and Risk Management; and
- c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement is to be read in tandem with Corporate Governance Report (“CG Report”) of the Company which is available on the Group’s website at www.kotrapharma.com as well as via an announcement on Bursa Securities’ website.

Save as disclosed below, the Group has applied the Practices prescribed in the MCCG:

- Practice 1.4 : The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee;
- Practice 4.4 : Evaluation of the Board and Senior Management in addressing the Group’s material sustainability risks and opportunities;
- Practice 5.2 : At least half of the Board comprises Independent Directors;
- Practice 5.9 : The Board comprises at least 30% women Directors; and
- Practice 8.2 : Disclosure on a named basis the top five (5) Senior Management’s remuneration components, including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The CG Report provides further details of how the Practices of the MCCG were applied, including explanation on any departures and alternative practices adopted by the Company to achieve the Intended Outcome of the departed Practices.

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES

PART I - BOARD RESPONSIBILITIES

1.0 Board’s Leadership

The Board is dedicated in leading and directing the Group towards achieving its strategic goals whilst upholding the Group’s core values in tandem with their fiduciary duties and responsibilities. The Board has overall responsibilities of overseeing the Group’s conduct of business, promoting good corporate governance culture, ensuring effective shareholder communications, reviewing the adequacy and integrity of the Group’s internal control system and risk management processes.

The Board is guided by its Board Charter which outlines the roles, responsibilities, duties and functions for an effective stewardship by the Board. To enhance governance controls, the Board has set out in the Board Charter, a formal schedule of matters specifically reserved to it for decision.

The Board has established three (3) Board Committees, namely, the Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) with specific responsibilities delegated to them. The Board Committees assist the Board in deliberating the matters within their respective Terms of Reference and make the necessary recommendations to the Board for approval or notation, as the case may be. While the Board Committees have their own functions and delegated roles, the ultimate responsibility and decisions on all matters lie with the Board.

The Board Charter and the Terms of Reference of the Board Committees are available on the Group’s website at www.kotrapharma.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.0 Board's Leadership (Cont'd)

Chairman and Managing Director

The roles of the Chairman and Managing Director are separately held by different individuals and their responsibilities are demarcated, with each having distinct and clearly defined authority and responsibilities. This is to enable a balance of power and authority, such that no individual has unfettered powers of decision.

The Board is helmed by Datuk Jamaludin bin Nasir who was appointed as the Independent Non-Executive Chairman. The Chairman is primarily responsible for instilling sound governance practices, ensuring the Board's effectiveness and leading the Board in its collective oversight of Management. The Managing Director of the Group, Mr. Piong Teck Onn, plays a pivotal role in managing overall day-to-day affairs of the Group's business, operations and implementation of Board-approved strategies, policies and decisions. His role is aided by his fellow Executive Director and the support of a Senior Management team, who collectively contribute to the relevant field of speciality and smooth functioning of the Group.

The majority of Board members are Non-Executive Directors, comprising qualified individuals with diverse professional backgrounds, skills, calibre and extensive experiences. The Board recognises the crucial role and contribution of Independent Non-Executive Directors, who provide the element of objectivity and independent judgement on the Board. This enables a sufficient check and balance so that no one or particular group dominates the Board and the decision-making process.

Company Secretary

The Board is supported by two (2) qualified and experienced Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). They play administrative and advisory roles to the Board and are responsible to ensure all Board procedures and Board management matters are in line and in compliance with MMLR, MCGG, Companies Act 2016 and other relevant laws and regulations.

At each Board and Board Committee meeting, a Company Secretary or her assistant would be present to provide support, ensuring that meetings are duly convened with meeting procedures adhered to. Records of the proceedings and resolutions passed are documented and maintained at the registered office of the Company.

Access to Information and Advice

An annual calendar with all the Board and Board Committee meetings schedule is prepared in advance by the Company Secretaries to facilitate the Board's planning for the year. The Board meets on a quarterly basis, with additional meetings convened when necessary.

Notice of each meeting confirming the venue, time, date and a structured agenda, together with the Board and Board Committee papers, are disseminated electronically at least seven (7) days prior to the meeting. This provides Directors with access to reading materials in a timely manner for effective discussions and decision-making during meetings. The salient matters discussed at Board meetings in arriving at decisions and conclusions are recorded by way of minutes of meetings by the Company Secretary.

Directors have full and unrestricted access to all information within the Group, as well as the advice and services of the Company Secretaries. Additionally, they may seek independent professional advice, at the cost of the Company on specific issues to make independent and informed decisions.

2.0 Demarcation of Responsibilities

The Board had formalised and adopted the Board Charter which sets out the roles, responsibilities, duties and functions of the Board, Board Committees and individual Directors as well as a schedule of matters reserved for the Board's decision.

The Board Charter is subject to review by the Board at least once in every two (2) years or more frequently when the need arises and in tandem with any changes to the MCGG, MMLR or other rules and regulations impacting Directors' responsibilities. The Board Charter was last updated on 26 May 2023 and is available on the Group's website at www.kotrpharma.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

3.0 Promoting Good Business Conduct and Corporate Culture

Code of Conduct and Ethics

The Group has a Code of Conduct and Ethics, setting out the standards of ethics and good conduct expected from our employees and Directors to ensure that they act with integrity, comply with legal and regulatory requirements and uphold ethical standards in the Group. The Board is also required to comply with the Directors' Code of Ethics and Conduct, which has been included in the Board Charter.

Whistleblowing Policy and Procedures

The Company has in place the Whistleblowing Policy and Procedures ("Whistleblowing Policy"), aimed at engendering integrity, transparency, impartiality and accountability where the Group conducts its business operations. The Whistleblowing Policy provides a structured reporting channel and guidance to all employees, public and external parties to report on any actual or suspected misconduct in good faith, without the fear of retaliation or reprisal.

Anti-Bribery and Corruption Policy

The Board has also established its Anti-Bribery and Corruption ("ABC") Policy in accordance with Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 which provides structured guidelines, procedures and mitigating controls to prevent bribery and corrupt practices. The Group has a zero tolerance stance towards all forms of bribery, corruption or similar unethical acts. This ABC Policy is crucial for maintaining ethical standards, ensuring compliance with legal requirements and protecting the Group's reputation.

Directors' Fit and Proper Policy

The Board has adopted the Directors' Fit and Proper Policy ("Policy") in compliance with Paragraph 15.01A of the MMLR. This Policy enumerates the fit and proper criteria and serves as a mandatory guide for the appointment of prospective Directors and re-election of retiring Directors on the Board of the Company and its subsidiaries.

The Code, Whistleblowing Policy, ABC Policy and Directors' Fit and Proper Policy are available on the Group's website at www.kotrapharma.com.

4.0 Sustainability Governance

The Board is responsible for overseeing the Group's sustainability efforts, encompassing environmental, social and governance ("ESG") aspects. This responsibility includes setting the strategic direction and ensuring that sustainability considerations are integrated into overall business practices of the Group. The Group Managing Director, supported by Heads of Departments and Managers, is tasked with implementing and integrating sustainability strategies into the day-to-day operations of the Group.

The Group engages with stakeholders through various communication methods to enhance understanding of the Group's operations and gather feedback on relevant issues which are considered when strategies are developed. Details about key stakeholders, engagement channels and their areas of interest/concern for the financial year ended 30 June 2024 are disclosed in the Sustainability Statement of this Annual Report.

The Board recognises the importance of staying updated with evolving business environment, including sustainability issues that are relevant to the Group's strategies and operations. The Board, assisted by the NC, assesses the training programmes attended by Directors annually to ensure they are aware of the latest developments and emerging sustainability issues. The list of training programmes attended by each Director are disclosed in this Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART II - BOARD COMPOSITION

5.0 Composition and Independence of the Board

The Board currently comprises six (6) members, of whom are two (2) Executive Directors, two (2) Independent Directors and two (2) Non-Independent Non-Executive Directors. The composition of the Board aligns with Paragraph 15.02 of the MMLR, which requires at least two (2) Directors or one-third (1/3) of Board members, whichever is higher, to be Independent Non-Executive Directors. The profile of each Director is set out in the Directors' Profile section of this Annual Report. Although the Board does not apply Practice 5.2 of the MCGG which prescribes that at least half of the Board should comprise Independent Non-Executive Directors, the Board believes that the existing number and composition are sufficient and reflect an adequately balanced group of experienced and dynamic individuals, appropriate in size, vis-à-vis the Group's nature and volume of business, to provide for a diversity of views and the effective functioning of the Board.

The Independent Non-Executive Directors are independent of Management, with no business, family or other relationships that could impair their objectivity and impartiality in the Board. The presence of Independent Non-Executive Directors in the Board is crucial to provide unbiased views and judgement to the Board's deliberation and decision-making as well as in safeguarding the interest of minority shareholders. Furthermore, the Independent Non-Executive Directors are supported by Non-Independent Non-Executive Directors, enabling the Board to constitute a majority of Non-Executive Directors.

The Board has adopted a policy at limiting the tenure of Independent Non-Executive Directors to a cumulative term of nine (9) years without any extension, in line with Step-Up Practice 5.4 of the MCGG.

Appointment of Directors and Senior Management, including Gender Diversity

The Board has formal and transparent procedures in place for the appointment of new Directors. The NC is entrusted to identify, assess and nominate suitable candidates to the Board for consideration on the appointment of Director. The NC conducts the fit and proper assessment of shortlisted candidates prior to recommending or otherwise to the Board for consideration. In evaluating potential candidates for directorship, the NC considers various criteria, including skills, knowledge, expertise and experience, as well as factors such as time commitment, professionalism, integrity and the ability of the candidate to discharge the duties as expected, especially for candidates to be considered as Independent Non-Executive Directors.

The selection and appointment of candidates for Senior Management positions lies with the Group Managing Director. The selection process is guided by established criteria that include leadership qualities, relevant experiences, skills, competencies and capabilities. These criteria ensure that candidates are well-suited to drive the Group's objectives and strategies.

The Board is dedicated towards providing fair and equal opportunities to all and does not support any form of discrimination based on ethnicity, cultural background, age or gender. The appointments of Board members and Senior Management are premised on merit in the context of diversity in skills, experiences, knowledge and other factors which is in the best interests of the Group. As such, the Group's Board Diversity Policy, approved by the Board, does not provide any quantitative targets on gender composition, both at the Board and Senior Management levels. This Board Diversity Policy is available on the Group's website at www.kotrapharma.com.

Appointment and Re-election of Directors

In accordance with the Company's Constitution, all Directors shall retire from office at least once in every three (3) years and are subject to re-election at the Company's Annual General Meeting ("AGM"). For the financial year ended 30 June 2024, the NC met to deliberate and assess the retiring Directors and their eligibility for re-election at the forthcoming AGM. For the purpose of the assessment, the retiring Directors had submitted their fit and proper declarations in prescribed forms, approved by the Board.

Upon assessing such declarations by the Directors concerned, the NC and Board were satisfied and have recommended the re-election of retiring Directors to be tabled for shareholders' approval. A statement by the Board and NC being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the forthcoming AGM is set out in the explanatory notes of the Notice of AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

5.0 Composition and Independence of the Board (Cont'd)

The Nomination Committee

The NC comprises exclusively Non-Executive Directors, with a majority being Independent Non-Executive Directors. The NC is entrusted by the Board for identifying and recommending suitable candidates to the Board and for conducting the annual evaluation of the performance of the Board, Board Committees and individual Directors.

The members of the NC are as follows:

- Datuk Jamaludin bin Nasir – *Chairman, Independent Non-Executive Director*
- Lee Min On – *Member, Independent Non-Executive Director*
- Piong Chee Kien – *Member, Non-Independent Non-Executive Director*

The NC has undertaken the following activities for the financial year ended 30 June 2024:

- Assessed the performance and effectiveness of the Board as a whole, the Board Committees and the individual Directors;
- Reviewed of the terms of office and performance of the AC and each of the AC members;
- Conducted the annual evaluation of the Key Officers and Directors of Subsidiary of the Company;
- Assessed the independence of the Independent Non-Executive Directors; and
- Assessed the continued eligibility of retiring Directors' for re-election before recommending to the Board.

6.0 Overall Effectiveness of the Board and its Individual Directors

The Board has delegated the NC to assess and evaluate on an annual basis the performance and the effectiveness of the Board as a whole, the Board Committees and individual Directors. The performance evaluation method is based on a self and peer assessment approach. The Directors were required to complete pre-set questionnaires that covers various aspects such as the Board's and Board Committee's effectiveness, assessment of individual Directors that included self and peer evaluation, assessment on structure, size and composition of the Board.

The NC had undertaken the assessment on the independence of Independent Directors during the financial year ended 30 June 2024. Based on the assessment, the Board was generally satisfied with the level of independence demonstrated by the two (2) Independent Directors. The NC found that there were no circumstances that could interfere with the Independent Directors' ability in exercising independent and objective judgement.

Based on the evaluation conducted, the NC is satisfied with the current Board composition. It was determined that the Directors have shown effectiveness and dedication in serving the Board, both in terms of their time commitment and active participation in meetings. Accordingly, the NC recommended to the Board the re-election of retiring Directors at the upcoming AGM of the Company.

In addition, all Directors were required to disclose to the Board of any conflicts of interest and/or material personal interest that they may have in connection with the affairs of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

6.0 Overall Effectiveness of the Board and its Individual Directors (Cont'd)

Time Commitment

As stipulated in the MMLR, each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year. The Board was satisfied with the level of commitment given by the Directors towards discharging their roles and responsibilities as reflected in the record of respective attendances at the Board and Board Committee meetings held during the financial year ended 30 June 2024:

Meeting attendance for the financial year ended 30 June 2024					
No.	Director	Board	AC	NC	RC
1.	Datuk Jamaludin bin Nasir	4/5	5/5	1/1	1/1
2.	Lee Min On	5/5	5/5	1/1	1/1
3.	Piong Chee Kien	5/5	5/5	1/1	1/1
4.	Datuk Piong Teck Yen	5/5	-	-	-
5.	Piong Teck Onn	5/5	-	-	1/1
6	Chin Swee Chang	5/5	-	-	-

The Board is cognisant of the need of continuous education and training programmes for its members to equip themselves with the necessary skills and knowledge to discharge their roles and responsibilities effectively. The Directors are also encouraged to participate in various training in accordance with their respective needs to keep abreast with changes in corporate governance promulgations, business landscape, regulatory requirements and industry practices.

All Directors have attended the Mandatory Accreditation Programme Part I (in relation to a Director's roles, duties and liabilities) prescribed by Bursa Securities. Bursa Securities has introduced Mandatory Accreditation Programme Part II: Leading for Impact ("MAP Part II") aimed at enhancing the knowledge and understanding of sustainability practices among Directors. As of the date of this Annual Report, 1 out of 6 Directors has attended the MAP Part II in August 2024 and the remaining 5 Directors will complete the MAP Part II before the deadline of 1 August 2025.

The details of the trainings attended by the Directors during the financial year ended 30 June 2024 are listed in the table below:

Name of Directors	Trainings Attended
Datuk Jamaludin bin Nasir	Reshaping Markets and Finance through Leadership, Technology and Talent as Levers for Change
	Evaluating Public - Private Partnership - Infrastructure Projects
	MARC Awareness Training - MACC Act Section 17A & Anti- Bribery and Cyber Security
	Webinar - APAC, REIT's & REOC - Credit Developments & Implications
Piong Teck Onn	Workshop with the IGBA on CRP for Generics and Biosimilars Prequalified by WHO and SRA Approved
	Briefing by Pharmacy Board Malaysia on New Log Book for Liberalisation of Provisionally Registered Pharmacist (PRP) Training
	Webinar on Medicines and Medicinal Products Advertisement
Datuk Piong Teck Yen	Five (5) Steps to Achieve ESG Compliance as a Local Manufacturer

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

6.0 Overall Effectiveness of the Board and its Individual Directors (Cont'd)

Time Commitment (Cont'd)

Name of Directors	Trainings Attended
Chin Swee Chang	Health Talk: Lifestyle Disease & Nutrition
	Marine (Pleasure Craft Insurance)
	Business Interruption – Dual Wages, Non-Damage BI & Contingent BI
	Personal Accident Protector
	Contaminated Product Insurance for F&B Industries
	Marine Cargo Insurance
	Management of Cyber Risk Programme
	Fire Insurance Clauses
	IT Application Development General Procedure
	Roadside Assistance and eClaims Solutions
	AML and Sanction Screening Processes
	Health Talk: Low Back Pain and How to Prevent
	New & Enhanced Product Training
	Implications of Road Transport Act 1987 on Motor Insurance
	Accelerating Growth through Claims
	Truck Assist & Home Protector
	BNM Policy Document on Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Financial Institutions for Agents
	Handling Insurance Sales Objections and Complaints
Fundamentals and Best Practices in Insurance Risk Engineering, Risk Assessment and Mitigation Strategies	
Tort & Civil Liability: Overview and Civil Liability, the Law of Torts & Torts of Negligence	
Underwriting Information: Risk Management of Liability Risks	
Lee Min On	The Institute of Internal Auditors Malaysia: East Malaysia Conference 2023 – Unlocking Success: Empowering Internal Auditors for Tomorrow's Challenges
	Conflicts of Interest – for Directors of listed issuers (organised by Bursa Malaysia Securities Berhad)
	Assessment of the Board, Board Committees and Individual Directors: Are such assessments useful, let alone necessary for listed issuers? (organised by Malaysian Institute of Corporate Governance)
	ESG – Are you ready for the enhanced Sustainability Reporting Requirements? (organised by the Malaysian Institute of Corporate Governance)
	Enterprise Risk Management – Roles of the Board of Directors (organised by Eastern & Oriental Berhad)
	Revisiting Corporate Liability on Corruption under Section 17A of the MACC Act 2009 (organised by Media Chinese International Limited)
Piong Chee Kien	Virtual Workshop by NPRA on Bioequivalence Desktop Evaluation (“BEDE”)
	In Depth Understanding of the PDPA and Importance of PDS
	Halal Awareness Training
	Ergonomics at Workplace
	ISO 9001 Internal Auditor Course
	Training on Product Quality Review and Verification
	Comprehensive General Liability Insurance and Public Liability Insurance

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART III - REMUNERATION

7.0 Remuneration Policies and Decisions

The RC comprises a majority of Non-Executive Directors, with the Chairman of the RC being an Independent Non-Executive Director. The RC met once for the financial year under review attended by all RC members. The RC is guided by its Board-approved Terms of Reference which are available on the Group's website at www.kotrapharma.com.

The members of the RC are as follows:

- Datuk Jamaludin bin Nasir – Chairman, Independent Non-Executive Director
- Lee Min On – Member, Independent Non-Executive Director
- Piong Teck Onn – Member, Managing Director
- Piong Chee Kien – Member, Non-Independent Non-Executive Director

The Board has established Policies and Procedures to streamline the Remuneration of Directors and Senior Management, enabling the remuneration packages to attract, retain and motivate experienced, high calibre and qualified Directors and Senior Management to lead and manage the Group effectively. The RC reviewed, deliberated, assessed and recommended to the Board the remuneration of Directors for the financial year ended 30 June 2024, with the respective Directors abstaining from deliberating their own remuneration.

For Executive Directors, their remuneration is structured so as to link rewards to the performance of the Group and individuals, with reference to companies of comparable business and market competitiveness. The remuneration of Non-Executive Directors is pegged against their roles, experience, expertise, level of responsibilities and participation in meetings. The remuneration of Non-Executive Directors, comprising fixed annual fees and meeting allowances, is determined by the Board and is subject to shareholders' approval at AGM.

Senior Management's remuneration is reviewed and decided annually by the Group Managing Director. The components of their remuneration consist of a basic salary, bonus and other benefits that are commensurated with their qualifications, experience, market competitiveness, level of responsibility as well as the performance of the Group and individuals.

8.0 Remuneration of Directors and Senior Management

Directors' remuneration from the Company and Group for the financial year ended 30 June 2024 amounted to RM364,450 and RM3,743,351 respectively. Detailed information of Directors' remuneration on a named basis is disclosed under Practice 8.1 of the Corporate Governance Report ("CG Report") uploaded on Bursa Securities and the Group's website at www.kotrapharma.com.

The Board is of the view that disclosure of the top five (5) Senior Management's remuneration on a named basis would not be in the Group's best interest, given the highly competitive human resources environment in which the Group operates. Being mindful of the sensitivity of such information, the Board has opted not to disclose on a named basis the remuneration in bands of RM50,000 for Senior Management. An alternative disclosure to inform shareholders of such remuneration is adopted and set out under Practice 8.2 of the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AUDIT COMMITTEE

9.0 Effective and Independent Audit Committee

The AC comprises three (3) Non-Executive Directors, with the majority being Independent Directors, the composition of which aligns with Practice 9.1 of the MCCG which highlights that the Board Chairman should not be the AC Chairman.

The AC took note of the MCCG's requirement for a former partner of the External Audit firm and/or its affiliates to observe a cooling-off period of at least three (3) years from retirement or resignation before being appointed as an AC member. The Terms of Reference of the AC are available on the Group's website at www.kotrapharma.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I - AUDIT COMMITTEE (CONT'D)

9.0 Effective and Independent Audit Committee (Cont'd)

All the AC members are financially literate, which is an essential attribute to assist the Board in overseeing financial reporting, ensuring its accuracy, completeness and compliance with applicable financial reporting standards. The AC also oversees, amongst others, the review of related party transactions, risk management and internal controls, any conflict of interest situations that may arise within the Group, including the mitigating measures thereof, as well as the provision of non-audit services by the External Auditors and/or their affiliates.

A summary of the work carried out by AC in discharging its duties during the financial year ended 30 June 2024 is disclosed under the Report of Audit Committee in this Annual Report.

External Auditors

The External Auditors had provided to the AC assurance on their independence, i.e., that they were and had been independent throughout the conduct of the audit engagement during the financial year under review. The AC conducted an annual assessment of the suitability and independence of the External Auditors, using pre-set questionnaires adapted from Bursa's Corporate Governance Guide 4th Edition. Following this assessment, the AC also considered the level of audit fees to ensure a quality audit is conducted, including the nature and extent of non-audit services rendered by the External Auditors and/or their affiliates to prevent any compromise on the External Auditors' objectivity and independence. The AC was satisfied with the outcome of the assessment and recommended the Board to endorse the External Auditors' re-appointment for the ensuing financial year for shareholders' approval at the forthcoming AGM.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10.0 Sound Risk Management and Internal Control Framework

The Board acknowledges its statute-mandated role of establishing and maintaining a sound risk management and internal control framework within the Group. The AC supports the Board by overseeing the Group's Enterprise Risk Management framework and regularly assessing the framework to ensure its adequacy and effectiveness. Management, led by the Group Managing Director, has developed comprehensive internal controls, designed to mitigate risks to acceptable levels, safeguard the Group's assets, and enabling compliance with regulatory requirements.

For the financial year ended 30 June 2024, the Board engaged BDO Governance Advisory Sdn. Bhd. ("BDOGA"), an independent professional firm, to assist the Group in updating and, where pertinent, refresh its risk profile focusing on the principal business units within the Group. BDOGA was appointed to replace a former service provider so as to provide fresh perspectives on risks based on its experience, especially on opportunities and emerging challenges faced in the pharmaceutical industry. The updated risk profile, which was a key output from the risk assessment, assisted the Board and Management to anticipate, address and manage potential risks effectively, thereby supporting informed decision-making and strategic planning.

The Statement on Risk Management and Internal Control as set out in this Annual Report provides an overview of the state of risk management and internal controls of the Group.

11.0 Internal Audit Function

For the year under review, the Group's Internal Audit function was outsourced to BDOGA, which reported directly to the AC and was free from any relationship or conflict of interest, which could impair their objectivity and independence. For this purpose, the Head of Internal Audit function was distinct from the BDOGA personnel who helmed the Group's risk update. BDOGA supported the Board and AC by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit function adopted a risk-based approach in planning and executing the audits. The standards and practices adopted by BDOGA aligned with the International Professional Practices Framework of the Institute of Internal Auditors. A cycle of internal audit was carried out by the Internal Audit function based on the audit plan presented to and approved by the AC. Findings from the internal audit, including the recommended Management action plans and Management's comments, were presented directly to the AC. This process ensured that the AC received assurance, and comprehensive and timely insights into the effectiveness of the Group's internal control systems.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - ENGAGEMENT WITH STAKEHOLDERS

12.0 Continuous Communication Between the Company and Stakeholders

The Board is mindful of the need to disseminate material information accurately and in a timely manner to shareholders and other stakeholders. Accordingly, the Board endeavours to provide pertinent information to promote transparency, foster trust and support informed decision-making. To enable proper handling of confidential and material information, the Board has established Corporate Disclosure Policies and Procedures that serve as guidelines to facilitate information disclosure.

All material information is released to Bursa Securities whereby shareholders and other stakeholders are able to view the Group's financial results and relevant announcements at www.bursamalaysia.com. The Board peruses and approves all announcements prior to their release to Bursa Securities, save for those which are administrative in nature for which the Company Secretaries have been authorised by the Board for their release. The Group's website has an Investor Relations section where information on the Group, announcements, relevant corporate policies, Annual Reports, Board Charter, Terms of Reference, notices and minutes of AGM can be easily accessed. Shareholders may forward any concerns or queries to a dedicated e-mail address which is available on the Group's website, and all relevant and appropriate issues raised are addressed accordingly.

PART II - CONDUCT OF GENERAL MEETINGS

13.0 Shareholders' Participation and The Board and Senior Management Engagement

The AGM serves as the principal forum for communication between the Board and shareholders. Shareholders are encouraged by the Chairman of the meeting to participate in and engage with the Directors at the AGM, providing a valuable opportunity for interaction regarding the business and performance of the Group. The Chairman is responsible for ensuring that sufficient time and opportunities are allocated to shareholders at the AGM, including allowing shareholders to exercise their rights to raise questions and express concerns related to both financial and non-financial matters concerning the Group.

The notice and agenda of AGM, together with the proxy form, were mailed to shareholders twenty-eight (28) days before the AGM to provide shareholders with adequate time to review the proposed resolutions, make necessary arrangements to participate in the AGM or appoint proxies as they deem appropriate. Each item of ordinary business included in the notice of the AGM is accompanied by an explanatory statement on the effects of the proposed resolution.

The Twenty-Fourth ("24th") AGM was conducted virtually through live streaming and online remote voting to facilitate broader shareholder participation. The Board members, except for a Non-Independent Non-Executive Director who joined the meeting remotely via video conferencing, Senior Management, Company Secretary and representative of External Auditors were physically present at the Broadcast Venue.

During the AGM, the Group Managing Director presented a review of the Group's performance during the financial year ended 30 June 2023. In line with Practice 13.5 of the MCCG, questions posed by shareholders were made visible to all meeting participants during the 24th AGM. All resolutions set out in the notice of the AGM were voted using Remote Participation and Voting ("RPV") facilities and an independent scrutineer was appointed to validate the voting outcome for each resolution. The results were announced by the Chairman before the end of 24th AGM and were published via Bursa Securities on the same day.

Minutes of the 24th AGM were made available on the Group's website at www.kotrapharma.com within thirty (30) business days from the date of the 24th AGM.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Moving forward, the Board remains steadfast in engendering sound corporate governance practices across the Group. The key focus in the coming years will be on increasing the Group's awareness and application of sustainability considerations in the Group's strategies and business operations. Additionally, emphasis will also be placed on improving risk management and compliance knowledge to navigate regulatory challenges and the ever evolving business landscape.

This CG Overview Statement was approved by the Board on 3 October 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Statement on Risk Management and Internal Control (“Statement”) set out below has been prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and accords with the Guidelines for Directors of Listed Issuers published by Bursa Securities. The Malaysian Code on Corporate Governance (“MCCG”) requires the Board of Directors (“Board”) to establish an effective risk management and internal control framework, the features of which including its adequacy and effectiveness, should be disclosed.

Accordingly, the Board is pleased to provide the following Statement which outlines the nature and scope of risk management and internal controls deployed by the Group during the financial year ended 30 June 2024 and up to the date of this Statement.

BOARD’S RESPONSIBILITY

The Board recognises the importance of maintaining the Group’s system of risk management and internal control to safeguard shareholders’ investment and the Group’s assets. The Board is responsible for the establishment of an appropriate control environment and framework as well as reviewing its adequacy and operating effectiveness. The system of risk management and internal control addresses business risks that the Group is exposed to and the implementation of controls to mitigate those exposures to acceptable levels. However, due to its inherent limitations, the system can only mitigate and not completely eliminate risks that prevent the Group from realising its business and corporate objectives. Therefore, the system can only provide reasonable, but not absolute, assurance against material misstatement, loss or fraudulent activities.

The Board acknowledges that identifying, evaluating and managing the significant risks faced by the Group is a continuous process. On an annual basis, the Board, via the Audit Committee (“AC”), evaluates the adequacy and operating effectiveness of the system of risk management and internal control and, where appropriate, requires the Management to implement pertinent controls to address emerging issues or areas of control deficiencies. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

RISK MANAGEMENT FRAMEWORK

The Group’s Enterprise Risk Management framework (“ERM Framework”), which was formalised in writing with the assistance of an independent professional firm of consultants, entails the compilation of the Group’s risk profile, risk registers and appropriate internal controls to manage business risks to acceptable levels. The overarching methodology that girds the Group’s ERM Framework accords with the promulgations of ISO31000:2018 Risk Management - Guidelines, an internationally recognised risk management methodology. During the financial year, the Board appointed a new service provider, namely BDO Governance Advisory Sdn. Bhd. (“BDOGA”) to assist Management to conduct an update of the Group’s business risks to ensure those risks that have been identified previously remained relevant, including emerging risks that the Group was exposed to. The Board believes the change of professional service provider would provide fresh perspectives in adding value to the risk management initiatives implemented by the Group.

The Board believes that maintaining a sound system of risk management and internal control is founded on a clear understanding and appreciation of the following key elements of the Group’s ERM Framework:

- a formalised Risk Management Policy and Procedures document to streamline the Group’s risk management activities;
- a risk management structure which delineates the lines of reporting and establishes the responsibility of personnel at various levels, i.e., the Board, AC and Management;
- the Heads of Department and key Management staff are responsible for identifying, assessing and managing principal business risks (present and potential) on an ongoing basis;
- key risk indicators assigned are monitored periodically against pre-determined thresholds to provide an early warning signal of increasing risk exposures, if any; and
- Management’s action plans are formulated to mitigate these risks to acceptable levels, considering the established risk parameters (qualitative and quantitative) of the Group, which articulate the appetite of the Board.

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

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function ("IA function") to an independent professional firm, namely BDOGA, who replaced the previous service provider during the financial year under review, following a review by the Audit Committee pertaining to the competency and quality of audit service rendered by the previous service provider.

The IA function assisted both the Board and AC during the financial year under review by conducting independent assessment of the adequacy and operating effectiveness of the Group's internal control system. To ensure its independence from Management, the IA function reported directly to the AC through the execution of internal audit work based on a risk-based internal audit plan approved by the AC before commencement of work.

BDOGA adopted a risk-based approach in executing the planning, reviews and assessments, steered by its internal audit methodology, which broadly aligned with the Institute of Internal Auditors' International Professional Practices Framework ("IPPF"), which comprise the definition of Internal Audit, the Core Principles, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing ("ISPPA").

The Internal Audit Plan, which articulated the methodology adopted by BDOGA, took into consideration the Group's Risk Profile, set out the areas of coverage and rationale for its selection and was presented to the AC for comments and subsequent approval before actual internal audit work was conducted. At the AC meeting where the Audit Plan was deliberated, members of the AC inquired from BDOGA the basis for its selection of the in-scope areas. Feedback from the Managing Director and Chief Financial Officer was also sought by the AC on the relevance and appropriateness of the suggested audit areas for consideration before the AC approved the Internal Audit Plan for the IA function to commence work.

The internal audit deliverables, which comprised Internal Audit reports on observations raised, recommendations suggested as well as Management's comments and action plans thereto, were issued and reported directly to the AC. The Internal Audit function would conduct follow-up on the status of Management action plans to address unresolved issues highlighted before and report the status of the Management action plans to the AC. At the relevant AC meetings, representatives from BDOGA tabled its report and deliberated with the AC the salient issues noted, recommendations by BDOGA to address the issues as well as Management's comments on the issues highlighted. The Managing Director and Chief Financial Officer, who were normally invited to the AC meeting, provided clarification to the AC on the matters highlighted, including action plans to address the concerns highlighted by the IA function.

The IA function is headed by an Executive Director, Advisory of BDOGA, who is an affiliate member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Internal Auditors Malaysia (IIAM). She was assisted by a team of two (2) to three (3) members. The AC was briefed by representatives of BDOGA that all personnel deployed by BDOGA during the financial year under review were free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

During the financial year under review, BDOGA conducted a cycle of internal audit on the Group's Spare Parts Management and Engineering Maintenance per the approved Internal Audit Plan to assess its adequacy and operating effectiveness, i.e., how the controls mitigated the risk exposures in the processes evaluated. Observations from the internal audit, which covered areas for enhancements to be addressed by Management, were reported in August 2024. The costs incurred in engaging BDOGA for the financial year ended 30 June 2024 amounted to approximately RM55,000, comprising RM27,300 for the ERM engagement and RM27,700 for the internal audit work conducted.

INTERNAL CONTROL FRAMEWORK

Key features of the Group's Internal Control Framework, including the ongoing associated activities, encompass the following:

- a Board Charter which enables all Directors to be aware of their roles and responsibilities, the standards of corporate governance as well as relevant laws and regulations;
- a clearly defined organisational structure within the Group, with respective levels of responsibility, limits of authority and accountability, to ensure that Management performs its functions and that such functions are appropriately segregated;
- periodical review of financial and operational reports, and scheduled Management meetings with corrective actions implemented by Management, as appropriate;
- documentation and communication to staff members on operating procedures that set out the policies, procedures and practices adopted by the Group to ensure clear accountabilities. The design of internal control procedures is reviewed and revised by Management as deemed necessary;
- quarterly reporting to Senior Management, AC and Board on financial reports, progress reports, key variances and analysis of financial data of the Group's businesses;

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

INTERNAL CONTROL FRAMEWORK (CONT'D)

- establishment of management information systems with documented processes, comprising change request to computer programmes and controlled access to data files;
- ensuring adequate insurance and safety measures over major assets of the Group against any mishap that may result in material losses to the Group; and
- establishment of an integrity and ethical framework which comprises:
 - a Whistle Blowing Policy, which provides an avenue for employees and other stakeholders to report unethical, unlawful and undesirable conduct in a safe and confidential environment;
 - an Anti-Fraud, Anti-Bribery and Corruption Policy, which aims to deter corrupt acts by Directors, Management and employees; and
 - a Code of Conduct and Ethics to uphold integrity and ethical values across the Group.

CONCLUSION ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance in writing from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system has been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Taking this assurance into consideration and input from relevant parties like the IA function based on internal audit findings and feedback from the External Auditors on any control failings, the Board is of the view that the system of risk management and internal control is adequate and operating effectively, in all material aspects, to achieve objectives and has not resulted in any material losses, contingencies or uncertainties that would require separate disclosure in the Annual Report. The Board remains committed towards establishing a robust system of risk management and internal control, where improvements are made as considered appropriate.

The External Auditors have reviewed this Statement, pursuant to the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the year ended 30 June 2024 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and views by the Board and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement is approved by the Board on 3 October 2024.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors (“Board”) of Kotra Industries Berhad (“Company”) is pleased to present the Report of the Audit Committee (“AC”) (“AC Report”) for the financial year ended 30 June 2024, prepared in accordance with Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

COMPOSITION AND MEETING ATTENDANCE

The AC is appointed by the Board and comprises three (3) members, all of whom are Non-Executive Directors, with a majority being Independent Non-Executive Directors, who fulfil the criteria of independence set out in the Main Market Listing Requirements (“MMLR”). The AC members are financially literate, competent and possess a wide range of skills to enable them in understanding matters falling within the purview of the AC.

The current composition of the AC complies with Paragraphs 15.09 and 15.10 of MMLR, as well as Practice 9.1 of the Malaysian Code on Corporate Governance (“MCCG”). The AC Chairman, Mr. Lee Min On, is a member of the Malaysian Institute of Accountants.

During the financial year ended 30 June 2024, a total of five (5) AC meetings were held, with the requisite quorum of two (2) AC members present, both of whom must be Independent Directors.

Details of the AC members and their attendance record at AC meetings held during the financial year ended 30 June 2024 are as follows:

Name	Directorship	Designation	Meeting Attendance
Lee Min On	Independent Non-Executive Director	Chairman	5/5
Datuk Jamaludin bin Nasir	Independent Non-Executive Director	Member	5/5
Piong Chee Kien	Non-Independent Non-Executive Director	Member	5/5

The Group Managing Director, Chief Financial Officer and Senior Finance Manager attended all AC meetings at the AC’s invitation to provide relevant explanations and input into the meeting agenda, particularly on financial reporting matters or any pertinent issues that required the AC’s attention. The Internal and External Auditors were also invited to attend specific AC meetings to present their respective reports.

The Company Secretary acts as the Secretary of the AC and provides the necessary services for the effective functioning of the AC. Meetings were structured, supported by detailed agendas and relevant meeting papers, which were distributed electronically in advance to enable AC members review the materials in preparation for deliberation. The minutes of each AC meeting were recorded by the Company Secretary, with the draft disseminated to members for comments before tabling the same for confirmation at each succeeding AC meeting and subsequently presented to the Board for notation. During the financial year, the AC Chairman reported and highlighted key matters discussed at each AC meeting to the Board, either for the latter’s approval or notation.

TERMS OF REFERENCE

The AC’s roles and responsibilities are set out in its Terms of Reference, approved by the Board. These Terms of Reference are uploaded on the Group’s website at www.kotrapharma.com.

REVIEW OF THE AC

Pursuant to Paragraph 15.20 of the MMLR, the terms of office and performance of AC members were reviewed by the Board via the Nomination Committee (“NC”), including a self and peer review by the AC members. Following this review, the NC noted that the AC members have carried out their duties in accordance with the above-mentioned Terms of Reference.

REPORT OF THE AUDIT COMMITTEE (CONT'D)

SUMMARY OF THE AC'S WORK FOR THE FINANCIAL YEAR

For the financial year under review, the AC discharged its functions, primarily through the conduct of the following work:

A) Financial Reporting

- Reviewed the unaudited quarterly financial results of the Group and the relevant announcements before recommending the same to the Board for approval to be submitted to Bursa Securities;
- Reviewed the annual audited financial statements of the Company and the Group, including the accompanying Directors' Report before recommending the same for the Board's approval to be included in the Annual Report of the Company and subsequent release to Bursa Securities;
- Reviewed the quarterly results and year-end financial statements, before approval by Board, focusing particularly on:
 - i) changes in or implementation of major accounting policy changes;
 - ii) significant matters highlighted, including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters were addressed; and
 - iii) compliance with accounting standards and other legal requirements.

B) Internal Audit

- Deliberated the proposal by the outsourced Internal Auditor function on the internal audit, including their scope of work, deliverables, approach and methodology and proposed fees;
- Reviewed and approved the Internal Audit Plan to ensure the adequacy of scope and coverage as well as the internal audit resources available and that they have the necessary authority to carry out the work;
- Considered whether the outsourced Internal Audit engagement team was free from any relationships or conflicts of interest, which could impair their objectivity and independence. It was brought to the AC's attention that there was no conflict of interest situation arising from Internal Audit engagement team for the financial year ended 30 June 2024; and
- Reviewed the Internal Audit Report containing findings on areas of concern and recommendations highlighted by the Internal Audit function for improvements on the identified weaknesses and the Management responses thereto.

C) External Audit

- Engaged with the External Auditors, i.e., Crowe Malaysia PLT, in relation to areas of audit emphasis, the potential key audit matters, their audit approach, engagement team and the proposed audit fees set out in their Audit Planning Memorandum which was tabled to the AC;
- Reviewed and discussed with the External Auditors their audit report on the financial statements, key audit findings underlying their report, key audit matters and reported the same to the Board;
- Obtained assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the independence criteria promulgated by the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants and the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants;
- Held two (2) private meetings with External Auditors, in the absence of Management, to discuss issues and any concerns they might have from the conduct of interim and final audits, including any other matters the External Auditors might wish to discuss with the AC;
- Based on feedback from the External Auditors, there were no incidents which indicated actual, suspected or alleged fraud affecting the Group and there were no instances of non-compliance with laws and regulations;
- Reviewed the External Auditors' fees, with feedback from Management, prior to recommending them to the Board for approval;
- Assessed the effectiveness, independence and performance of the External Auditors. Based on the outcome of this assessment, the AC recommended to the Board to seek shareholders' approval for the re-appointment of the External Auditors for the ensuing year at the forthcoming Company's Annual General Meeting, scheduled in November 2024; and
- Reviewed and approved the non-audit services rendered by the External Auditors and/or their affiliates to ensure compliance with the Group's policy on non-audit services. This review confirmed that such services were permissible and did not compromise the objectivity and independence of the External Auditors. Details of the non-audit fees incurred by the Company and the Group for the financial year ended 30 June 2024 are outlined in the Additional Compliance Information section of this Annual Report.

REPORT OF THE AUDIT COMMITTEE (CONT'D)

SUMMARY OF THE AC'S WORK FOR THE FINANCIAL YEAR (CONT'D)

D) Related Party Transactions and Conflict of Interest

- Reviewed recurrent related party transactions (“RRPTs”) of a revenue or trading nature entered into by the Group on quarterly basis to ensure that:
 - i) the amounts transacted were within the approved shareholders’ mandate; and
 - ii) the transactions were conducted on normal commercial terms and were not prejudicial to the interests of minority shareholders and based on terms which were generally not more favourable than to unrelated parties;
- Reviewed the Circular to Shareholders (“Circular”) in relation to the proposed renewal of shareholders’ mandate for existing RRPTs of a revenue or trading nature and recommended the same to the Board for approval prior to issuance of the Circular to shareholders;
- Reviewed the Company’s Conflict of Interest Policy and recommended to the Board for approval; and
- Monitored any conflict of interest situation that arose within the Group. During the financial year ended 30 June 2024, there were no conflict of interest or potential conflict of interest situations involving Directors and Senior Management of the Group (excluding related party transactions) identified and/or disclosed to the AC.

E) Risk Management and Internal Control

- During the financial year under review, the Board appointed BDO Governance Advisory Sdn. Bhd., an independent professional service provider, to assist in enhancing the Group’s existing Enterprise Risk Management Framework, including the conduct of a comprehensive risk update. The work conducted included a process of reviewing, in conjunction with Management of the various business units and Senior Management, the existing business risks, risk registers, risk parameters, and facilitating the identification of emerging risks and proposing appropriate levels of risk appetite for the Board’s consideration. Based on engagement, the AC reviewed and discussed the report on Enterprise Risk Management (“ERM”), including the updated risk profile of the Group, tabled by the outsourced professional service provider;
- Deliberated on the proposed Risk Appetite Statement of the Group prepared by the outsourced service provider in conjunction with the risk update exercise of the Group; and
- Engaged with Management to ensure relevant business risks and emerging ones were adequately identified and evaluated, including the controls implemented by Management to mitigate the risks to acceptable levels.

F) Other Matters

- Reviewed the Corporate Governance Report, Corporate Governance Overview Statement, Report of the AC, Statement on Risk Management and Internal Control, Management Discussion and Analysis and recommended the same for Board’s approval prior to inclusion in the Annual Report 2024.

TRAINING OF AC MEMBERS

To keep themselves abreast with emerging regulatory requirements affecting their roles in the AC, the AC members attended various seminars, training programmes and conferences during the financial year under review. Details of those education programmes attended by the AC members are disclosed in the Corporate Governance Overview Statement of this Annual Report.

REPORT OF THE AUDIT COMMITTEE (CONT'D)

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

The Company outsourced its Internal Audit function to BDO Governance Advisory Sdn. Bhd. (“BDOGA”), an independent professional firm. The Internal Audit function’s primary role is to provide objective and independent assurance on the adequacy, and effectiveness of the Group’s governance, risk management and internal control processes.

The outsourced Internal Audit function was headed by Ms. Chua Lei Ying, an Executive Director of BDOGA, and who has over thirteen (13) years of experience in audit and compliance. She is an affiliate of the Association of Chartered Certified Accountants and the Institute of Internal Auditors Malaysia. BDOGA represented to the AC that members of BDOGA engagement team who conducted the internal audit during the financial year were free from any relationship or conflict of interest that could compromise their objectivity and independence.

The Internal Audit function reported directly to the AC, while the audit activities were conducted based on the Internal Audit Plan approved by the AC and guided by the International Professional Practices Framework of the Institute of Internal Auditors. As a comprehensive risk update was conducted by the same service provider during the financial year under review, where its team members had access to and understood the internal controls implemented by Management to mitigate risks, a cycle of internal audit was conducted on the Group’s Spare Parts Management and Engineering Maintenance. Prior to presenting the Internal Audit Report to the AC, responses from the Management were obtained and incorporated into the internal audit findings and reports.

The total cost incurred for the Group’s outsourced internal audit function in respect of the financial year ended 30 June 2024 was RM55,000 comprising RM27,300 for the ERM engagement and RM27,700 for the internal audit work conducted.

Further details of the Internal Audit function and its activities are set out in the Statement on Risk Management and Internal Control of this Annual Report 2024.

SUSTAINABILITY STATEMENT

The Board of Directors (“Board”) is pleased to present this Sustainability Statement (“Statement”) for the financial year ended 30 June 2024. As we navigate a rapidly changing world, we recognise the importance of addressing economic, environmental, social and governance (“EESG”) issues that impact our operations and the associated strategies deployed based largely on feedback from our stakeholders and communities. This Statement highlights our efforts, performance and achievements in pursuing a more sustainable future in creating long term value to our shareholders and other stakeholders.

SCOPE OF REPORTING

The scope of this Statement covers the Company and its active subsidiary, namely, Kotra Pharma (M) Sdn. Bhd. (collectively, the “Group”). The contents of this Statement comprise the requisite information required, including the common sustainability matters prescribed in the Main Market Listing Requirements by Bursa Malaysia Securities Berhad (“Bursa Securities”), and our performance, activities and initiatives carried out for the financial year ended 30 June 2024.

REPORTING FRAMEWORKS AND STANDARDS

In preparing this Statement, the Group has drawn upon insights and references from several guidelines, namely Bursa Malaysia Sustainability Reporting Guide (3rd Edition), the United Nations Sustainable Development Goals (“SDGs”) and the Malaysian Code on Corporate Governance (“MCCG”).

In the upcoming years, the Group will focus on establishing performance targets related to emissions and addressing the climate related disclosures in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”). This approach will enable us to better understand and mitigate climate-related risks, while also demonstrating our commitment to transparency and sustainability in our operations.

ASSURANCE STATEMENT

For the financial year ended 30 June 2024, the Group strives to provide relevant information, statistics and indicators to demonstrate the management of material sustainability matters. The information in this Statement has been reviewed and approved by the Board. However, the Board wishes to clarify that the information which was sourced from internal records of the Group has not undergone any independent review by the internal audit function or an external assurance provider.

EXCLUSIONS AND LIMITATIONS

The Group recognises that, despite its best efforts, some prior data for certain disclosures may be unavailable. The disclosures in this Statement are presented with three (3) financial years of historical performance indicators, where available, alongside relevant targets, approved by the Board. We believe our on-going efforts will enhance data transparency and reporting in the future.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group's sustainability governance structure is essential for effectively implementing sustainability initiatives throughout our operations. The Board has established a clear and definitive governance structure to guide these efforts, ensuring clarity in roles and responsibilities to execute sustainability practices effectively.

The Board provides overall leadership, setting strategic goals and sustainability direction and ensures that the Group's sustainability practices align with its objectives. The Board has delegated the AC to oversee the adequacy and effectiveness of the Group's governance, risk management and internal control systems. The Group Managing Director, responsible for overseeing day-to-day operations, monitors and manages the execution of the Group's sustainability strategies and plans. The Heads of Departments and Managers play a vital supporting role by implementing and integrating sustainability practices into daily operations while promoting sustainability awareness among our employees.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)



STAKEHOLDER ENGAGEMENT

We believe that fostering strong, transparent and meaningful relationships with our stakeholders is essential to understand and address their diverse interests, concerns and expectations. We seek feedback through various engagement channels for us to stay abreast with stakeholders' priorities and needs. By maintaining open lines of communication and collaborating closely with our stakeholders, we ensure that our business practices align, as far as they are practicable, with their interests, contributing positively to our collective goals.





The frequency of engagement with our stakeholders varies based on their specific categories. For regulatory or compliance-related stakeholders, engagement is determined by the relevant statutes as prescribed. For other stakeholder categories, engagement may occur on an ad-hoc basis or at annual intervals. This approach allows us to effectively address the unique needs and expectations of each stakeholder group while ensuring compliance and fostering strong relationships.

The table below summarises our key stakeholders and the methods we use to engage with them:

STAKEHOLDER GROUP	AREAS OF INTEREST/CONCERN	ENGAGEMENT CHANNELS	OUR RESPONSES
Shareholders and Investors 	<ul style="list-style-type: none"> Group Financial Performance Share Price Performance Dividend Corporate Governance Investor Relationship Management 	<ul style="list-style-type: none"> Annual Reports Corporate Website Annual General Meetings Bursa Announcements Press Releases or Interviews 	<ul style="list-style-type: none"> Providing timely and accurate updates on our financial and strategic performance. Our commitment to uphold good corporate governance practices.
Regulatory Agencies and Statutory Bodies 	<ul style="list-style-type: none"> Regulatory Compliance Labour Practices Occupational Safety and Health Permits and Licenses 	<ul style="list-style-type: none"> Compliance Audits Inspections, Visits, and Meetings by and with Local Authorities Annual Regulatory Reports Dialogues, Seminars and Meetings Membership in Pharmaceutical Related Organisations 	<ul style="list-style-type: none"> Engaging closely with relevant authorities and agencies to ensure full compliance with laws and regulations. Complying with environmental, health and safety requirements. Active participation in industry organisation and bodies.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

STAKEHOLDER GROUP	AREAS OF INTEREST/CONCERN	ENGAGEMENT CHANNELS	OUR RESPONSES
Customers 	<ul style="list-style-type: none"> Product Quality Price Points Customer Satisfaction Ethical Business Practices 	<ul style="list-style-type: none"> Advertisements Promotional Campaigns and other Marketing Events Meeting with Sales Personnel Social Media Corporate Website Field Visit by Senior Management Trade Fairs 	<ul style="list-style-type: none"> Ensuring customer satisfaction by providing high-quality, safe and affordable products. Launching of new products. Organising sales and marketing campaigns to attract and retain our customers.
Employees 	<ul style="list-style-type: none"> Employee Benefits Career Development Opportunities Remuneration Diversity and Inclusivity Employee Performance Management Workplace Safety and Health 	<ul style="list-style-type: none"> Induction Training Annual Performance Appraisal Circulation of Internal Policies Learning and Development Programme Trade Union Company Social Events 	<ul style="list-style-type: none"> Provision of benefits for employees such as annual leave, medical benefits and other benefits. Recruiting and promoting employees solely based on merit. Observing strict safety and health practices in the workplace.
Suppliers 	<ul style="list-style-type: none"> Fair Selection of Suppliers Credit Terms Support to Local Businesses Business Practices and Ethics 	<ul style="list-style-type: none"> Vendor Registration Vendor Appointment Contract Negotiation Face-to-face, Telephone or E-mail Interaction Supplier Audit Trade Fairs Supplier Performance Evaluation 	<ul style="list-style-type: none"> Practicing fair selection of suppliers. Conducting supplier audits. Engaging continuously with suppliers for long-term business relations.
Local Community 	<ul style="list-style-type: none"> Job Opportunities Environmental Impact of Operations Social Contributions 	<ul style="list-style-type: none"> Social Media and Corporate Website Community Engagement Programme Sponsorships Events and Roadshows 	<ul style="list-style-type: none"> Supporting local communities through donations for charity events and activities. Providing job opportunities for local community, including fresh graduates.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS











In identifying and assessing the materiality of sustainability matters, we evaluate their impact from both the Group's perspective and that of our key stakeholders. This dual approach enables us to effectively prioritise and channel our resources towards addressing the concerns identified in our materiality assessment process. Through our internal assessment of sustainability matters, we identify key sustainability risks and opportunities that encompass the elements of EESG. These factors have been deemed material from the perspectives of both the Group and our prioritised stakeholders, based on a matrix that categorises them by increasing significance.

Furthermore, sustainability risks have been integrated into the Group's Enterprise Risk Management framework to enhance our sustainability management and improve overall business performance. By managing sustainability risks, the Group not only mitigates the risks but also positions itself to seize emerging opportunities. With on-going improvements and strategic initiatives, we strive to create lasting value for our stakeholders while contributing to a more sustainable future.

Moving forward, the Group anticipates conducting a comprehensive materiality assessment involving our stakeholders to explore how EESG issues that affect Group's performance. We will also study the feasibility of integrating other initiatives and additional sustainability matters that are relevant to the Group.










We have identified nine (9) SDGs that are particularly relevant and significant to our Group. We are committed to taking positive steps toward achieving these SDGs, which align closely with our operational context. As we navigate our sustainability journey, we believe that focusing on these goals will not only foster sustainable growth for the Group but also contribute to improving the community we live in.

The material sustainability matters associated with the identified SDGs are outlined in the table below:

SUSTAINABILITY PILLAR	MATERIAL TOPICS	SDGs
Economic 	Supply Chain Management	 SDG 12: Responsible Consumption and Production
Environment 	Energy Management	   SDG 7: Affordable and Clean Energy SDG 12: Responsible Consumption and Production SDG 13: Climate Action
	Water Management	  SDG 6: Clean Water and Sanitation SDG 12: Responsible Consumption and Production
	Waste Management	  SDG 12: Responsible Consumption and Production SDG 13: Climate Action

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SUSTAINABILITY PILLAR	MATERIAL TOPICS	SDGs
Social 	Employee Management	   <p>SDG 4: Quality Education SDG 5: Gender Equality SDG 8: Decent Work and Economic Growth</p>
	Safety and Health	 <p>SDG 3: Good Health and Well-being</p>
	Local Community	  <p>SDG 3: Good Health and Well-being SDG 4: Quality Education</p>
Governance 	Ethical Conduct	 <p>SDG 16: Peace, Justice and Strong Institution</p>
	Data Protection and Security	

Notes:

1. Diversity and Labour Practices and Standards are managed under “Employee Management”.
2. Community/society is managed under “Local Community”.
3. Anti-corruption is managed under “Ethical Conduct”.
4. Data Privacy and Security is managed under “Data Protection and Security”.

ECONOMIC

SUPPLY CHAIN MANAGEMENT

Why It Matters?

The Group recognises that building reliable and sustainable supply chains is essential for our business operations, as we depend on a network of suppliers. The Group is dedicated to promoting responsible procurement practices and additionally, we believe in supporting local businesses as they provide faster access due to shorter lead time and we are able to contribute to the economic growth within the communities we serve. To achieve this, we prioritise on sourcing from local suppliers, where possible, to establish a sustainable procurement practice and providing business opportunities that improve their livelihoods, creating a positive impact on both the economy and our stakeholders.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (CONT'D)

SUPPLY CHAIN MANAGEMENT (CONT'D)

Our Approach/Initiatives

Supporting Local Suppliers

By prioritising local procurement, the Group can effectively reduce our carbon footprint. This is achieved through shorter delivery distances, which translate to lower fuel consumption and reduced packaging material usage. These measures collectively contribute to a more environmentally friendly operation. However, there are instances where local sources for Active Pharmaceutical Ingredients (“APIs”) are not available. In such cases, the Group must rely on the importation of APIs for continuous supply of essential materials. Our commitment to local procurement remains strong as we continuously seek opportunities to enhance our supply chain sustainability while balancing the need for imported materials, when necessary.

Foster Fair and Transparent Procurement Practices

The Group is committed to fostering fair and transparent procurement practices, which are essential for promoting integrity and trust in the sourcing process. By adhering to these principles, we ensure that our potential suppliers are given equal opportunities to compete and quote. Clear and open communication of procurement criteria and procedures helps prevent favouritism and discrimination, while rigorous documentation and consistent evaluation criteria enhance accountability and reduce the risk of biases. We believe that these practices not only support ethical and equitable decision-making but also improve the Group’s operational efficiency and compliance with relevant laws and regulations.

We have established stringent procedures and measures for selecting our suppliers to ensure they meet our standards. We emphasise the importance of having alternative sources to secure continuous supply of materials. Our supplier selection process is based on a comprehensive set of pre-determined criteria, including the supplier’s business reputation, company history, reasonable terms and conditions, financial stability and the presence of relevant documentation. Competitive pricing, the quality of goods or services and compliance with all applicable laws and regulations are also critical factors. Prospective suppliers are required to complete the Group’s service provider assessment questionnaire, which is subject to evaluation and approval by our Management team.

Annual Suppliers Evaluation

To maintain our high quality standards, we regularly monitor supplier performance, conducting audits and evaluations for both new and existing suppliers. These assessments focus on critical aspects such as timeliness, delivery reliability and product quality, ensuring that our standards are consistently met and not compromised. A total of forty (40) suppliers of raw and packaging materials were selected and evaluated for the financial year ended 30 June 2024 as compared to 33 suppliers last financial year. Results of the evaluation for the three (3) financial years are tabulated below:

Financial Year (FY)	Rating Scale for Suppliers	
	Good	Met Expectation
FY 2022	67%	33%
FY 2023	68%	32%
FY 2024	76%	24%

Note: None of the suppliers were rated as poor.

Our Performance

For the financial year ended 30 June 2024, 55% of our spending was directed towards local suppliers. Engaging local suppliers has enhanced our operations by providing more reliable deliveries, shorter delivery times and improved cost control.

Description	FY 2022	FY 2023	FY 2024
Bursa’s Indicator C7(a): Proportion of spending on local suppliers	57%	53%	55%

Our Target	Our Progress for FY 2024
To purchase materials from at least 50% of local suppliers.	Status: Target is achieved. Materials purchased from 57 local suppliers that accounted for 55% of our total suppliers.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL

ENERGY MANAGEMENT

Why It Matters?

Energy management is crucial for the Group due to its significant impact on both environmental sustainability and operational efficiency. By effectively managing our energy usage, we reduce greenhouse gas emissions and lower our carbon footprint, aligning with the increasing expectations for environmental responsibility. By optimising on energy use and implementing energy management practices across the Group, we are able to achieve cost savings, at the same time contributing towards resource conservation.

Our Approach/Initiatives

Managing Our Energy Consumption at Our Premises

Implementing such initiatives in our Group often involves adopting energy efficient actions, such as high-efficiency LED lighting fittings, regular inspection of air-conditioning system, maintenance of machineries and office equipment. Additionally, regular monitoring of energy consumption helps to track progress and identify further opportunities for energy savings. Our employees are also encouraged to switch off lights, air-conditioning units, laptops, and computers during lunch breaks and at the end of each working day, avoiding unnecessary energy consumption.

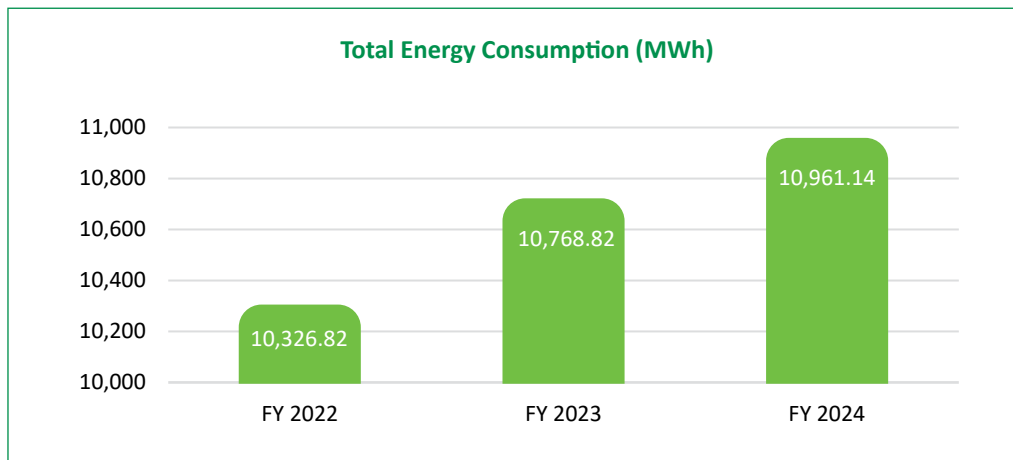
Harnessing Renewable Energy

The Group invested in renewable energy sources in FY 2021 by installing solar photovoltaic system. The energy harnessed from the solar photovoltaic system totalled 827,304 kWh or 827.30 megawatt hour ("MWh") during the financial year under review, marking a slight decrease from 827,360 kWh (827.36 MWh) in the previous year. This reduction was attributed to the natural deterioration in solar panel efficiency which typically has a yearly degradation rate of approximately 0.5%. Additionally, environmental factors such as increased rainfall, haze and dust accumulation further impacted the solar photovoltaic system's performance.

Our Performance

For the financial year ended 30 June 2024, our recorded electricity consumption was 10,961,143 kWh or 10,961.14 MWh. This represents a 1.8% increase in energy consumption compared to 10,768,815 kWh or 10,768.82 MWh in previous financial year, primarily attributed to the higher utilisation of machinery and equipment for our product manufacturing. This increased activity was driven by the need to meet the growing number of sales orders received, which led to a higher operational energy demand.

The chart below depicts the energy consumption for the last 3 financial years, highlighting an upward trend in energy use:



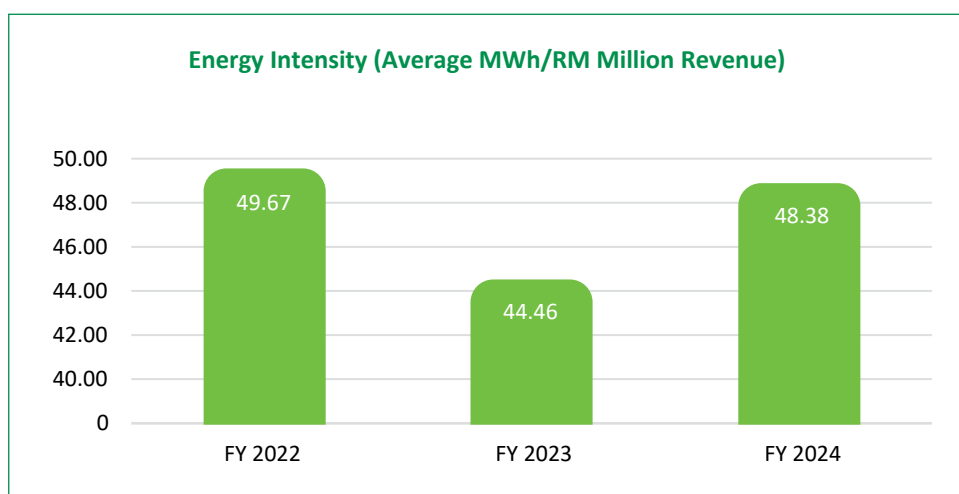
SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

ENERGY MANAGEMENT (CONT'D)

Our Performance (Cont'd)

Based on the performance trend below, there was an increase in our energy intensity against revenue, i.e., 48.38 MWh per RM million revenue compared to 44.46 MWh per RM million revenue in the preceding financial year, due to lower revenue generated for the reporting financial year.



The table below provides an overview of our energy consumption over the last 3 financial years:

Description	FY 2022		FY 2023		FY 2024	
	kWh	MWh	kWh	MWh	kWh	MWh
Bursa's Indicator C4(a): Total energy consumption	10,326,819	10,326.82	10,768,815	10,768.82	10,961,143	10,961.14

Our Target	Our Progress for FY 2024
Setting a cap on total energy intensity at 55 MWh per RM million revenue during the reporting period.	Status: Target was achieved. 48.38 MWh per RM million revenue achieved during the financial year under review.

WATER MANAGEMENT

Why It Matters?

Water is essential for various aspects of life, including agriculture, industry and daily living, making its prudent use crucial in maintaining environmental balance and supporting economic development. The Group recognises that water is a finite and irreplaceable resource important to support the health of ecosystems and people. Poor water management can lead to significant issues such as scarcity, pollution and disruption of natural habitats, which can have wider impacts on both human well-being and biodiversity. Climate change poses additional challenges, potentially worsening the scarcity of water through rising temperatures and unpredictable weather patterns. Effective water management is therefore essential and can be a significant challenge if not addressed efficiently.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

WATER MANAGEMENT (CONT'D)

Our Approach/Initiatives

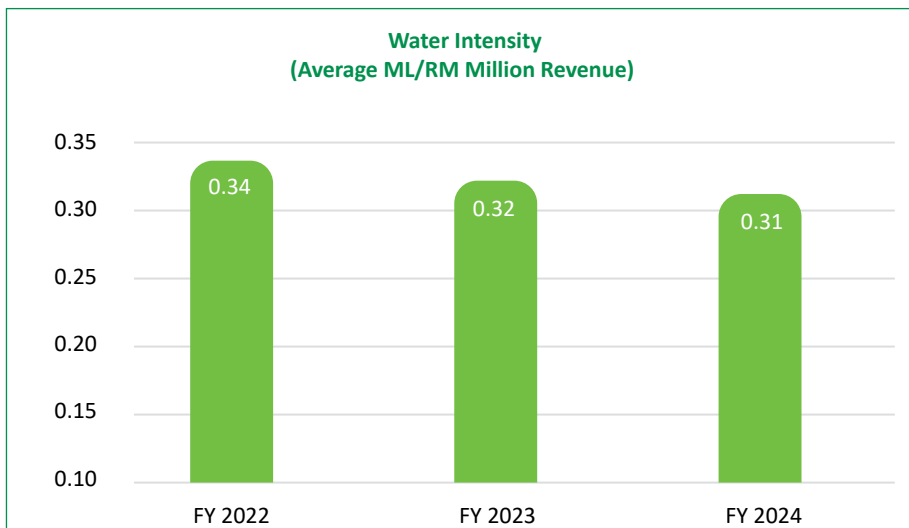
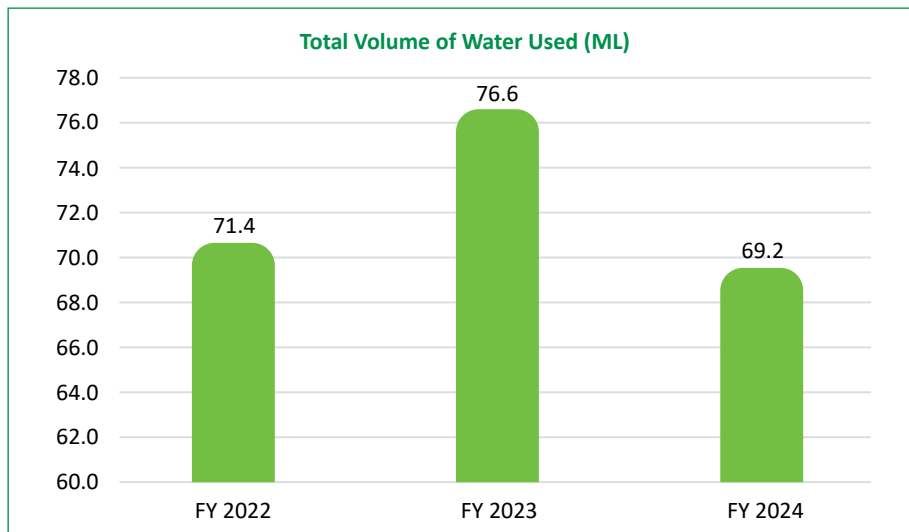
Our water is primarily tapped from municipal sources. We have been managing our water consumption and minimising any water-related impacts from our operations. Several practical measures have been implemented to reduce water wastage and promote conservation among our employees, including:

- Ensuring compliance with all relevant laws and regulations concerning wastewater and effluent discharges;
- Installing water dispensers to encourage employees to refill their own bottles, at the same time reducing the need to use plastic mineral water bottles;
- Employee education by sending reminders to employees to create awareness on efficient water use and the importance of reducing unnecessary consumption;
- Conducting regular checks and inspections to detect and address leakages in our building's piping systems and sanitary fittings; and
- Installing faucet aerators and low-flow toilets to reduce water usage in restrooms.

Through these efforts, we aim to enhance water conservation and contribute to a more sustainable future.

Our Performance

During the financial year ended 30 June 2024, the Group experienced a decrease in water consumption, reflecting our on-going commitment to water conservation and efficient resource management. Our total recorded water usage was 69,196 m³ or 69.2 megalitres ("ML"), indicating a reduction of 9.6% compared to 76,563 m³ or 76.6 ML in the previous financial year.



SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

WATER MANAGEMENT (CONT'D)

Our Performance (Cont'd)

Description	FY 2022		FY 2023		FY 2024	
	m ³	ML	m ³	ML	m ³	ML
Bursa's Indicator: C9(a) Total volume of water used	71,360	71.4	76,563	76.6	69,196	69.2

Our Target	Our Progress for FY 2024
Setting a cap on water intensity of 0.40 ML per RM million revenue during the reporting period.	Status: Target was achieved, based on water intensity of 0.31 ML per RM million revenue.

WASTE MANAGEMENT

Why It Matters?

Waste management is crucial for the Group, a pharmaceutical entity, due to several key factors. Effective waste management ensures compliance with stringent regulatory standards set by the authorities, particularly, the Department of Environment (“DOE”) that governs the disposal of hazardous materials, protecting both public health and the environment. This is crucial in the pharmaceutical sector, where improper waste handling can lead to serious health risks and environmental contamination. Additionally, responsible waste management helps the Group to minimise our environmental footprint by implementing efficient waste reduction, recycling and disposal practices.

Our Approach/Initiatives

Wastewater and Effluent Discharge

Wastewater generated from our manufacturing operations is adequately managed and treated in accordance with regulatory requirements set by the DOE before being discharged. Our facility operates an on-site wastewater treatment plant (“WWTP”) to handle this process. The wastewater is treated and tested daily to ensure compliance with the Stipulated Quality (Standard B) as outlined in the Environmental Quality (Industrial Effluent) Regulations 2009. Both the quantity and quality of effluents are measured and monitored both before and after treatment, prior to discharging them outside from our premises. Additionally, weekly sampling is collected by our appointed external wastewater treatment consultant and assessed at a laboratory accredited by Skim Akreditasi Makmal Malaysia.

Disposal of Hazardous Waste

Scheduled wastes contain hazardous substances that can impact the environment and public health if not managed and disposed of correctly. Improper disposal of these hazardous wastes can harm the ecosystem and jeopardise the health of our employees and surrounding communities. Recognising these potential adversities, the Group is committed to minimising risks and mitigate legal and reputational consequences through proactive waste management practices. To ensure compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005, we meticulously handle hazardous waste, involving the separation of scheduled wastes from general waste and ensuring they are collected, handled and disposed of safely. The disposal is carried out by a licensed third-party contractor registered with the DOE, ensuring that hazardous materials are managed responsibly and do not pollute the environment.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

WASTE MANAGEMENT (CONT'D)

Our Approach/Initiatives (Cont'd)

Disposal of Non-Hazardous Waste

The Group's non-hazardous waste primarily consists of domestic and recyclable waste. Our management approach is guided by the 3R principles - reduce, reuse and recycle. This on-going initiative aims to handle waste more effectively and minimise overall waste generation. To promote the 3R principles, we have implemented several initiatives focused on reducing paper usage and avoiding unnecessary consumption as follows:

- Print or photocopy only when necessary;
- Practise duplex printing or photocopying;
- Transitioned from printed annual reports to digital versions;
- Encouraging digital storage of documents;
- Utilising electronic communication platforms such as email, WhatsApp and short message service ("SMS") as efficient alternatives;
- Sharing documents electronically among employees;
- Reuse of packing materials, cartons and pallets to protect products during transportation;
- Adopted the use of digital signatures; and
- Reuse of envelopes and recycled papers for printing.

Our Performance

Wastewater and Effluent Discharge

During the financial year ended 30 June 2024, based on the table below, there was a decrease of 14.7% in wastewater and effluent discharge. This decrease was due to improvements made during the cleaning processes of our manufacturing activities.

Description	FY 2022		FY 2023		FY 2024	
	m ³	ML	m ³	ML	m ³	ML
Total Wastewater Discharged	14,104	14.1	15,152	15.2	12,932	12.9

Non-Hazardous Waste

For the financial year ended 30 June 2024, the Group produced a total of 49,515 kg (49.5 MT) of non-hazardous waste as compared to 55,010 kg (55.0 MT) during the previous financial year. This waste comprised various materials, including plastic, cardboard, metal, shredded paper and other scraps such as project waste and batteries.

Description	FY 2022		FY 2023		FY 2024	
	kg	MT	kg	MT	kg	MT
Non-Hazardous Waste	36,568	36.6	55,010	55.0	49,515	49.5

Hazardous Waste

Our customers typically return products due to defects, damages or expiration. These items cannot be resold or refurbished and must be disposed of safely. For the financial year ended 30 June 2024, we experienced a decline in product returns. We enhanced our quality control and better management of stock levels helped to ensure that our products were sold within their shelf life. As a result, there was a 31% reduction in total waste sent for disposal. This waste includes psychotropic drug waste, sludge, electronic waste, disposed containers and non-halogenated waste.

Description	FY 2022		FY 2023		FY 2024	
	kg	MT	kg	MT	kg	MT
Hazardous Waste	150,400	150.4	82,200	82.2	56,600	56.6

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

WASTE MANAGEMENT (CONT'D)

Our Performance (Cont'd)

The total waste diverted from disposal and directed to disposal for the last 3 financial years are as follows:

Description	FY 2022	FY 2023	FY 2024
Bursa's Indicator C10(a): Total waste generated	187.0 MT	137.2 MT	106.1 MT
Bursa's Indicator C10(a)(i): Total waste diverted from disposal	36.6 MT	55.0 MT	49.5 MT
Bursa's Indicator C10(a)(ii): Total waste directed to disposal	150.4 MT	82.2 MT	56.6 MT

Our Target	Our Progress for FY 2024
To maintain zero incidents of non-compliance related to waste management.	Status: Target was achieved. There were no fines or penalties for non-compliance with waste management laws or regulations recorded for the financial year under review.

SOCIAL

EMPLOYEE MANAGEMENT

Why It Matters?

The Group believes a diverse, inclusive and supportive environment promotes employee engagement and job satisfaction, leading to a higher productivity. We are committed to uphold human rights in all aspects of our operations as well as providing a safe and healthy workplace. We recognise that every employee deserves to work in an environment that respects their dignity, promotes equality and safeguards their rights. This commitment extends to ensuring fair labour practices, and preventing all types of discrimination and harassment. The Group provides continuous learning opportunities that support our employees at enhancing both professional and personal growth to adapt to changes in the business environment, technological advancements and emerging trends. Ultimately, we believe that empowered employees will contribute significantly to the Group's success.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)



Our Approach/Initiatives

Fair Remuneration and Benefits

We are committed to providing fair living wages to all our employees. Our employees are compensated in line with the Malaysian Minimum Wages Order 2022. We annually assess and, when necessary, adjust our compensation packages to attract, motivate and retain talent. In addition to fair remuneration, we ensure our employees receive an array of benefits. Outlined below are some of the benefits offered to the Group's permanent and full-time employees:

Leave	Health	Other Benefits**
<ul style="list-style-type: none"> • Annual leave • Medical leave • Emergency leave • Compassionate leave • Maternity leave • Paternity leave 	<ul style="list-style-type: none"> • Outpatient treatment • Hospitalisation • Health screening for relevant personnel 	<ul style="list-style-type: none"> • Petrol card • Corporate credit card • Mileage claims • Hotel accommodation • Air travel • Parking allowance • Mobile phone bill

** Subject to job position/job grade

Workforce Diversity

The Group strives to foster a workplace culture that prioritises inclusivity, respect and employee empowerment. We value the contributions of every employee, regardless of age, gender, nationality, employment type or level. We believe a diverse and inclusive environment promotes employee engagement and job satisfaction, leading to a higher productivity and contribute to our success. We uphold a zero-tolerance policy for any form of discrimination, harassment or unfair treatment, establishing a strong foundation for a workplace that enhances employee morale, retention and productivity. This commitment ensures that all employees feel safe, respected and empowered to thrive.

Recruitment and Retention

We believe that hiring the right talent, whether our Board members or our employees, should be based on merit, free from bias or prejudice. This leads to a diverse workforce, enhancing our efficiency and creating a strong pipeline for future succession. We are committed to eliminating favouritism and unconscious biases in our recruitment process. To attract fresh talent, we conduct open interviews and utilise job advertising and participate in career fairs.

The Group emphasises compliance with local laws and has a strict policy against forced or child labour, including slavery and human trafficking. During the recruitment process, we rigorously verify the legal age and documentation of prospective employees to prevent any labour issues related to child or forced labour. This engenders a responsible and ethical approach towards our workforce management.

Our ethical and transparent recruitment process includes guidelines for hiring expatriates and migrant workers in compliance with all relevant laws and regulations. Our Human Resource ("HR") Department supports the onboarding process and provides essential necessities, including accommodation, medical check-ups, transportation and uniform, ensuring a smooth transition into our workforce.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Our Approach/Initiatives (Cont'd)

Annual Performance Review and Career Development Opportunities

Our employees participate in an annual appraisal process, where their performance is assessed against established Key Performance Indicators ("KPIs"). The evaluations are conducted using predetermined factors outlined in the performance appraisal form. This comprehensive evaluation helps identify strengths and areas for improvement, ensuring that everyone has a clear understanding of their contributions and goals for the upcoming year. We have adopted this approach to reward our employees based on the Group's financial performance and their own contributions through salary increments, performance-linked bonuses and opportunities for career advancement related to appraisal outcomes.

For employees who fail to meet performance expectations, we proactively identify and implement plans to help refine their potential within the Group. This includes tailored development programmes, additional training and regular check-ins to support their growth and address any challenges they may face. Our goal is to ensure that every employee has the opportunity to succeed and contribute effectively to the Group.

Freedom of Association and Collective Bargaining

The Group supports our employees' freedom to join labour union without fear of retaliation. Meetings with the union are conducted as needed and collective agreements are reviewed and revised every three years. For employees who are not covered by collective bargaining, their work conditions and terms of employment are outlined in the Employee Handbook and their respective employment contracts. For the financial year under review, 145 of our employees were union members.

Grievance Procedures and Whistleblowing Policy

Our formal grievance procedure is designed to provide a clear and fair process for employees to raise concerns regarding workplace issues. They can submit a formal written grievance to HR, detailing the nature of the concern and any supporting documentation. In addition, we have established whistleblowing channel, offering them an avenue to report improper conduct, both actual and suspected, in good faith. Throughout these processes, the Group ensures confidentiality and protect employees from any retaliation, fostering an open and supportive environment for addressing concerns.

Training and Development

We utilise Training Needs Analysis ("TNA") as a tool to regularly evaluate the training requirements of our employees, identifying gaps in their skills, abilities and knowledge. Once these gaps are identified, we can determine the specific training needed for employees to perform their jobs effectively or acquire new skills to enhance their productivity. The National Sales Conference ("NSC") is organised annually by the Group, serving as a valuable platform for participants to share experiences, best practices, receive training, and for the Management to communicate strategies, objectives and goals to the sales teams for the financial year.

Our in-house Learning and Organisational Development Manager collaborates with managers from various divisions to customise training programmes that align with the specific needs and goals of our business. Additionally, new employees undergo an induction programme from our HR team, along with on-the-job training under the supervision of a mentor to develop the skills and competencies necessary for their roles. Our employees are encouraged to manage their personal training needs by exploring the various training options available. Familiarising themselves with these resources can help them develop skills that align with their career goals and contribute to our team's success.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

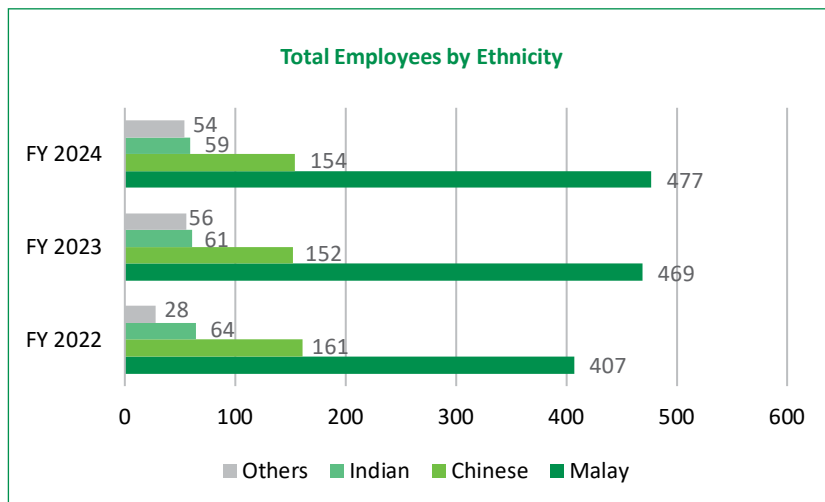
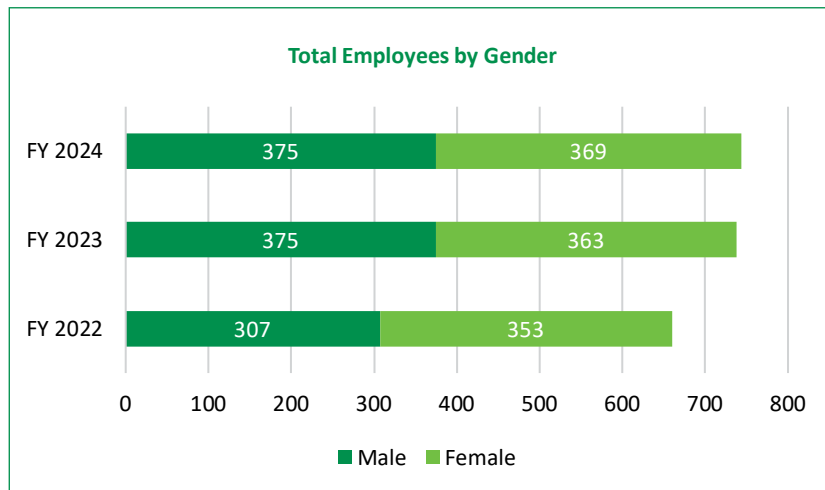
EMPLOYEE MANAGEMENT (CONT'D)

Our Performance

As of the financial year ended 30 June 2024, the Group had a total of 744 employees, represented by 375 (50.4%) male employees and 369 (49.6%) female employees. 0.3% (2 employees) of our workforce consists of employees with disabilities. We welcomed 123 new hires to our Group during the financial year under review. We strive to retain our talent, recognising that they are the foundation of the Group. However, during the reporting period, our overall turnover was 117 employees. The majority of turnover occurred among employees in non-executive roles, with 81 employees resigning. While we face challenges related to job mobility, especially among younger employees, we aim to reduce turnover rates to maintain productivity.

i) Workforce Profile

Description	Unit	FY 2022	FY 2023	FY 2024
Total Headcount	No.	660	738	744



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Our Performance (Cont'd)

ii) Bursa's Indicator C3(a): Percentage of employees by gender and age group, for each employee category

Description	Unit	FY 2022	FY 2023	FY 2024
Gender Group by Employee Category				
Managers and Above - Male	%	5.4	4.9	4.4
Managers and Above - Female	%	3.0	2.8	3.0
Executive - Male	%	11.4	10.2	11.2
Executive - Female	%	18.2	16.8	16.8
Non-Executive - Male	%	29.7	35.8	34.8
Non-Executive - Female	%	32.3	29.5	29.8
Age Group by Employee Category				
Managers and Above - Below 30	%	0.8	0.3	0.1
Managers and Above - Between 30-50	%	6.0	5.8	5.2
Managers and Above - Above 50	%	1.8	1.6	2.0
Executive - Below 30	%	9.8	8.5	6.7
Executive - Between 30-50	%	17.1	16.4	19.3
Executive - Above 50	%	2.6	2.0	2.0
Non-Executive - Below 30	%	28.3	31.6	29.7
Non-Executive - Between 30-50	%	28.3	28.5	29.8
Non-Executive - Above 50	%	5.3	5.3	5.2

iii) Bursa's Indicator C3(b): Percentage of directors by gender and age group

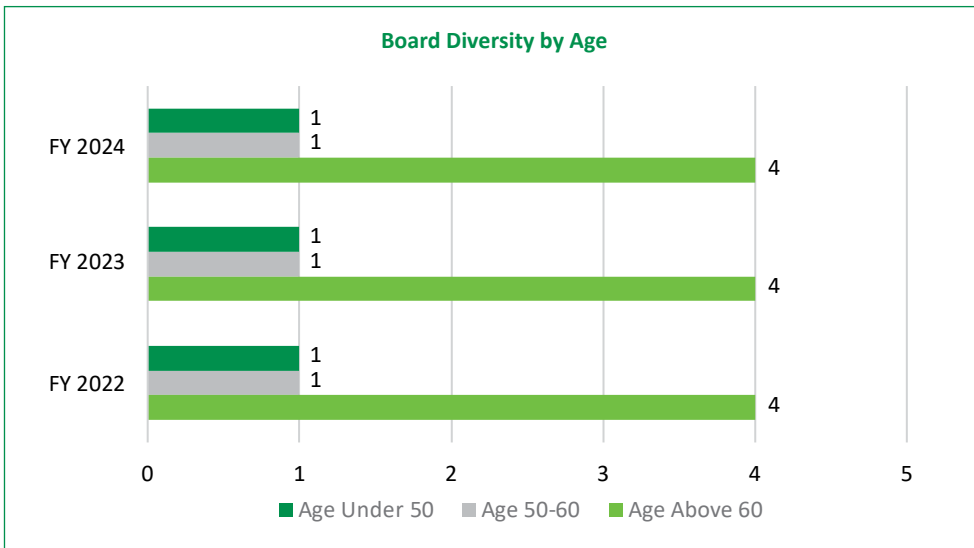
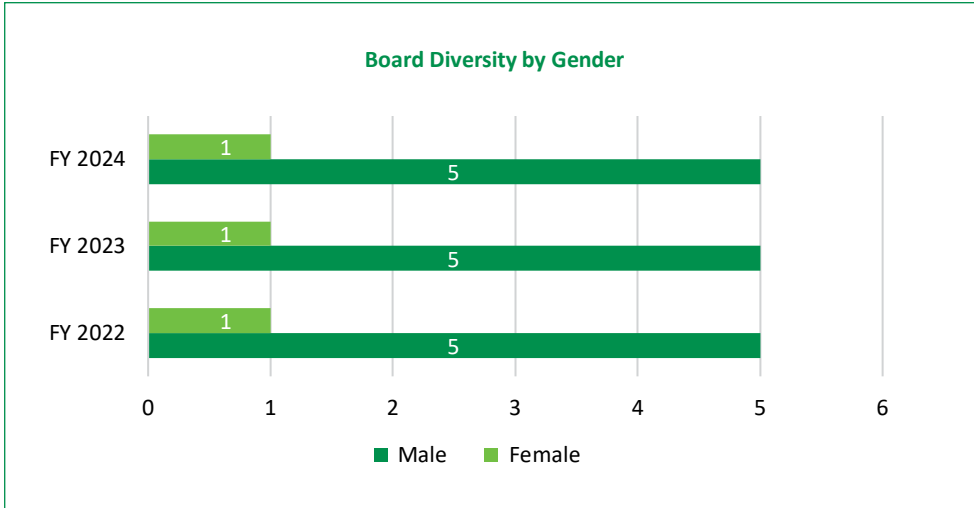
Description	Unit	FY 2022	FY 2023	FY 2024
Gender Group				
Male	%	83	83	83
Female	%	17	17	17
Age Group				
Under 50	%	17	17	17
Between 50-60	%	17	17	17
Above 60	%	66	66	66

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Our Performance (Cont'd)



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Our Performance (Cont'd)

iv) Total Training Hours

For the financial year ended 30 June 2024, the Group spent 22,126 hours on training and invested a total of RM239,050 for both online and physical training programmes.

Description	Unit	FY 2022	FY 2023	FY 2024
Bursa's Indicator C6(a): Total hours of training by employee category*				
Managers and Above	Hours	-	-	1,812
Executive	Hours	-	-	5,906
Non-Executive	Hours	-	-	14,408
Total	Hours	-	-	22,126

Note: * No comparison data available due to first year of reporting of a new indicator.

v) Permanent and Temporary Employees

Description	Unit	FY 2022	FY 2023	FY 2024
Our Indicator: Percentage of employees who are permanent staff				
Permanent	%	89	88	88
Bursa's Indicator C6(b): Percentage of employees who are contractors or temporary staff				
Temporary	%	11	12	12

vi) Total New Hires and Turnover

Description	Unit	FY 2022	FY 2023	FY 2024
Our Indicator: Total number of new hires by employee category				
Managers	No.	5	3	1
Executive	No.	59	33	41
Non-Executive	No.	153	177	81
Total	No.	217	213	123
Bursa's Indicator C6(c): Total number of employee turnover by employee category				
Managers	No.	9	5	5
Executive	No.	58	33	38
Non-Executive	No.	154	111	74
Total	No.	221	149	117

vii) Human Rights Violations

There were no reported incidents of human rights violations during the financial year under review.

Description	Unit	FY 2022	FY 2023	FY 2024
Bursa's Indicator C6(d): Number of substantiated complaints concerning human rights violations				
Substantiated complaints	No.	0	0	0

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Description	Our Target	Our Progress for FY 2024
Bursa's Indicator C3(a): Percentage of employees by gender and age group for each employee category	To provide equal opportunities and have a balanced proportion of male and female employees during the reporting financial year to foster diversity and inclusion.	Status: Target was achieved. The total workforce based on gender was 375 (50.4%) male employees and 369 (49.6%) female employees, representing a balanced proportion.
Bursa's Indicator C3(b): Percentage of directors by gender and age group	To appoint Directors based on merit, in the context of skills, competency, time commitment and experience amongst others.	Status: For the financial year ended 30 June 2024, no new directors were appointed. All our current Directors were appointed on merit basis.
Bursa's Indicator C6(a): Total hours of training by employee category	To achieve an average training hours of 20 hours per employee.	Status: Target was achieved. Average training hours per employee was 29.7 hours.
Bursa's Indicator C6(b): Percentage of employees that are contractors or temporary staff	The Group targets not to utilise more than 20% contractors or temporary staff.	Status: Target was achieved. 12% of the total headcount during the reporting year consisted of temporary staff.
Bursa's Indicator C6(c): Total number of employee turnover by employee category	To monitor the turnover rate does not exceed 3% every month.	Status: Target was achieved. For the reporting financial year, the average turnover rate was 1.3%.
Bursa's Indicator C6(d): Number of substantiated complaints concerning human rights violations	Zero complaints/cases on human rights violations.	Status: Target was achieved. No complaints/cases on human rights violations.

SAFETY AND HEALTH

Why It Matters?

The Group subscribes to ensuring the safety and well-being of our employees, as it minimises workplace risks and promotes a secure environment. By prioritising health and safety and complying with legal requirements, we affirm our commitment to fostering a supportive workplace culture. This approach not only reduces the likelihood of accidents and injuries but also enhances our overall operational efficiency, ultimately benefiting both the Group and our employees.

Our Approach/Initiatives

Compliance to Occupational Safety and Health Act ("OSHA") 1994

The Group has established a Safety and Health Committee ("SHC") that consists of representatives from Management and employees responsible for coordinating safety initiatives across the Group. The SHC oversees operational activities to ensure strict compliance with Department of Occupational Safety and Health ("DOSH") regulations, continuously monitors our safety performance, and implements measures to protect the health and safety of our employees. We have established guidelines for conducting workplace risk assessments through the Hazard Identification, Risk Assessment and Risk Controls ("HIRARC") framework to effectively manage safety hazards. Additionally, the SHC has formed an Emergency Response Team trained to mobilise and react swiftly in the event of any accidents or emergencies.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

SAFETY AND HEALTH (CONT'D)

Our Approach/Initiatives (Cont'd)

Implementing Safety and Health Elements

By prioritising on the health and safety and going beyond legal requirements, the Group has applied several safety and health elements applied at our premises to minimise exposure to hazards such as:

- Hazard signage;
- Safety and health best practices and standard operating procedures;
- Bomba certified premises; and
- Requirement of adequate personal protection equipment such as safety shoes, helmets, gloves, gowns and masks, amongst others.

Health and Safety Protection Measures

We are committed to providing robust health and safety protection measures for our employees and operations. All our employees, including permanent and temporary ones, are provided with access to medical and healthcare services in the form of health insurance, access to panel clinics, annual medical examination and health screening packages.

Safety and Health Training

539 employees, including all our new hires, attended health and safety briefing which is part of their induction programme. Amongst the various training programmes attended by our employees on safety and health for the financial year ended 30 June 2024 are listed below:

Date	Training
03/07/23	Safety Requirements When Entering SMT or FMT tank (Confined Space) for Clean in Place Process & Manual Cleaning
11/08/23	Fire Prevention and Awareness Training
28/09/23	Basic Occupational First Aid
24/10/23	Fire Awareness and Fire Prevention Training
25/10/23	Safety Practices for Warehouse
31/10/23	Handling on the use of Safety Harness
23/11/23 and 30/11/23	Requirement and Awareness on Safety and Health
12/12/23	Briefing on Fire Drill Training with ERT Member
03/01/24	Workplace Accident Investigation and Report Training
19/01/24	Briefing Session for Safety and Health Chairman's Roles and Responsibilities
29/02/24	Management of Occupational Noise Exposure and Hearing Conservation in the Workplace
19/04/24	Briefing on the Chemical Hazard Risk Assessment ("CHRA") Findings and Recommendations
15/05/24	Chemical Spillage Training
12/06/24	Chemical Handling Awareness and Spillage Training

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

SAFETY AND HEALTH (CONT'D)

Our Approach/Initiatives (Cont'd)

Safety and Health Training (Cont'd)



Our Performance

During the financial year ended 30 June 2024, we saw an increase on work-related accidents and lost time injuries in the Group despite efforts taken. We regret to report that there were seven (7) work-related injuries during the financial year under review.

Following these incidents, detailed investigations were conducted, following which corrective measures were taken. These included improvement of standard operating procedure ("SOP"), and internal briefing, training and supervision. The incidents heightened our awareness of the need for enhanced observance in protecting our workforce. Looking forward, we will fortify our efforts to improve occupational health and safety performance by committing to continuous improvement in our safety measures, aimed to maintain workplace safety for all employees.

Description	Unit	FY 2022	FY 2023	FY 2024
Our Indicator: Number of Accidents Reported	No.	3	1	7
Bursa's Indicator C5(a): Number of work-related fatalities	No.	0	0	0
Bursa's Indicator C5(b): Lost time incident rate ("LTIR")*	Rate	-	-	0.88
Bursa's Indicator C5(c): Number of employees trained on health and safety standards*	No.	-	-	539

Notes: 1. * No comparison data available due to first year of reporting of a new indicator.
2. LTIR is based (Number of lost time injuries x 200,000)/total number of hours worked by employees.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

SAFETY AND HEALTH (CONT'D)

Our Performance (Cont'd)

Description	Our Target	Our Progress for FY 2024
Bursa's Indicator C5(a): Number of work-related fatalities	To achieve zero workplace related fatalities.	Status: Target was achieved. No fatalities reported.
Bursa's Indicator C5(b): Lost time incident rate ("LTIR")	To achieve zero lost time incident rate.	Status: Did not meet the target due to 7 work-related injuries reported whereby the LTIR was 0.88.
Bursa's Indicator C5(c): Number of employees trained on health and safety standards	An average of 120 employees shall attend training on health and safety standards.	Status: Target was achieved. 539 employees, including 123 new joiners, attended health and safety training.

LOCAL COMMUNITY

Why It Matters?

We uphold our commitment to practise responsible business practices that not only enhance our operational performance but also support the well-being of our surrounding community. The communities we engage with are carefully selected and vetted to optimise the effectiveness of our financial assistance and product sponsorships. The Group actively supports charitable organisations, including non-profit organisations, old folks' home, orphanages and schools. By focusing on these key areas, we aim to make a meaningful impact, enhancing the lives of individuals and fostering a sense of community.

Our Approach/Initiatives

We strive to help the underprivileged communities to access healthcare products via our social responsibilities' initiatives. We are also dedicated to creating job opportunities for our local community with fair employment terms that foster sustainable economic growth. We provide opportunities for fresh graduates through our internship and Provisionally Registered Pharmacists ("PRPs") programme. These initiatives offer valuable hands-on experience and exposure for learning and development in the pharmaceutical industry. For the financial year ended 30 June 2024, we welcomed 33 interns and 3 PRPs to the Group.

We have invested a total of RM139,181 in monetary and non-monetary sponsorships for various social responsibility activities and events, as detailed in the table below:

<p>1) School Events</p> <ul style="list-style-type: none"> Annual sponsorship of vitamin supplements and pastilles for Children's Day to 43 schools around Melaka. Sponsorship for Mandarin Public Speaking Competition – Persatuan Kwang Tung Melaka Sponsorship for Majlis Graduasi & Penutup Tadika Jaim Sponsorship for Colouring Competition – Tadika KEMAS Taman Tamby Chik Karim Sponsorship to SMK Tinggi Melaka Teacher's Day Sponsorship to SM Pay Fong Melaka for Fund Raising Event
<p>2) Blood Donation Drive</p> <ul style="list-style-type: none"> Bachang Melaka Blood Donation Campaign Blood Donation Campaign – Persatuan Buddhist Melaka Blood Donation Campaign – SJK(C) Chabau St. John's Blood Donation Campaign Hayan Print's Blood Donation Campaign Blood Donation Campaign – Seck Kia Eenh Temple

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

LOCAL COMMUNITY (CONT'D)

Our Approach/Initiatives (Cont'd)

<p>3) Charity Run/Competition</p> <ul style="list-style-type: none"> • Sponsorship for Mahkota Charity Run • Sponsorship for Sky Hawk Nature Run • Sponsorship for Terry Fox Run Melaka 2024 • Sponsorship for “Program Larian bersama BOMBA Tahun 2024” • Sponsorship for “YB Alexx Cheah Basketball Charity Competition”
<p>4) Education</p> <ul style="list-style-type: none"> • Sponsored two book prizes to International Medical University and one book prize to University of Malaya for pharmacy students of graduating class.
<p>5) Non-Profit Organisation</p> <ul style="list-style-type: none"> • Annual monetary donation to Wings Melaka, a centre for providing care and support to special needs children. • Sponsorship to Pusat Kebajikan Villa Harapan, our on-going commitment towards this centre to provide nutritional products to the underprivileged community in Melaka. • Sponsorship in-kinds to Agape Care Society. • Sponsorship to Paediatric Department of Hospital Seberang Jaya for Autism Awareness Day.

Our Performance

Description	Unit	FY 2022	FY 2023	FY 2024	Our Target
Bursa’s Indicator: C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	78,050	118,575	139,181	No target was set.
Bursa’s Indicator: C2(b) Total number of beneficiaries of the investment in communities*	No.	-	-	66	No target was set.

- Notes:
- * No comparison data available due to first year of reporting of a new indicator.
 - The Group is of view that setting a target for sustainability matter relating to donation or charitable activities would not be practicable.



SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE

ETHICAL BUSINESS CONDUCT

We strongly believe that acting ethically, maintaining the highest ethical standards and promoting a culture of integrity are not only moral responsibilities but also critical elements of the Group's long-term sustainability. Our dedication to ethical business practices is rooted in the principles of integrity, accountability and transparency, along with strict adherence to laws and regulations. Our employees are expected to uphold the highest standards of business ethics and professionalism. By conducting themselves ethically in their roles in the Group, they help mitigate legal risks, fines or penalties that could adversely affect the Group's business and reputation.

Our Approach/Initiatives

Anti-Bribery and Corruption

We maintain a zero-tolerance approach to all forms of bribery and corruption, as outlined in our Anti-Bribery and Corruption ("ABC") Policy. The Group has also initiated several initiatives related to anti-bribery and corruption as follows:

- All new joiners participated in an induction programme where they were required to familiarise themselves with the ABC Policy and other related policies and procedures;
- Training on ABC Policy - We have commenced to provide training for our employees and during the financial year ended 30 June 2024, four (4) training sessions on the ABC Policy were conducted with the attendance of 279 employees. This training helped to equip our employees with knowledge about the different facets of bribery and promotes compliance with anti-bribery and anti-corruption laws, instilling a culture of integrity throughout the Group;
- Footnote on all invoices issued by the Group regarding compliance towards the ABC Policy and all other applicable laws and regulations;
- Third Party Declaration Form is required to be acknowledged and signed by all new suppliers/vendors of the Group; and
- Corruption Risk Assessment - We conducted corruption risk assessments to identify, evaluate and mitigate potential risks that may impact our business. Our corruption risk assessment has been integrated into our Enterprise Risk Management ("ERM") framework. By setting predefined thresholds and benchmarks, the Group is able to monitor and determine when a risk event is imminent. This allows the Group to respond promptly to any significant changes in risk exposure, facilitating timely action to address concerns.

Whistleblowing Policy

The Group understands the significance of establishing a safe and confidential way for individuals to report concerns or unethical behaviour within our Group. Our Whistleblowing Policy is an essential part of our dedication to ethical business practices. We have a strict policy against any retaliation toward individuals who report issues in good faith. Reports can be submitted through designated channels: in person or by mail to the Chairman of the Company and/or the Chairman of the Audit Committee, or via email at whistleblowing@kotrapharma.com. All legitimate reports are investigated thoroughly and impartially, ensuring strict confidentiality throughout the process.

Code of Conduct and Ethics

Our Code of Conduct & Ethics ("Code") applies to the Board and all employees of the Group. This Code, disseminated through our intranet portal along with related policies, serves as a guiding document for our actions and decisions to ensure we operate with the highest standards of integrity, accountability and responsibility. All employees and Directors are expected to understand and comply with the principles and standards outlined in the Code. Violations of the Code may result in disciplinary action, including termination of employment.

The Anti-Bribery & Corruption Policy, Whistleblowing Policy and Code of Conduct and Ethics are accessible on the Group's website at www.kotrapharma.com.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE (CONT'D)

ETHICAL BUSINESS CONDUCT (CONT'D)

Our Performance

For the financial year under review, the Group did not encounter any instances of bribery or corruption, nor were there any reports of improper conduct involving our employees or third parties associated with the Group.

Description	Unit	FY 2022	FY 2023	FY 2024
1. Bursa's Indicator: C1(a) Percentage of employees who have received training on anti-corruption by employee category*				
Managers and Above	%	-	-	2.4
Executive	%	-	-	15.7
Non-Executive	%	-	-	19.4
2. Bursa's Indicator: C1(b) Percentage of operations assessed for corruption-related risks*				
	%	-	-	100
3. Bursa's Indicator: C1(c) Number of confirmed incidents of corruption and action taken (substantiated and investigated)				
	No.	0	0	0

Notes: * No comparison data available due to first year of reporting of a new indicator.

Description	Our Target	Our Progress for FY 2024
Bursa's Indicator: C1(a) Percentage of employees who have received training on anti-corruption by employee category	100% employees to be trained on anti-corruption.	Status: Did not meet the target. This was because only 4 training sessions were able to be conducted by the end of the reporting financial year, with the remaining sessions starting in FYE 2025.
Bursa's Indicator: C1(b) Percentage of operations assessed for corruption-related risks	100% operations assessed for corruption-related risks.	Status: Target was achieved. 100% operations assessed for corruption-related risks during the financial year under review.
Bursa's Indicator: C1(c) Number of confirmed incidents of corruption and action taken (substantiated and investigated)	To achieve zero cases involving bribery/corruption.	Status: Target was achieved. No cases related to bribery/corruption were reported.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE (CONT'D)

DATA PROTECTION AND SECURITY

Why It Matters?

Data protection and security is important to the Group due to regulatory compliance, safeguarding of intellectual property and the protection of our customers data. With strict regulations of Personal Data Protection Act 2010 (“PDPA 2010”), we ensure adherence to legal standards so that the data is safeguarded and not abused. Additionally, protecting our sensitive data related to product formulations and clinical trials is essential to maintain our competitive edge. Breaches, if any, can lead to reputational damage and loss of market confidence. Moreover, with the rise of cyber threats, security measures are crucial to prevent data breaches that could have significant financial repercussions.

Our Approach/Initiatives

Our Information Technology (“IT”) team enhances employee awareness through regular knowledge-sharing emails, focused on scams, password protection and implemented the following mitigating measures:

- Next generation firewalls are used to protect our internal network from cyber threats by utilising advanced capabilities - these firewalls are automatically updated with the latest threat intel to combat emerging threats;
- We also utilise well known anti-virus/end point protection platform and software to secure our end points such as laptops, computers and servers;
- Data and systems are backed up daily, with the backup copies of critical systems stored off-site;
- Deployment of authentication controls to major IT services from access to computing end points up to web services access; and
- We have also enforced controls on our end points, restricting installation of applications to system administrators only.

Our Performance

During the financial year ended 30 June 2024, there were no material breaches or substantiated complaints related to cybersecurity or breach of customers data. We will continue to prioritise vigilance in this area to ensure the on-going protection of sensitive data and maintain the trust of our stakeholders.

Description	Unit	FY 2022	FY 2023	FY 2024
Bursa’s Indicator: C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	No.	0	0	0

Our Target	Our Progress for FY 2024
Zero substantiated complaints concerning breaches of customer privacy and losses of customer data.	Status: Target was achieved.

MOVING FORWARD

The Group is committed to integrating sustainability across its operations. As we continue with our sustainability journey, we are mindful of the need to identify pertinent areas for improvement in our operations to address any sustainability performance gaps. With the climate-related disclosures coming into effect soon, the Group recognises the importance of understanding the impacts of climate change to our operations. This awareness will enhance our ability to assess climate-related risks and opportunities, utilising scenario analysis (a key recommendation of the TCFD) to anticipate future challenges and possibilities. This refinement ensures that we remain responsive to evolving climate dynamics, aligning with recommended practices in sustainability reporting and risk management.

SUSTAINABILITY STATEMENT (CONT'D)

APPENDIX 1: SUSTAINABILITY PERFORMANCE DATA TABLE FROM ESG REPORTING PLATFORM

Indicator	Measurement Unit	2024
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	55.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	10,961.14
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	69,200,000
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	106.10
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	49.50
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	56.60
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Managers and Above Under 30	Percentage	0.10
Managers and Above Between 30-50	Percentage	5.20
Managers and Above Above 50	Percentage	2.00
Executive Under 30	Percentage	6.70
Executive Between 30-50	Percentage	19.30
Executive Above 50	Percentage	2.00
Non-executive Under 30	Percentage	29.70
Non-executive Between 30-50	Percentage	29.80
Non-executive Above 50	Percentage	5.20
Gender Group by Employee Category		
Managers and Above Male	Percentage	4.40
Managers and Above Female	Percentage	3.00
Executive Male	Percentage	11.20
Executive Female	Percentage	16.80
Non-executive Male	Percentage	34.80
Non-executive Female	Percentage	29.80
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.00
Female	Percentage	17.00
Under 50	Percentage	17.00
Between 50-60	Percentage	17.00
Above 60	Percentage	66.00 *
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Managers and Above	Hours	1,812
Executive	Hours	5,906
Non-executive	Hours	14,408
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	12.00
Bursa C6(c) Total number of employee turnover by employee category		
Managers and Above	Number	5
Executive	Number	38
Non-executive	Number	74
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0 *
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.88
Bursa C5(c) Number of employees trained on health and safety standards	Number	539
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	139,181.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	66
Bursa (Anti-corruption)		

SUSTAINABILITY STATEMENT (CONT'D)

APPENDIX 1: SUSTAINABILITY PERFORMANCE DATA TABLE FROM ESG REPORTING PLATFORM (CONT'D)

Indicator	Measurement Unit	2024
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Managers and Above	Percentage	2.40
Executive	Percentage	15.70
Non-executive	Percentage	19.40
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
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

ADDITIONAL COMPLIANCE INFORMATION

Utilisation Proceeds from Corporate Proposal

The Company did not raise any funds through any corporate proposal during the financial year ended 30 June 2024. Therefore, there was no utilisation of proceeds for the financial year under review.

Recurrent Related Party Transactions of a Revenue or Trading Nature (“RRPT”)

Pursuant to the shareholders’ mandate obtained at the Company’s Twenty-Fourth Annual General Meeting (“24th AGM”) held on 28 November 2023, details of RRPT of a revenue or trading nature conducted during the financial year under review are as follows:

The Mandated Related Parties	Nature of Transactions	Nature of Relationship	Aggregate Value of transactions from 1 July 2023 till 30 June 2024 (RM)
Kwong Onn Tong Sdn. Bhd. (“KOT”)	<ul style="list-style-type: none"> Sales of goods by KPM to KOT 	A Related Party by virtue of Piong Teck They being a brother to Piong Teck Onn and Datuk Piong Teck Yen who are Directors of the Company. Piong Teck They is a major shareholder of KOT.	377,036
Lonnix (M) Sdn. Bhd. (“Lonnix”)	<ul style="list-style-type: none"> Charges by Lonnix to KPM for contract manufacturing and repackaging of goods 	A company in which Piong Chee Kien, who is a Director of the Company, is a Director and major shareholder.	NIL
Appeton Laboratory Sdn. Bhd. (“Appeton Laboratory”)	<ul style="list-style-type: none"> Rental charged by Appeton Laboratory to KPM for use of premises as hostel for KPM’s staff 	A company in which Datuk Piong Teck Yen and Piong Teck Onn, who are Directors of the Company, are Directors and Piong Teck Onn is a major shareholder.	7,800
Thames Bioscience Sdn. Bhd. (“Thames”)	<ul style="list-style-type: none"> Payment of royalty by KPM to Thames 	A company in which Piong Teck Onn and Datuk Piong Teck Yen, who are Directors of the Company, are Directors and Piong Teck Onn is a major shareholder.	NIL
Datuk Piong Teck Yen	<ul style="list-style-type: none"> Rental of premises paid/ payable 	Director of the Company.	1,700
Piong Teck Onn	<ul style="list-style-type: none"> Rental of premises paid/ payable 	Director of the Company.	1,700
Quanweili Sdn. Bhd. (“Quanweili”)	<ul style="list-style-type: none"> Sales of goods by KPM to Quanweili 	A company by virtue of Piong Teck They, being a brother to Piong Teck Onn and Datuk Piong Teck Yen, who are Directors of the Company, is a major shareholder.	28,079
Coxinet Asset Sdn. Bhd. (“Coxinet”)	<ul style="list-style-type: none"> Rental charged by Coxinet for use of office premises by KPM 	A company in which Piong Teck Onn, a Director of the Company, is a Director and major shareholder.	984,000

Note: Details of related party transactions are disclosed in Note 32 to the Audited Financial Statements, of which none of the actual value of transactions conducted pursuant to the shareholders’ mandate during the financial year exceeded the applicable prescribed threshold under paragraph 10.09(2)(e) of the Main Market Listing Requirement (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Audit and Non-audit Fees Paid to External Auditors

The audit fees and non-audit fees payable to Crowe Malaysia PLT and/or their affiliates for services provided to the Company and the Group for the financial year ended 30 June 2024 were as follows:

Type of Fees	Group (RM)	Company (RM)
Audit	132,000	32,500
Non-audit		
Tax Filing	42,000	6,000
Review of the Statement on Risk Management and Internal Control	4,000	4,000
Total Non-audit fees	46,000	10,000

Material Contracts Involving Directors' and Major Shareholders' Interests

Save for RRPT of a revenue in nature as disclosed, there were no material contracts entered into by the Group involving interests of the Directors, Senior Management who is not a director, major shareholders or connected persons which were still subsisting as of 30 June 2024 or which were entered into since the end of the previous financial year, except as disclosed in the financial statements.

Employee Share Scheme

During the financial year ended 30 June 2024, the Company did not grant any options under the Employee Share Option Scheme ("ESOS"). Details on the ESOS are available in the Directors' Report and Note 23 to the Annual Audited Financial Statements in this Annual Report.

The total number of options granted, exercised and outstanding under the ESOS since the commencement of the ESOS on 29 July 2013 and during the financial year ended 30 June 2024 are as in the table below:

ESOS	Total	Directors	Senior Management	Other Entitled Employees
FOR THE PERIOD FROM 29 JULY 2013 TO 30 JUNE 2023				
Number of Options granted	17,219,120	7,920,000	3,780,000	5,519,120
Number of Options exercised	15,957,520	7,920,000	3,780,000	4,257,520
Number of Options lapsed	1,011,600	-	-	1,011,600
Number of Options outstanding as at 30 June 2023	250,000	-	-	250,000

ESOS	Total	Directors	Senior Management	Other Entitled Employees
FOR THE PERIOD FROM 1 JULY 2023 TO 30 JUNE 2024				
Number of Options outstanding as at 1 July 2023	250,000	-	-	250,000
Number of Options granted	-	-	-	-
Number of Options exercised	250,000	-	-	250,000
Number of Options lapsed	-	-	-	-
Number of Options outstanding as at 30 June 2024	-	-	-	-

No option shares were granted to the Non-Executive Directors during the financial year ended 30 June 2024.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Maximum Allowable Allocation of the ESOS

Based on the ESOS By-Laws, the aggregate number of shares entitled by the selected person shall be determined by the ESOS Committee based on:

- i. The total number of new shares made available under the ESOS shall not exceed fifteen per cent (15%) of the issued and paid-up share capital of the Company at the point in time when the ESOS is offered; and
- ii. Not more than ten per cent (10%) of the total new shares is to be issued under the ESOS at the point in time when the ESOS is offered or allocated to any individual Selected Person, who, either singly or collectively through persons connected with him, holds twenty per cent (20%) or more in the issued and paid-up share capital of the Company.

During the financial year ended 30 June 2024, there were no options granted to the Executive Directors and Senior Management. The Executive Directors and Senior Management were granted a total of seventy-three per cent (73%) of the shares pursuant to the ESOS (excluding number of shares lapsed) since the commencement of ESOS on 29 July 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act 2016 (“the Act”) requires Directors to prepare financial statements for each financial year in accordance with the requirements of the Act, Malaysian Financial Reporting Standards (“MFRS”), the International Financial Reporting Standards (“IFRS”) and the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

In preparing the financial statements, the Directors have:-

- i. adopted the appropriate accounting policies and applied them consistently;
- ii. consistently applied and supported by reasonable and prudent judgement and estimates;
- iii. ensured that all applicable approved accounting standards have been complied with; and
- iv. prepared the financial statements on a going concern basis.

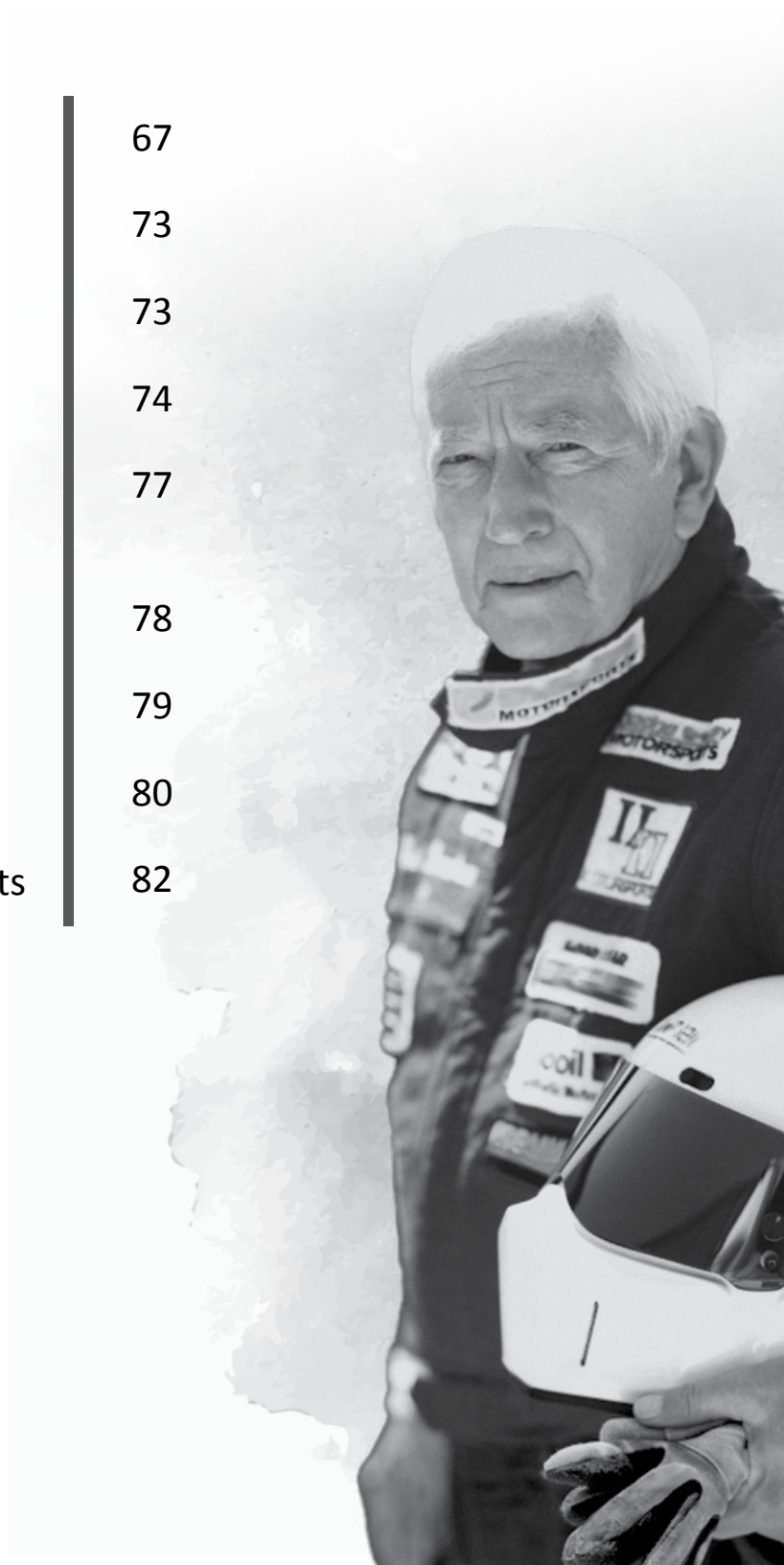
The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company and of their financial performance and cash flows for the financial year ended 30 June 2024.

The Directors are responsible to ensure that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and the Company, which enable the Directors to ensure that the financial statements comply with the provisions of the Act and applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company are set out in the "Subsidiaries" of this report.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation for the financial year	44,596	40,325

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIVIDENDS

Dividends paid by the Company since 30 June 2023 are as follows:-

- A second interim single tier dividend of 15.5 sen per ordinary share amounting to RM22,988,682 for the financial year ended 30 June 2023 on 12 October 2023; and
- An interim single tier dividend of 12.5 sen per ordinary share amounting to RM18,539,261 for the financial year ended 30 June 2024 on 21 March 2024.

On 19 August 2024, the Company declared a second interim single tier dividend of 13 sen per ordinary share amounting to RM19,280,831 in respect of the current financial year, payable on 10 October 2024, to shareholders whose names appeared in the record of depositors on 1 October 2024. The financial statements for the current financial year do not reflect this interim single tier dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2025.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Chin Swee Chang
 Datuk Jamaludin Bin Nasir
 Datuk Piong Teck Yen
 Lee Min On
 Piong Chee Kien
 Piong Teck Onn

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Datuk Seri Piong Teck Min
 Piong Chee Wei

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options under the Employee Share Option Scheme ("ESOS") of the Company and its related corporations during the financial year are as follows:-

	At	Number of ordinary shares		At
	1.7.2023	Acquired	Sold	30.6.2024
Holding company				
<i>Direct interest</i>				
Piong Teck Onn	61,529	-	-	61,529
Datuk Piong Teck Yen	8,737	-	-	8,737
The Company				
<i>Direct interest</i>				
Chin Swee Chang	2,314,800	-	-	2,314,800
Piong Teck Onn	16,286,626	-	-	16,286,626
Datuk Piong Teck Yen	8,296,564	-	-	8,296,564
<i>Indirect interest</i>				
Chin Swee Chang ¹	3,900,000	-	-	3,900,000
Piong Teck Onn ²	72,987,562	-	-	72,987,562

¹ Indirect interest by virtue of the director's son's shareholding pursuant to Section 59(11)(c) of the Companies Act 2016.

² Indirect interest by virtue of the director's interests in Piong Nam Kim Holdings Sdn. Bhd., Medisch Specialist Centre Sdn. Bhd., and Platinum Essence Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and by virtue of the director's son's shareholding pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of his interests in the holding company, namely Piong Nam Kim Holdings Sdn. Bhd., Piong Teck Onn is deemed to have interests in shares of the Company and its related corporations during the financial year to the extent of the holding company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares or options of the Company or its related corporations during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employee Share Option Scheme below.

EMPLOYEE SHARE OPTION SCHEME

At an Extraordinary General Meeting held on 29 July 2013, the Company's shareholders approved the establishment of an Employee Share Option Scheme ("ESOS") of not more than 15% of the total issued and paid-up ordinary shares of the Company to eligible directors and employees of the Group (herein referred to as "new ESOS").

DIRECTORS' REPORT (CONT'D)

EMPLOYEE SHARE OPTION SCHEME (CONT'D)

The main features of the new ESOS are as follows:-

- (a) The maximum number of new shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.
- (b) Eligible directors or employees of the Group are directors or employees of the Group who have been confirmed in the service of the Group prior to the offer or, if the employee is serving under an employment contract, the contract should be for a duration of at least two (2) years. The maximum allowable allotments for the directors have been approved by the shareholders of the Company in a general meeting.
- (c) The Scheme shall be in force for a period of five (5) years from 30 July 2013 and has been extended for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee and shall not in aggregate exceed a duration of ten (10) years from the effective date.
- (d) The option price may be subjected to a discount of not more than 10% of the average of the market quotation of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days immediately preceding the offer date.
- (e) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the ESOS.
- (f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares.
- (g) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate or as determined by the ESOS Committee.
- (h) The option granted to eligible employees will lapse when they are no longer in employment with the Group.

The options offered for the subscription of unissued ordinary shares, the exercise price and the number of share options exercisable as at end of the reporting period are as follows:-

Date of offer	Exercise period	Exercise price per ordinary share RM	Balance at 1.7.2023	Number of Options over Ordinary Shares		Balance at 30.6.2024
				Granted	Exercised	
26.5.2023	28.7.2023	4.99	250,000	-	(250,000)	-
			250,000	-	(250,000)	-

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted to the directors under the ESOS.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS (CONT'D)

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from the following transactions:-

	The Group RM'000	The Company RM'000
Companies in which certain directors have significant financial interests:-		
- lease payments on short-term leases	11	-
- lease payments for right-of-use assets	984	-
Companies in which close family members of certain directors have significant financial interests:-		
- sales of goods	(405)	-
A subsidiary:-		
- management fee received/receivable	-	(540)
- dividend received	-	(40,477)

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM'000	The Company RM'000
Fees	350	350
Emoluments	3,020	14
Defined contribution benefits	361	-
	3,731	364

The estimated monetary value of benefits-in-kind provided by the Group to a director of the Company was RM12,500.

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage for the directors of the Company was RM12,000,000.

There was no indemnity given to or professional indemnity insurance effected for the other officers or auditors of the Company.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM84,895,887 to RM86,275,645 by way of issuance of 250,000 new ordinary shares from the exercise of options under the Company's Employee Share Option Scheme at the exercise prices as disclosed in the "Employee Share Option Scheme" of this report. The new ordinary shares were issued for cash consideration and they rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issues of debentures by the Company.

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

(a) The details of the Company's subsidiaries are as follows:-

Name of subsidiary	Country of incorporation	Percentage of issued share capital held by parent	Principal activities
<i>Subsidiaries of the Company</i>			
Kotra Pharma (M) Sdn. Bhd.	Malaysia	100%	Developing, manufacturing and trading of pharmaceutical and healthcare products
Appeton Healthcare Sdn. Bhd.	Malaysia	100%	Dormant
Biglink Rewards Sdn. Bhd.	Malaysia	100%	Dormant
Kite Training And Consultancy Sdn. Bhd.	Malaysia	100%	Dormant

(b) The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

HOLDING COMPANY

The holding company is Piong Nam Kim Holdings Sdn. Bhd., a company incorporated in Malaysia which the directors also regard as the ultimate holding company.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:-

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves there were no known bad debts which had been written off and that adequate allowance had been made for impairment losses on receivables; and
- (ii) to ensure that any current assets, which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:-

- (i) the amount written off as bad debts or allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

(f) In the opinion of the directors:-

- (i) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM'000	The Company RM'000
Audit fees	132	33
Non-audit fees	4	4
	136	37

Signed in accordance with a resolution of the directors dated 3 October 2024.

Piong Teck Onn
Managing Director

Chin Swee Chang
Executive Director

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Piong Teck Onn and Chin Swee Chang, being two of the directors of Kotra Industries Berhad, state that, in the opinion of the directors, the financial statements set out on pages 77 to 114 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2024 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 3 October 2024.

Piong Teck Onn
Managing Director

Chin Swee Chang
Executive Director

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Daniel Chua Chong Liang, MIA membership number: CA18092, being the officer primarily responsible for the financial management of Kotra Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 77 to 114 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovementioned Daniel Chua Chong Liang,
at Melaka in the State of Melaka
on this 3 October 2024

Daniel Chua Chong Liang

Before me,

Shahrizah Binti Yahya
M084
Pesuruhjaya Sumpah
Commissioner for Oaths
No. 4 Jalan TMR 32,
Taman Melaka Raya,
75000 Melaka.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOTRA INDUSTRIES BERHAD (INCORPORATED IN MALAYSIA) REGISTRATION NO: 199901022732 (497632-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kotra Industries Berhad, which comprise the statements of financial position as at 30 June 2024 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 77 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Group and 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.

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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition (Refer to Page 83, Note 4 to the financial statements)	
Consolidated revenue recorded by the Group during the year amounted to approximately RM227 million. We consider revenue recognition for sale of goods to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regard revenue recognition to be a Key Audit Matter.	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> testing the operating effectiveness of internal control over the completeness, accuracy, and timing of revenue recognised in the financial statements; reviewing the terms of customer agreements to determine the point of control transfer to the customers on sampling basis; testing the recording of sales transactions, revenue cut-off and review of credit notes after year end; and obtaining confirmations from trade receivables as at the financial year end on sampling basis and reviewing collections relating to material trade receivables during and after the financial year end.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF KOTRA INDUSTRIES BERHAD (INCORPORATED IN MALAYSIA) REGISTRATION NO: 199901022732 (497632-P)

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF KOTRA INDUSTRIES BERHAD (INCORPORATED IN MALAYSIA) REGISTRATION NO: 199901022732 (497632-P)

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

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

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

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

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

Crowe Malaysia PLT
201906000005 (LLP0018817 - LCA) & AF 1018
Chartered Accountants

Melaka
3 October 2024

Tan Guan Seng
03387/08/2026 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	4	226,554	242,199	41,017	39,108
Other operating income	5	7,983	6,656	36	17
Raw materials and consumables used		(62,632)	(69,453)	-	-
Changes in inventories of finished goods and work-in-progress		2,363	6,949	-	-
Employee benefits expenses	6	(53,310)	(55,997)	(464)	(448)
Selling and distribution expenses		(28,841)	(31,233)	-	-
Depreciation and amortisation		(14,299)	(14,645)	-	-
Other operating expenses		(21,490)	(17,869)	(243)	(282)
Finance costs	7	(37)	(195)	-	-
Net reversal of impairment losses/ (Net impairment losses) on financial assets	8	183	(336)	-	-
Profit before taxation	9	56,474	66,076	40,346	38,395
Tax expense	10	(11,878)	(842)	(21)	(25)
Profit after taxation		44,596	65,234	40,325	38,370
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial year		44,596	65,234	40,325	38,370
Earnings per share attributable to equity holders of the Company (sen):					
- Basic	11	30.07	44.08		
- Diluted	11	30.07	44.07		

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

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	167,726	126,366	-	-
Investment properties	13	1,286	1,312	-	-
Investment in subsidiaries	14	-	-	121,408	121,364
Right-of-use assets	15	10,499	10,634	-	-
Deferred tax assets	16	-	6,791	-	-
		179,511	145,103	121,408	121,364
Current assets					
Inventories	17	54,636	59,200	-	-
Trade receivables	18	36,110	34,556	-	-
Other receivables	19	2,704	2,471	6	1
Amounts owing by subsidiaries	20	-	-	169	157
Current tax assets		14	-	14	-
Short-term investments	21	-	945	-	-
Fixed deposits with licensed banks	22	60,601	80,654	600	600
Cash and bank balances		5,412	7,353	156	143
		159,477	185,179	945	901
Total assets		338,988	330,282	122,353	122,265
Equity and liabilities					
Equity attributable to equity holder of the Company					
Share capital	23	86,276	84,896	86,276	84,896
Retained earnings	24	189,163	186,030	36,019	37,157
Other reserves	25	-	153	-	153
Total equity		275,439	271,079	122,295	122,206
Non-current liabilities					
Deferred tax liabilities	16	1,875	-	-	-
Deferred income	26	548	823	-	-
Lease liabilities	27	82	82	-	-
		2,505	905	-	-
Current liabilities					
Trade payables	28	18,245	20,554	-	-
Other payables	29	40,204	36,564	58	56
Current tax liabilities		1,635	216	-	3
Lease liabilities	27	960	964	-	-
		61,044	58,298	58	59
Total liabilities		63,549	59,203	58	59
Total equity and liabilities		338,988	330,282	122,353	122,265

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

Group	Note	Share capital RM'000	<u>Non-distributable</u> Share option reserve RM'000	<u>Distributable</u> Retained earnings RM'000	Total equity RM'000
At 1 July 2022		84,766	99	159,275	244,140
Profit after taxation, representing total comprehensive income for the financial year		-	-	65,234	65,234
Contributions by and distributions to owners of the Company					
- Dividends	30	-	-	(38,479)	(38,479)
- Employees' share options exercised		130	54	-	184
Total transactions with owners		130	54	(38,479)	(38,295)
At 30 June 2023/1 July 2023		84,896	153	186,030	271,079
Profit after taxation, representing total comprehensive income for the financial year		-	-	44,596	44,596
Contributions by and distributions to owners of the Company					
- Dividends	30	-	-	(41,528)	(41,528)
- Employees' share options exercised		1,380	(88)	-	1,292
- Share options expired transferred to retained earnings		-	(65)	65	-
Total transactions with owners		1,380	(153)	(41,463)	(40,236)
At 30 June 2024		86,276	-	189,163	275,439
Company					
At 1 July 2022		84,766	99	37,266	122,131
Profit after taxation, representing total comprehensive income for the financial year		-	-	38,370	38,370
Contributions by and distributions to owners of the Company					
- Dividends	30	-	-	(38,479)	(38,479)
- Employees' share options exercised		130	54	-	184
Total transactions with owners		130	54	(38,479)	(38,295)
At 30 June 2023/1 July 2023		84,896	153	37,157	122,206
Profit after taxation, representing total comprehensive income for the financial year		-	-	40,325	40,325
Contributions by and distributions to owners of the Company					
- Dividends	30	-	-	(41,528)	(41,528)
- Employees' share options exercised		1,380	(88)	-	1,292
- Share options expired transferred to retained earnings		-	(65)	65	-
Total transactions with owners		1,380	(153)	(41,463)	(40,236)
At 30 June 2024		86,276	-	36,019	122,295

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities					
Profit before taxation		56,474	66,076	40,346	38,395
Adjustments for:					
Amortisation of deferred income	26	(275)	(295)	-	-
Depreciation:					
- investment properties	13	26	26	-	-
- property, plant and equipment	12	13,178	13,529	-	-
- right-of-use assets	15	1,095	1,090	-	-
Fair value gain on derivatives financial instruments	5	-	(15)	-	-
Loss/(Gain) on disposal of property, plant and equipment	9,5	27	(2)	-	-
Impairment losses on trade receivables	18	-	336	-	-
Interest expense on lease liabilities	7	20	19	-	-
Interest income	5	(3,771)	(2,675)	(36)	(17)
Interest income from short-term investments	5	(9)	(20)	-	-
Inventories written down	17	363	2,515	-	-
Other interest expense	7	17	176	-	-
Property, plant and equipment written off	12	44	44	-	-
Reversal of impairment losses on trade receivables	18	(183)	-	-	-
Share-based payment under ESOS	6	44	88	-	-
Unrealised loss/(gain) on foreign exchange	9,5	1,934	(2,504)	-	-
Operating profit before working capital changes		68,984	78,388	40,310	38,378
Decrease/(Increase) in inventories		4,201	(16,016)	-	-
(Increase)/Decrease in receivables		(2,241)	944	(17)	(16)
(Decrease)/Increase in payables		(4,311)	9,036	2	1
Cash from operations		66,633	72,352	40,295	38,363
Income tax paid		(1,817)	(398)	(38)	(20)
Income tax refunded		10	197	-	197
Net cash from operating activities		64,826	72,151	40,257	38,540

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

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

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows (for)/from investing activities					
Interest received		3,780	2,695	36	17
Proceeds from disposal of property, plant and equipment		50	2	-	-
Purchase of property, plant and equipment	31(a)	(49,198)	(32,142)	-	-
Withdrawal of fixed deposits with tenure more than 3 months		9,667	18,333	-	-
Net cash (for)/from investing activities		(35,701)	(11,112)	36	17
Cash flows for financing activities					
Dividend paid	30	(41,528)	(38,479)	(41,528)	(38,479)
Interest paid	31(b)	(37)	(195)	-	-
Proceeds from issuance of shares		1,248	96	1,248	96
Repayment of term loans	31(b)	-	(6,671)	-	-
Repayment of lease liabilities	31(b)	(964)	(965)	-	-
Net cash for financing activities		(41,281)	(46,214)	(40,280)	(38,383)
Net (decrease)/increase in cash and cash equivalents		(12,156)	14,825	13	174
Effects of exchange rate changes on cash and cash equivalents		(1,116)	2,744	-	-
Cash and cash equivalents at beginning of the financial year		79,285	61,716	743	569
Cash and cash equivalents at end of the financial year	31(c)	66,013	79,285	756	743

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office is located at No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda, 75400 Melaka. The principal place of business is located at No. 1, 2 & 3, Jalan TTC 12, Cheng Industrial Estate, 75250 Melaka.

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as "the Group".

The Company is principally involved in investment holding and the provision of management services. The principal activities of its subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The holding company is Piong Nam Kim Holdings Sdn. Bhd., a company incorporated in Malaysia, which the directors also regard as the ultimate holding company.

The financial statements of the Company and of the Group are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 3 October 2024.

2. Basis of preparation

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

2.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company except as follows:-

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in the respective notes to the financial statements, where relevant, in line with the amendments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

2. Basis of preparation (Cont'd)

2.2 The Group and the Company have not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
• MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
• MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
• Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
• Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
• Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
• Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
• Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the directors and Management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed in the following notes:-

- Note 10.1 - Income taxes;
- Note 12.1 - Depreciation of property, plant and equipment;
- Note 16.1 - Deferred tax assets;
- Note 17.1 - Write-down of inventories; and
- Note 18.1 - Impairment of trade and other receivables.

4. Revenue

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Revenue from contract with customers				
<u>Recognised at a point in time</u>				
Sale of goods	226,554	242,199	-	-
Revenue from other sources				
Dividend income	-	-	40,477	38,568
Management fees	-	-	540	540
	226,554	242,199	41,017	39,108

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

4. Revenue (Cont'd)

(b) The information of the revenue from other sources is summarised below:-

Dividend income

Dividend income is recognised when the right to receive dividend payment is established.

Management fee

Management fees are recognised in the period in which the services are rendered.

4.1 Material accounting policy information for revenue

Sale of goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. Other operating income

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amortisation of deferred income	275	295	-	-
Fair value gain on derivative financial instrument	-	15	-	-
Gain on disposal of property, plant and equipment	-	2	-	-
Gain on foreign currency exchange				
- realised	3,338	591	-	-
Gain on foreign currency exchange				
- unrealised	-	2,504	-	-
Interest income from short-term investments	9	20	-	-
Interest income on financial assets measured at amortised cost	3,771	2,675	36	17
Miscellaneous	590	554	-	-
	7,983	6,656	36	17

The information of the other operating income is summarised below:-

(i) Government grants

The Group presents government grants related to an asset by setting up the grants as deferred income and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

(ii) Interest income

Interest income is recognised on accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

6. Employee benefits expenses

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors' remuneration (Note 32(d))				
Directors of the Company	3,731	3,561	364	353
Directors of the subsidiaries	592	488	-	-
	4,323	4,049	364	353
Non-directors' remuneration				
Short-term employee benefits	43,106	45,928	88	84
Defined contribution benefits	4,692	4,626	11	10
Other personnel expenses	1,145	1,306	1	1
Share option expenses	44	88	-	-
	53,310	55,997	464	448

Included in employee benefits expenses are key management personnel compensation as disclosed in Note 32(d) to the financial statements.

7. Finance costs

	Group	
	2024 RM'000	2023 RM'000
Interest expense on financial liabilities that are not at fair value through profit or loss:-		
- Bank overdrafts	17	53
- Term loans	-	123
Interest expense on lease liabilities (Note 27)	20	19
	37	195

8. (Net reversal of impairment losses)/Net impairment losses on financial assets

	Group	
	2024 RM'000	2023 RM'000
Impairment losses on trade receivables (Note 18)	-	336
Reversal of impairment losses on trade receivables (Note 18)	(183)	-
	(183)	336

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

9. Profit before taxation

Profit before taxation is arrived at after charging:-

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Auditors' remuneration:-				
- audit fees	132	113	33	28
- non-audit fees	4	4	4	4
Depreciation:-				
- investment properties (Note 13)	26	26	-	-
- property, plant and equipment (Note 12)	13,178	13,529	-	-
- right-of-use assets (Note 15)	1,095	1,090	-	-
Direct operating expenses arising from investment properties	12	13	-	-
Inventories written down (Note 17)	363	2,515	-	-
Loss on disposal of property, plant and equipment	27	-	-	-
Loss on foreign exchange - unrealised	1,934	-	-	-
Property, plant and equipment written off (Note 12)	44	44	-	-
Lease expense on:-				
- short-term leases	147	131	-	-
- low-value assets	16	2	-	-

10. Tax expense

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax expense	3,213	663	20	25
(Over)/Under provision in the previous financial year	(1)	-	1	-
	3,212	663	21	25
Deferred tax (Note 16):-				
- Origination and reversal of temporary differences	8,902	179	-	-
- Under-recognition of deferred tax assets in the previous financial year	(236)	-	-	-
	8,666	179	-	-
Tax expense	11,878	842	21	25

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

10. Tax expense (Cont'd)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	2024	2023
	RM'000	RM'000
Group		
Profit before taxation	56,474	66,076
<hr/>		
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	13,554	15,859
Effect of non-taxable income	(2)	(76)
Effect of expenses not deductible for tax purposes	400	375
Effect of income tax incentives	(1,837)	(2,240)
Utilisation of deferred tax assets previously not recognised	-	(13,076)
Under-recognition of deferred tax assets in the previous financial year	(236)	-
Over provision of income tax expense in the previous financial year	(1)	-
<hr/>		
Tax expense	11,878	842
<hr/>		
	2024	2023
	RM'000	RM'000
Company		
Profit before taxation	40,346	38,395
<hr/>		
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	9,683	9,215
Effect of non-taxable income	(9,715)	(9,256)
Effect of expenses not deductible for tax purposes	52	66
Under provision of income tax expense in the previous financial year	1	-
<hr/>		
Tax expense	21	25
<hr/>		

10.1 Critical accounting estimates and judgements for income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

11. Earnings per share

(i) Basic

The basic earnings per share is calculated by dividing the consolidated profit after taxation for the financial year by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2024	2023
Profit after taxation (RM'000)	44,596	65,234
Weighted average number of ordinary shares in issue ('000)	148,296	148,002
Basic earnings per ordinary share (sen)	30.07	44.08

(ii) Diluted

The diluted earnings per share is calculated by dividing the consolidated profit after taxation for the financial year by the weighted average number of ordinary shares outstanding during the financial year after adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2024	2023
Profit after taxation (RM'000)	44,596	65,234
Weighted average number of ordinary shares in issue ('000)	148,296	148,002
Shares deemed to be issued for no consideration - ESOS ('000)	-	37
Weighted average number of ordinary shares for diluted earnings per share computation	148,296	148,039
Diluted earnings per ordinary share (sen)	30.07	44.07

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

12. Property, plant and equipment

Group	As at 1.7.2023 RM'000	Additions RM'000	Reclassification RM'000	Disposal RM'000	Written Off (Note 9) RM'000	Depreciation Charges (Note 9) RM'000	As at 30.6.2024 RM'000
Net carrying amount							
Industrial buildings and installations	39,835	92	-	-	-	(1,223)	38,704
Machinery and equipment	42,453	774	1,254	-	(40)	(10,302)	34,139
Motor vehicles	786	217	-	(76)	-	(168)	759
Office equipment	47	-	-	-	-	(16)	31
Computer equipment	2,300	305	-	(1)	(4)	(974)	1,626
Furniture and fittings	731	31	-	-	-	(229)	533
Renovation	741	-	-	-	-	(266)	475
Capital expenditure-in-progress	39,473	53,240	(1,254)	-	-	-	91,459
Total	126,366	54,659	-	(77)	(44)	(13,178)	167,726
Group							
Net carrying amount							
Industrial buildings and installations	41,067	-	-	-	-	(1,232)	39,835
Machinery and equipment	50,884	852	1,397	-	(44)	(10,636)	42,453
Motor vehicles	944	-	-	-	-	(158)	786
Office equipment	63	2	-	-	-	(18)	47
Computer equipment	2,944	56	282	-	-	(982)	2,300
Furniture and fittings	902	66	-	-	-	(237)	731
Renovation	997	10	-	-	-	(266)	741
Capital expenditure-in-progress	1,647	39,505	(1,679)	-	-	-	39,473
Total	99,448	40,491	-	-	(44)	(13,529)	126,366

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

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

Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
At 30 June 2024			
Industrial buildings and installations	58,875	(20,171)	38,704
Machinery and equipment	183,173	(149,034)	34,139
Motor vehicles	2,295	(1,536)	759
Office equipment	566	(535)	31
Computer equipment	9,401	(7,775)	1,626
Furniture and fittings	5,039	(4,506)	533
Renovation	2,682	(2,207)	475
Capital expenditure-in-progress	91,459	-	91,459
Balance at 30 June 2024	353,490	(185,764)	167,726
At 30 June 2023			
Industrial buildings and installations	58,783	(18,948)	39,835
Machinery and equipment	181,209	(138,756)	42,453
Motor vehicles	2,229	(1,443)	786
Office equipment	568	(521)	47
Computer equipment	9,173	(6,873)	2,300
Furniture and fittings	5,008	(4,277)	731
Renovation	2,682	(1,941)	741
Capital expenditure-in-progress	39,473	-	39,473
Balance at 30 June 2023	299,125	(172,759)	126,366

12.1 Critical accounting estimates and judgements for depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

12.2 Material accounting policy information for property, plant and equipment

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Industrial buildings and installations	2% - 10%
Machinery and equipment	5% - 20%
Motor vehicles	10%
Office equipment	10%
Computer equipment	20%
Furniture and fittings	10%
Renovation	10%

Capital expenditure-in-progress represents factory buildings under construction and production machinery under installation. They are not depreciated until such time when the asset is available for use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

13. Investment properties

	Group	
	2024	2023
	RM'000	RM'000
Cost		
At 1 July/30 June	2,105	2,105
Accumulated depreciation		
At 1 July	793	767
Depreciation during the financial year (Note 9)	26	26
At 30 June	819	793
Net carrying amount	1,286	1,312

The investment properties comprise freehold land and building.

The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to the market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis. The fair value of the investment properties as at the end of reporting period is estimated at RM2,807,000 (2023: RM2,807,000).

13.1 Material accounting policy information for investment properties

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on other investment properties is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation period for buildings is 50 years.

14. Investment in subsidiaries

	Company	
	2024	2023
	RM'000	RM'000
Unquoted shares, at deemed cost	114,756	114,756
Share options granted to employees of a subsidiary	6,652	6,608
	121,408	121,364

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

14. Investment in subsidiaries (Cont'd)

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business and country of incorporation	Percentage of issued share capital held by parent		Principal activities
		2024	2023	
<i>Subsidiaries of the Company</i>				
Kotra Pharma (M) Sdn. Bhd.	Malaysia	100%	100%	Developing, manufacturing and trading of pharmaceutical and healthcare products
Appeton Healthcare Sdn. Bhd.	Malaysia	100%	100%	Dormant
Biglink Rewards Sdn. Bhd.	Malaysia	100%	100%	Dormant
Kite Training And Consultancy Sdn. Bhd.	Malaysia	100%	100%	Dormant

14.1 Material accounting policy information for investments in subsidiaries

Investments in subsidiaries including the share options granted to employees of the subsidiaries, which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

15. Right-of-use assets

Group	As at	Modification of Lease Liabilities	Depreciation Charges	As at
	1.7.2023			(Note 9)
	RM'000	RM'000	RM'000	RM'000
Net carrying amount				
Leasehold land	9,589	-	(131)	9,458
Office premise	1,045	960	(964)	1,041
Total	10,634	960	(1,095)	10,499

Group	As at	Modification of Lease Liabilities	Depreciation Charges	As at
	1.7.2022			(Note 9)
	RM'000	RM'000	RM'000	RM'000
Net carrying amount				
Leasehold land	9,721	-	(132)	9,589
Office premise	1,039	964	(958)	1,045
Total	10,760	964	(1,090)	10,634

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

15. Right-of-use assets (Cont'd)

(a) The Group has lease contracts for leasehold land and office premise used in its operations. Their lease terms are as below:-

	2024	2023
Leasehold land	76 to 77 years	76 to 77 years
Office premise	2 years	2 years

(b) The Group has applied recognition exemptions for short-term lease and leases of low-value assets which do not exceed RM50,000.

(c) The Group has lease contracts that include extension and termination options. These options are negotiated by Management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

15.1 Material accounting policy information for right-of-use assets

Short-term leases and leases of low-value assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

Right-of-use assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

16. Deferred tax (liabilities)/assets

	As at 1.7.2023 RM'000	Recognised in Profit or Loss (Note 10) RM'000	As at 30.6.2024 RM'000
Group			
2024			
<i>Deferred tax liabilities</i>			
Property, plant and equipment	(12,731)	1,831	(10,900)
Right-of-use assets	(250)	1	(249)
	(12,981)	1,832	(11,149)
<i>Deferred tax assets</i>			
Other temporary differences	5,343	(227)	5,116
Lease liabilities	251	(1)	250
Unused tax losses	1,475	(1,475)	-
Unutilised tax incentives	12,703	(8,795)	3,908
	19,772	(10,498)	9,274
	6,791	(8,666)	(1,875)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

16. Deferred tax (liabilities)/assets (Cont'd)

Group	As at 1.7.2022 RM'000	Recognised in Profit or Loss (Note 10) RM'000	As at 30.6.2023 RM'000
2023			
<i>Deferred tax liabilities</i>			
Property, plant and equipment	(14,173)	1,442	(12,731)
Right-of-use assets	(249)	(1)	(250)
	(14,422)	1,441	(12,981)
<i>Deferred tax assets</i>			
Other temporary differences	3,870	1,473	5,343
Lease liabilities	251	-	251
Unutilised industrial building allowances	987	(987)	-
Unused tax losses	5,941	(4,466)	1,475
Unutilised tax incentives	10,343	2,360	12,703
	21,392	(1,620)	19,772
	6,970	(179)	6,791

16.1 Critical accounting estimates and judgements for deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

17. Inventories

	Group	
	2024 RM'000	2023 RM'000
Raw materials	21,057	30,326
Work-in-progress	1,091	1,767
Finished goods	30,146	27,107
Goods in transit	2,342	-
	54,636	59,200
Recognised in profit or loss:-		
Inventories recognised as cost of sales	59,906	59,989
Amount written down (Note 9)	363	2,515
Movement for inventories written down:-		
At 1 July	5,829	5,574
Addition during the financial year (Note 9)	363	2,515
Written off during the financial year	(1,056)	(2,260)
At 30 June	5,136	5,829

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

17. Inventories (Cont'd)

17.1 Critical accounting estimates and judgements for write-down of inventories

Reviews are made periodically by Management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

17.2 Material accounting policy information for inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

18. Trade receivables

	Group	
	2024	2023
	RM'000	RM'000
Trade receivables	37,866	36,495
Less: Allowance for impairment losses	(1,756)	(1,939)
	36,110	34,556
Allowance for impairment losses:-		
At 1 July	1,939	1,603
Addition during the financial year (Note 8)	-	336
Reversal during the financial year (Note 8)	(183)	-
At 30 June	1,756	1,939

The Group's normal trade credit terms ranged from 60 to 120 (2023: 60 to 120) days.

Included in trade receivables are amounts due from related parties as disclosed in Note 32(c) to the financial statements.

18.1 Critical accounting estimates and judgements for impairment of trade and other receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade and other receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjust for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

19. Other receivables

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other receivables:-				
Third parties	138	16	-	-
Interest receivables	251	328	5	-
Advance payments to suppliers	1,843	1,623	-	-
	2,232	1,967	5	-
Deposits	271	349	1	1
Prepayments	201	155	-	-
	2,704	2,471	6	1

The advance payments to suppliers are unsecured and interest-free. The amount owing will be offset against future billings from suppliers.

20. Amounts owing by subsidiaries

The amounts owing by subsidiaries are non-trade balances which represent unsecured payment made on their behalf. The amounts owing are repayable on demand and are to be settled in cash.

21. Short-term investments

	Group	
	2024 RM'000	2023 RM'000
Money market funds, at fair value (Note 31(c))	-	945

The money market funds represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with one (1) day notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

22. Fixed deposits with licensed banks

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.10% to 5.50% and 3.70% (2023: 1.80% to 5.50% and 2.80%) per annum respectively. The fixed deposits have maturity periods ranging from 4 to 92 (2023: 7 to 182) days for the Group and 91 (2023: 93) days for the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

23. Share capital

	Group/Company			
	Number of shares		Amount	
	2024 '000	2023 '000	2024 RM'000	2023 RM'000
Issued and fully paid-up				
Ordinary shares				
At 1 July	148,064	147,974	84,896	84,766
New shares issued under the employee share option scheme for cash	250	90	1,380	130
At 30 June	148,314	148,064	86,276	84,896

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

Further information relating to the exercise of employee share option scheme is set out on pages 98 to 99.

At an Extraordinary General Meeting held on 29 July 2013, the Company's shareholders approved the establishment of an Employee Share Option Scheme ("ESOS") of not more than 15% of the total issued and paid-up ordinary shares of the Company to eligible directors and employees of the Group (herein referred to as "new ESOS"). The new ESOS is governed by the ESOS By-Laws.

The main features of the new ESOS are as follows:-

- (a) The maximum number of new shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.
- (b) Eligible directors or employees of the Group are directors or employees of the Group who have been confirmed in the service of the Group prior to the offer or, if the employee is serving under an employment contract, the contract should be for a duration of at least two (2) years. The maximum allowable allotments for the directors have been approved by the shareholders of the Company in a general meeting.
- (c) The Scheme shall be in force for a period of five (5) years from 30 July 2013 and has been extended for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee and shall not in aggregate exceed a duration of ten (10) years from the effective date.
- (d) The option price may be subjected to a discount of not more than 10% of the average of the market quotation of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days immediately preceding the offer date.
- (e) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the ESOS.
- (f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares.
- (g) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate or as determined by the ESOS Committee.
- (h) The option granted to eligible employees will lapse when they are no longer in employment with the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

23. Share capital (Cont'd)

The option prices and the details in the movement of the options granted are as follows:-

Date of offer	Exercise period	Exercise price per ordinary share RM	Balance at 1.7.2023	Number of Options over Ordinary Shares		Balance at 30.6.2024
				Granted	Exercised	
26.5.2023	28.7.2023	4.99	250,000	-	(250,000)	-
			250,000	-	(250,000)	-
Date of offer	Exercise period	Exercise price per ordinary share RM	Balance at 1.7.2022	Number of Options over Ordinary Shares		Balance at 30.6.2023
				Granted	Exercised	
31.7.2013	31.7.2014	0.65	4,400	-	(4,400)	-
31.7.2013	31.7.2016	0.65	8,800	-	(8,800)	-
31.7.2013	31.7.2018	0.65	26,400	-	(26,400)	-
22.5.2017	31.7.2018	1.40	10,000	-	(10,000)	-
22.5.2017	31.7.2019	1.40	20,000	-	(20,000)	-
22.5.2017	31.7.2020	1.40	20,000	-	(20,000)	-
26.5.2023	28.7.2023	4.99	-	250,000	-	250,000
			89,600	250,000	(89,600)	250,000

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of any other company.

In the previous financial year, the Company has granted 250,000 share options under the new ESOS.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

23. Share capital (Cont'd)

The fair values of the share options granted were estimated using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at granted date and the assumptions used are as follows:-

	Group/Company	
	2024	2023
Fair value of share options at grant date (RM)	-	0.53
Weighted average share price (RM)	-	5.34
Exercise price of share option (RM)	-	4.99
Expected volatility (%)	-	35.85
Expected life (years)	-	0.17
Risk free rate (%)	-	3.45

There were no options granted during the financial year.

24. Retained earnings

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends declared to the shareholders are not subject to tax.

25. Other reserves

	Group/Company	
	2024 RM'000	2023 RM'000
Share options under ESOS:		
At 1 July	153	99
Movement during the year	(153)	54
At 30 June	-	153

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the exercise of the share options.

26. Deferred income

	Group	
	2024 RM'000	2023 RM'000
Non-current		
Government grant	548	823

RM275,613 (2023: RM294,796) has been amortised and recognised as other income in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

27. Lease liabilities

	Group	
	2024 RM'000	2023 RM'000
At 1 July	1,046	1,047
Changes due to lease modification (Note 31(b))	960	964
Interest expense recognised in profit or loss (Note 7)	20	19
Repayment of principal	(964)	(965)
Repayment of interest expense	(20)	(19)
At 30 June	1,042	1,046
Analysed by:		
Current liabilities	960	964
Non-current liabilities	82	82
	1,042	1,046

27.1 Material accounting policy information for lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

28. Trade payables

The normal trade credit terms granted to the Group ranged from 60 to 90 (2023: 60 to 90) days.

29. Other payables

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Accruals	1,210	1,743	58	56
Deposits received from customers	20,003	19,783	-	-
Payroll liabilities	7,244	9,342	-	-
Due to suppliers of property, plant and equipment	6,357	896	-	-
Other payables	5,390	4,800	-	-
	40,204	36,564	58	56

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

30. Dividends

	Group/Company	
	2024 RM'000	2023 RM'000
Final single tier dividend of 16 sen per ordinary share in respect of the previous financial year	-	23,679
Second interim single tier dividend of 15.5 sen per ordinary share in respect of the previous financial year	22,989	-
Interim single tier dividend of 12.5 (2023: 10) sen per ordinary share in respect of the current financial year	18,539	14,800
	41,528	38,479

On 19 August 2024, the Company declared a second interim single tier dividend of 13 sen per ordinary share amounting to RM19,280,831 in respect of the current financial year, payable on 10 October 2024, to shareholders whose names appeared in the record of depositors on 1 October 2024. The financial statements for the current financial year do not reflect this interim single tier dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2025.

31. Cash flow information

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	Group	
	2024 RM'000	2023 RM'000
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 12)	54,659	40,491
Under other payable for purchase of property, plant and equipment	(5,461)	(778)
Prepayments made in previous financial year	-	(7,571)
	49,198	32,142

(b) The reconciliations of liabilities arising from financing activities are as follows:-

Group	Bank Overdrafts RM'000	Lease Liabilities RM'000	Total RM'000
2024			
At 1 July	-	1,046	1,046
<u>Changes in financing cash flows</u>			
Repayment of principal	*	(964)	(964)
Repayment of interests	(17)	(20)	(37)
<u>Other changes</u>			
Modification of lease (Note 27)	-	960	960
Interest expense recognised in profit or loss	17	20	37
At 30 June	-	1,042	1,042

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

31. Cash flow information (Cont'd)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Group	Bank Overdrafts RM'000	Term Loans RM'000	Lease Liabilities RM'000	Total RM'000
2023				
At 1 July	-	6,671	1,047	7,718
<u>Changes in financing cash flows</u>				
Repayment of principal	*	(6,671)	(965)	(7,636)
Repayment of interests	(53)	(123)	(19)	(195)
<u>Other changes</u>				
Modification of lease (Note 27)	-	-	964	964
Interest expense recognised in profit or loss	53	123	19	195
At 30 June	-	-	1,046	1,046

* Bank overdrafts form part of the cash and cash equivalents, therefore, no movement is presented.

(c) The cash and cash equivalents comprise the following:-

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Money market funds (Note 21)	-	945	-	-
Cash and bank balances	5,412	7,353	156	143
Fixed deposits with licensed banks	60,601	80,654	600	600
	66,013	88,952	756	743
Less: Fixed deposit with tenure of more than 3 months	-	(9,667)	-	-
	66,013	79,285	756	743

(d) The total cash outflows for leases as a lessee are as follows:-

	Group	
	2024 RM'000	2023 RM'000
Payment of short-term leases	147	131
Payment of low-value assets	16	2
Interest paid on lease liabilities	20	19
Payment of lease liabilities	964	965
	1,147	1,117

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

32. Significant related party disclosures

(a) Holding company and subsidiaries

The holding company is disclosed in Note 1 to the financial statements.

The subsidiaries are disclosed in Note 14 to the financial statements.

(b) Significant related party transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	2024	2023
	RM'000	RM'000
Group		
Companies in which certain directors have significant financial interests:-		
- lease payments on short-term leases	11	51
- lease payments for right-of-use assets	984	984
Companies in which close family members of certain directors have significant financial interests:-		
- sales of goods	(405)	(590)
<hr/>		
Company		
A subsidiary:-		
- management fee received/receivable	(540)	(540)
- dividend received	(40,477)	(38,568)
<hr/>		

The related party transactions described above were entered into the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with the respective parties.

(c) The outstanding balances of the related parties at the end of the reporting period are as follows:-

	Group	
	2024	2023
	RM'000	RM'000
Companies in which close family members of certain directors have significant financial interests:-		
- trade receivables	162	119
<hr/>		

There is no amount due and owing to the Group which has exceeded credit term, by the related parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

32. Significant related party disclosures (Cont'd)

(d) Key management personnel compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Directors of the Company</u>					
Short-term employee benefits:					
- fees		350	340	350	340
- emoluments		3,020	2,877	14	13
Defined contribution benefits		361	344	-	-
		3,731	3,561	364	353
<u>Directors of the Subsidiaries</u>					
Short-term employee benefits:					
- emoluments		529	436	-	-
Defined contribution benefits		63	52	-	-
		592	488	-	-
	6	4,323	4,049	364	353

The estimated monetary value of benefits-in-kind provided by the Group to a director of the Company was RM12,500 (2023: RM25,000).

33. Capital commitments

	Group	
	2024 RM'000	2023 RM'000
Approved and contracted for:-		
- Construction of factory building	46,342	68,645
- Purchase of plant and equipment	29,555	25,644
	75,897	94,289

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

34. Segmental reporting

In determining the geographical segments of the Group, sales are based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Group	Revenue		Non-current assets	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysia	151,841	167,804	179,511	138,312
Overseas	74,713	74,395	-	-
	226,554	242,199	179,511	138,312

The revenue are recognised at a point in time.

No other segmental information such as segment assets, liabilities and results is presented as the Group is principally engaged in pharmaceutical and healthcare products manufacturing and trading business and operates from Malaysia only.

Revenue from one (2023: one) major customer with revenue equal to or more than 10% of the Group's total revenue, amounts to RM26,356,132 (2023: RM24,737,955) arising from export sales.

35. Financial instruments

The activities of the Group and of the Company are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

(a) Financial risk management policies

The policies in respect of the major areas of treasury activity are as follows:-

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro Dollar ("EUR"), Singapore Dollar ("SGD") and Brunei Dollar ("BND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

35. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(i) Foreign currency risk (Cont'd)

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign currency exposure

The Group	USD RM'000	EUR RM'000	SGD RM'000	BND RM'000	Total RM'000
30.6.2024					
Trade receivables	7,050	-	988	139	8,177
Other receivables	750	74	122	-	946
Cash and bank balances	2,908	16	618	-	3,542
Fixed deposits with licensed banks	53,882	-	3,419	-	57,301
Trade payables	(1,802)	-	-	-	(1,802)
Other payables	(23,270)	(3)	(4)	-	(23,277)
Net exposure	39,518	87	5,143	139	44,887

The Group	USD RM'000	EUR RM'000	SGD RM'000	BND RM'000	Total RM'000
30.6.2023					
Trade receivables	5,830	-	1,133	224	7,187
Other receivables	1,151	226	211	-	1,588
Cash and bank balances	4,653	3	898	-	5,554
Fixed deposits with licensed banks	50,536	-	5,768	-	56,304
Trade payables	(2,387)	(1,057)	-	-	(3,444)
Other payables	(21,286)	(25)	(2)	-	(21,313)
Net exposure	38,497	(853)	8,008	224	45,876

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

35. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

		Group	
		2024	2023
		RM'000	RM'000
Effects on profit after taxation			
USD/RM	- strengthened by 5% (2023: 5%)	1,502	1,463
	- weakened by 5% (2023: 5%)	(1,502)	(1,463)
EUR/RM	- strengthened by 5% (2023: 5%)	4	(32)
	- weakened by 5% (2023: 5%)	(4)	32
SGD/RM	- strengthened by 5% (2023: 5%)	195	304
	- weakened by 5% (2023: 5%)	(195)	(304)
BND/RM	- strengthened by 5% (2023: 5%)	5	9
	- weakened by 5% (2023: 5%)	(5)	(9)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group and the Company do not have any interest-bearing borrowings and the fixed deposits with licensed banks are at fixed rates, hence are not exposed to interest rate risk.

(iii) Equity price risk

The exposure to equity price risk arises mainly from changes in prices of money market funds.

Equity price risk sensitivity analysis

At the end of the reporting period, if the prices of money market funds strengthen/weaken by 100 basis points with all other variables being held constant, profit after taxation of the Group would have been RM Nil higher/lower (2023: RM7,182 higher/lower).

(iv) Credit risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

35. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(iv) Credit risk (Cont'd)

Credit risk concentration profile

The Group does not have any significant credit risk related to any individual customer or counterparty.

In addition, the Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties), net of loss allowance, at the end of the reporting period is as follows:-

	Group	
	2024	2023
	RM'000	RM'000
Local	27,933	26,988
Export	8,177	7,568
	36,110	34,556

Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is presented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

Assessment of impairment losses

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluates whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debts to the Group in full or is more than 90 days past due.

Trade receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

35. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(iv) Credit risk (Cont'd)

Assessment of impairment losses (Cont'd)

Trade receivables (Cont'd)

Inputs, assumptions and techniques used for estimating impairment losses

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of past sales and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions which correlated to the historical loss rates.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for impairment losses

Group	Gross amount RM'000	Lifetime collective allowance RM'000	Carrying amount RM'000
30.6.2024			
Current (not past due)	30,804	(1,221)	29,583
1 to 30 days past due	5,194	(211)	4,983
31 to 60 days past due	1,491	(157)	1,334
61 to 90 days past due	264	(54)	210
Credit impaired	113	(113)	-
	37,866	(1,756)	36,110
30.6.2023			
Current (not past due)	27,249	(983)	26,266
1 to 30 days past due	5,546	(139)	5,407
31 to 60 days past due	2,723	(253)	2,470
61 to 90 days past due	977	(564)	413
	36,495	(1,939)	34,556

Trade receivables that are collectively determined to be impaired relate to expected credit losses measured based on the Group's observed default rates.

There has not been any significant change in the gross amounts of trade receivables that impacted the allowance for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

35. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(iv) Credit risk (Cont'd)

Assessment of impairment losses (Cont'd)

Other receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for impairment losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed deposits with licensed banks, cash and bank balances

The Group considers the licenced banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount owing by subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

Allowance for impairment losses

At the end of the reporting period, there was no indication that the amount owing is not recoverable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

35. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(v) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual interest rate %	Contractual undiscounted cash flows RM'000	Within 1 year RM'000	1 to 5 years RM'000
2024				
Group				
<u>Non-derivative financial liabilities</u>				
Lease liabilities	3.97	1,066	984	82
Trade payables	-	18,245	18,245	-
Other payables	-	20,201	20,201	-
		39,512	39,430	82
Company				
<u>Non-derivative financial liabilities</u>				
Other payables	-	58	58	-
		58	58	-
2023				
Group				
<u>Non-derivative financial liabilities</u>				
Lease liabilities	3.30	1,066	984	82
Trade payables	-	20,554	20,554	-
Other payables	-	16,781	16,781	-
		38,401	38,319	82
Company				
<u>Non-derivative financial liabilities</u>				
Other payables	-	56	56	-
		56	56	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

35. Financial instruments (Cont'd)

(b) Capital risk management

The Group and the Company manage their capital to ensure that entities within the Group are able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debts divided by total equity. The Group and the Company include within net debt less cash and cash equivalents.

The debt-to-equity ratio of the Group and of the Company at the end of the reporting period are not presented as the Group and the Company are in net cash position.

(c) Classification of financial instruments

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets				
<u>Fair value through profit or loss</u>				
Short-term investments	-	945	-	-
<u>Amortised cost</u>				
Trade receivables	36,110	34,556	-	-
Other receivables	389	344	5	-
Amounts owing by subsidiaries	-	-	169	157
Fixed deposits with licensed banks	60,601	80,654	600	600
Cash and bank balances	5,412	7,353	156	143
	102,512	122,907	930	900
Financial liabilities				
<u>Amortised cost</u>				
Lease liabilities	1,042	1,046	-	-
Trade payables	18,245	20,554	-	-
Other payables	20,201	16,781	58	56
	39,488	38,381	58	56

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

35. Financial instruments (Cont'd)

(d) Gains or losses arising from financial instruments

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets				
<u>Fair value through profit or loss</u>				
Net gains recognised in profit or loss	9	20	-	-
<u>Amortised cost</u>				
Net gains recognised in profit or loss	5,143	6,302	36	17
Financial liabilities				
<u>Fair value through profit or loss</u>				
Net gains recognised in profit or loss	-	15	-	-
<u>Amortised cost</u>				
Net gains/(losses) recognised in profit or loss	179	(1,062)	-	-

(e) Fair value information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:-

	Fair value of financial instruments carried at fair value Level 2 RM'000	Total fair value RM'000	Total carrying amount RM'000
2023			
Group			
<u>Financial assets</u>			
Short-term investments:			
- Money market funds	945	945	945

The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investment was entered into.

There were no transfers between level 1 and level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 JUNE 2024

35. Financial instruments (Cont'd)

35.1 Material accounting policy information for financial instruments

(i) Financial assets

Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(ii) Financial liabilities

Financial liabilities through profit or loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(iii) Equity instruments

Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

(iv) Derivative financial instruments

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

LIST OF PROPERTIES

Title/Location	Description & Usage	Land area/ Existing Use	Tenure	Built-Up Area (sq. m.)	Approximate Age of Land/Building	Net Book Value as at 30 June 2024 (RM)
PN 24784 & PN 20043. Lot 4835 & Lot 4836, Mukim of Cheng, District of Melaka Tengah, Melaka.	Two joined plots of land with a single storey factory and two storey office block.	17,611 sq.m./ Pharmaceutical manufacturing plant	Leasehold expiring on 14.8.2096	5,120.04	27 years	8,233,483
	Warehouse and production area.	Warehouse and production area		6,613.00	24 years	
GPP 7972 & GPP 5156, Lot Nos. 43 & 45, Town Area III (3), District of Melaka Tengah, Melaka.	Two plots of land with a 2 ½ storey office building, a store and a warehouse.	2,252.10 sq.m./ Office, store & warehouse	Freehold	1,539.31	Office & Store - 32 years Warehouse - 28 years	987,458
Geran 4612, Lot No.42, Town Area III (3), District of Melaka Tengah, Melaka.	Commercial site erected with a double storey shophouse cum storehouse.	636.2 sq.m./ Double storey shophouse	Freehold	488.90	49 to 53 years	299,000
PN46842. Lot 9262, Mukim of Cheng, District of Melaka Tengah, Melaka.	Two plots of land amalgamated into one plot with a three storey pharmaceutical factory.	23,614 sq.m./ Pharmaceutical manufacturing plant	Leasehold expiring on 15.8.2096	22,808.00	14 years	34,141,429
Lot 4833, Mukim Cheng, Daerah Melaka.	Future expansion for logistic and warehouse.	10,717 sq.m./ Future expansion for logistic and warehouse	Leasehold expiring on 14.8.2096	-	5 years	5,787,732
						49,449,102

ANALYSIS OF SHAREHOLDINGS AS AT 1 OCTOBER 2024

Total number of issued shares	:	148,314,083
Class of Share	:	Ordinary shares
Voting rights on show of hands	:	1 vote
Voting rights on a poll	:	1 vote

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100 shares	130	7.76	2,813	0.00
100 to 1,000 shares	501	29.91	276,606	0.19
1,001 to 10,000 shares	735	43.88	2,986,560	2.01
10,001 to 100,000 shares	223	13.31	6,800,758	4.59
100,001 to less than 5% of issued shares	85	5.08	73,622,984	49.64
5% and above of issued shares	1	0.06	64,624,362	43.57
Total	1,675	100.00	148,314,083	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2024

Name of Substantial Shareholders	Direct	No. of Shares Held		%
		%	Indirect	
1. Piong Nam Kim Holdings Sdn. Bhd.	64,624,362	43.57	-	-
2. Piong Teck Onn	16,286,626	10.98	72,987,562*	49.21
3. Datuk Piong Teck Yen	8,296,564	5.59	-	-

Note:

* Deemed interested by virtue of his interests in Piong Nam Kim Holdings Sdn. Bhd., Medisch Specialist Centre Sdn. Bhd. and Platinum Essence Sdn. Bhd. and his son, Piong Chee Wei's interest pursuant to Section 8(4) of the Companies Act 2016 ("the Act").

DIRECTORS' SHAREHOLDINGS AS AT 1 OCTOBER 2024

Name of Directors	Direct	No. of Shares Held		%
		%	Indirect	
1. Piong Teck Onn	16,286,626	10.98	72,991,562 #	49.21
2. Datuk Piong Teck Yen	8,296,564	5.59	-	-
3. Chin Swee Chang	2,314,800	1.56	3,904,000^	2.63

Notes:

Deemed interested by virtue of his interests in Piong Nam Kim Holdings Sdn. Bhd., Medisch Specialist Centre Sdn. Bhd. and Platinum Essence Sdn. Bhd. pursuant to Section 8(4) of the Act and his sons, Piong Chee Wei's and Piong Chee Lin's interests pursuant to Section 59(11) of the Act.

^ Deemed interested by virtue of her sons, Piong Chee Wei's and Piong Chee Lin's interests pursuant to Section 59(11) of the Act.

ANALYSIS OF SHAREHOLDINGS (CONT'D) AS AT 1 OCTOBER 2024

TOP 30 DEPOSITORS AS AT 1 OCTOBER 2024

NO.	SHAREHOLDER	SHARES	%
1	PIONG NAM KIM HOLDINGS SDN BHD	64,624,362	43.57
2	PIONG TECK ONN	6,125,402	4.13
3	PIONG TECK MIN	5,006,220	3.38
4	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PIONG TECK ONN</i>	4,401,224	2.97
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PIONG TECK YEN</i>	3,500,000	2.36
6	PLATINUM ESSENCE SDN. BHD.	2,799,140	1.89
7	KOK HON SENG	2,503,816	1.69
8	CHEAH CHANG HAN	2,489,900	1.68
9	CHIN SWEE CHANG	2,314,800	1.56
10	JI YEH MING	2,000,000	1.35
11	PIONG TECK ONN	1,980,000	1.34
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PIONG TECK ONN</i>	1,980,000	1.34
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PIONG CHEE WEI</i>	1,980,000	1.34
14	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PIONG TECK YEN</i>	1,980,000	1.34
15	SEAH TIN KIM	1,844,440	1.24
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PIONG TECK ONN (7002831)</i>	1,800,000	1.21
17	MEDISCH SPECIALIST CENTRE SDN BHD	1,664,060	1.12
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM KIAN TIAK (8039574)</i>	1,510,000	1.02
19	PIONG TECK YEN	1,316,564	0.89
20	HO JONATHAN LEP KEE	1,210,000	0.82
21	FONG SILING	1,200,000	0.81
22	CHEAH MING LOONG	1,107,400	0.75
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PIONG CHEE WEI (7002905)</i>	1,000,000	0.67
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PIONG TECK YEN</i>	1,000,000	0.67
25	PIONG CHEE WEI	800,000	0.54
26	PIONG TECK FONG	788,560	0.53
27	PIONG TECK WAH	770,220	0.52
28	TRIPLE BOUTIQUE SDN BHD	769,000	0.52
29	OOI LEE PENG	748,900	0.50
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM KIAN TIAK (7000491)</i>	715,700	0.48
TOTAL		121,929,708	82.21

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting (“25th AGM”) of **KOTRA INDUSTRIES BERHAD** (“Company”) will be conducted as a virtual meeting at the following date, time and venue to transact the following businesses: -

Day and Date	: Friday, 29 November 2024
Time	: 10.00 a.m.
Broadcast Venue	: Vertical Business Suite, Unit 35-01, Level 35, Tower A, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Online Meeting Platform	: https://kib-agm.digerati.com.my

AGENDA

- To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note 7)**
- To approve the payment of Directors’ fees amounting to RM552,000 from 30 November 2024 until the next AGM of the Company in year 2025. **(Ordinary Resolution 1)**
- To approve the payment of Directors’ benefits payable up to an amount of RM66,000 from 30 November 2024 until the next AGM of the Company in year 2025. **(Ordinary Resolution 2)**
- To re-elect the following Directors, who are retiring pursuant to Clause 118 of the Company’s Constitution, being eligible, have offered themselves for re-election:
 - Chin Swee Chang **(Ordinary Resolution 3)**
 - Datuk Jamaludin bin Nasir **(Ordinary Resolution 4)**
- To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, with or without any modification, to pass the following Ordinary Resolutions:

- Ordinary Resolution** **(Ordinary Resolution 6)**
Authority to Allot and Issue Shares pursuant to the Companies Act 2016

“**THAT**, subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Companies Act 2016, to issue and allot shares in the capital of the Company from time to time at such price and to such persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company (“**New Shares**”) for the time being without first offering the New Shares to the existing shareholders of the Company;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad;

AND FURTHER THAT such authority shall commence immediately upon passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. Ordinary Resolution

(Ordinary Resolution 7)

Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature with the Related Parties as specified in Section 2.3.2(a) of the Circular to Shareholders dated 29 October 2024, which are necessary for the day-to-day operations of the Company and/or its subsidiaries ("**Group**"), to be entered by the Group in the ordinary course of business and are on terms which are not more favourable to the Related Parties with which such recurrent transactions to be entered into than those generally available to the public and are not detrimental to the minority shareholders.

THAT the authority for the Proposed Shareholders' Mandate shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Companies Act 2016 but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give full effect to the Proposed Shareholders' Mandate."

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

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)

TAN LEY THENG (SSM PC NO. 201908001685) (MAICSA 7030358)

Company Secretaries

Kuala Lumpur

29 October 2024

Notes:

Virtual 25th AGM

1. *The Meeting will be held as a virtual meeting at the Broadcast Venue. Members are advised to refer to the Administrative Guide for the 25th AGM on the registration and voting process for the Meeting.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the Meeting. No shareholders or proxies should be physically present at the Broadcast Venue on the day of the 25th AGM.*

Proxy

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 November 2024 ("**General Meeting Record of Depositors**") shall be eligible to attend, participate, speak and vote at the Meeting.*
2. *A member entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same meeting, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.*

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the Corporation’s common seal or under the hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Poll Administrator at 69-B, Jalan Kenari 20, Bandar Puchong Jaya, 47170 Puchong, Selangor or email to ir_kib@kotrapharma.com, not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. All resolutions set out in the Notice of the Meeting are to be voted by poll.*

Note:

7. **Audited Financial Statements for the financial year ended 30 June 2024**

Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

Explanatory Notes to Ordinary and Special Business:

8. **Payment of Directors’ fees and benefits**

The Board wishes to seek shareholders’ approval for the following payments to Directors at the 25th AGM in two (2) separate resolutions as below:

- *Ordinary Resolution 1 on payment of Directors’ fees to the Directors of the Company amounting to RM552,000 for the period from 30 November 2024 until the next AGM of the Company in year 2025.*
- *Ordinary Resolution 2 of Directors’ benefits up to an amount of RM66,000 for the period from 30 November 2024 until the next AGM of the Company in year 2025. The proposed Directors’ benefits payable comprises the meeting allowance. The estimated amount of Directors’ benefits payable is based on the size of the Board and Board Committees and the number of scheduled Board and Board Committee meetings for the period commencing from 30 November 2024 until the next AGM of the Company in year 2025.*

9. **Re-election of Directors**

In determining the eligibility of the Directors to stand for re-election at the forthcoming 25th AGM, the Nomination Committee (“NC”), guided by the requirements of Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and recommended Chin Swee Chang and Datuk Jamaludin bin Nasir, for re-election as Directors pursuant to Clause 118 of the Constitution of the Company (“Retiring Directors”).

The Board of Directors (“Board”) has conducted a separate assessment and being satisfied with the performance/contribution of the Retiring Directors.

Each of the Directors who is standing for re-election had provided their declaration on their fitness and propriety to continue acting as Directors of the Company pursuant to the Directors’ Fit and Proper Policy of the Company.

Therefore, the Board recommended the same be tabled to the shareholders for approval at the forthcoming 25th AGM of the Company under Ordinary Resolutions 3 and 4 respectively. The evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2024 of the Company. All the Retiring Directors have consented to their re-election, and abstained from deliberations and voting in relation to their individual re-election at the NC and Board Meetings, respectively.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

10. Authority to Allot and Issue Shares pursuant to the Act

The proposed Ordinary Resolution 6 is intended to renew the authority granted to the Directors of the Company at the Twenty-Fourth AGM of the Company held on 28 November 2023 ("**Previous Mandate**") to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("**New Shares**").

The proposed Ordinary Resolution 6, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund-raising activities, including but not limited to placement of shares for the purpose of funding the Company's current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the general mandate does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

In accordance with Clause 13 of the Constitution of the Company, the proposed Ordinary Resolution 6, if passed, shall be taken as the members' agreement for the New Shares to be issued to such persons as the Directors may deem fit without first offer to the existing shareholders.

As at the date of the Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence no proceeds were raised therefrom.

11. Proposed Shareholders' Mandate

The proposed Ordinary Resolution 7 is intended to enable the Company and its affiliated companies to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations to facilitate transactions in the normal course of business of the Company with the specified classes of related parties, provided that they are carried out on arm's length basis and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 29 October 2024 for further information.

Statement Accompanying Notice of Annual General Meeting

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

1. Details of individuals who are standing for election as Directors

There is no individual standing for election as a Director at the 25th AGM of the Company.

2. Statement relating to General Mandate for Issue of Securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The details on the authority to issue and allot shares in the Company pursuant to the Companies Act 2016 are set out in Explanatory Note (10) of the Notice of the 25th AGM of the Company.

Personal Data Privacy

By submitting form(s) of proxy appointing proxy(ies) or corporate representative(s) or attorney(s) to attend, participate (including to pose questions to the Board of the Company) and vote at the 25th AGM, 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 or representatives appointed for the 25th AGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the 25th AGM, 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) or corporate representative(s) or attorney(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) or corporate representative(s) or attorney(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) or corporate representative(s) or attorney(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.

ADMINISTRATIVE GUIDE



KOTRA

KOTRA INDUSTRIES BERHAD

[Registration No. 199901022732 (497632-P)]

(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR THE VIRTUAL TWENTY-FIFTH ANNUAL GENERAL MEETING ("25th AGM") OF KOTRA INDUSTRIES BERHAD ("Company")

Date	:	29 November 2024 (Friday)
Time	:	10.00 a.m.
Broadcast Venue	:	Vertical Business Suite, Unit 35-01, Level 35, Tower A, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Meeting Platform	:	https://kib-agm.digerati.com.my provided by Digerati Technologies Sdn. Bhd. in Malaysia (Domain registration number D1A119533)

Mode of Meeting

1. The 25th AGM of the Company will be conducted virtually through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities. This is in line with Practice 13.3 of the Malaysian Code on Corporate Governance which recommends listed companies to leverage technology to facilitate greater remote shareholders' participation at general meetings and vote without being physically present at the venue.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the 25th AGM. No members/proxies should be physically present at the Broadcast Venue on the day of the 25th AGM.
3. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection of the participants. Therefore, please ensure that your connectivity for the duration of the 25th AGM is maintained.

Entitlement to Attend and Vote

1. Only members whose names appear in the Record of Depositors on 22 November 2024 shall be eligible to virtually attend, participate, speak and vote at the 25th AGM or appoint a proxy on his/her behalf.

Appointment of Proxy

1. The Form of Proxy must be deposited at the office of the Poll Administrator at 69-B, Jalan Kenari 20, Bandar Puchong Jaya, 47170 Puchong, Selangor, no later than Wednesday, 27 November 2024 at 10.00 a.m. Alternatively, you may submit your Form of Proxy via email to ir_kib@kotrapharma.com.


Remote Participation and Voting

1. Members/proxies are to participate remotely at the 25th AGM using RPV facilities provided by Digerati Technologies Sdn. Bhd.
2. Please follow the procedures set out below to register, participate and vote remotely using the RPV facilities.

ADMINISTRATIVE GUIDE (CONT'D)

Procedures To Remote Participation and Voting Via RPV Facilities

Members who wish to participate in the 25th AGM remotely using RPV, please refer to the following procedures:

Action	Procedure
<p>Step 1: To register as a user https://kib-agm.digerati.com.my</p> 	<ul style="list-style-type: none"> Click 'Register' to sign up as a new user. Upload your identity documents. Complete and submit your registration. Verify your email address to complete the registration. You will be notified upon successful or rejected registration. You may pose your question, if any, to the Chairman/Board via the website. Within three (3) days before the AGM, you will receive login credentials to join the meeting upon approval. <p>*Notes:</p> <ul style="list-style-type: none"> Please check your spam box if you did not receive any email from us. Registered user and proxy may skip this step. Identity documents will be deleted after registration.
<p>Step 2: To appoint proxy or corporate representative at the website (optional)</p>	<ul style="list-style-type: none"> Login to your registered account at the website. Select "KIB 25th AGM". Fill up the information to appoint your proxy. Within three (3) days before the AGM, you and your proxy will be notified upon approval or rejection of RPV.
<p>Step 3: Joining the 25th AGM</p>	<ul style="list-style-type: none"> Access to Broadcast and E-Poll Form via the website or email links. If you have any questions for the Chairman/Board, you may use the Q&A section to type your questions. Submit your voting within a specific period once the Chairman announces that the voting is open. Voting will be closed upon the expiry of the voting period. Broadcast will be terminated upon the announcement of the poll result by the Chairman.

No door gifts/vouchers

There will be no distribution of door gifts/vouchers for the 25th AGM.

No recording or photography

Please note that no recording or photography of the 25th AGM proceedings is allowed.

Enquiry

If you have any enquiry in relation to registration, logging in and system related, please contact the Technical Support:

Technical Support : Digerati Technologies Sdn. Bhd.
 Tel No. : +6011-6338 8316
 Email : support@digerati.com.my

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KOTRA

KOTRA INDUSTRIES BERHAD

[Registration No. 199901022732 (497632-P)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS ACCOUNT NO.	
NUMBER OF SHARES HELD	

*I/We _____ NRIC No./Company No. _____ of (full address)

being a Member/Members of **KOTRA INDUSTRIES BERHAD** ("Company"), hereby appoint: -

PROXY "A"

FULL NAME (IN BLOCK)	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)
RESIDENTIAL ADDRESS		
E-MAIL ADDRESS	MOBILE NO.	

And/or failing *him/her,

PROXY "B"

FULL NAME (IN BLOCK)	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)
RESIDENTIAL ADDRESS		
E-MAIL ADDRESS	MOBILE NO.	

#to put a separate sheet where there are more than two (2) proxies.

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/ our behalf at the Twenty-Fifth Annual General Meeting ("25th AGM") of the Company to be conducted virtually at the broadcast venue at **Vertical Business Suite, Unit 35-01, Level 35, Tower A, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Friday, 29 November 2024 at 10.00 a.m.** or any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of Directors' fees amounting to RM552,000 from 30 November 2024 until the next AGM of the Company in year 2025.		
2.	To approve the payment of Directors' benefits up to an amount of RM66,000 from 30 November 2024 until the next AGM of the Company in year 2025.		
3.	To re-elect Madam Chin Swee Chang, who is retiring pursuant to Clause 118 of the Company's Constitution, has offered herself for re-election.		
4.	To re-elect Datuk Jamaludin bin Nasir, who is retiring pursuant to Clause 118 of the Company's Constitution, has offered himself for re-election.		
5.	To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.		
6.	Authority to Issue Shares pursuant to the Companies Act 2016.		
7.	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature.		

** Strike out whichever not applicable*

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

As witness my/our hand(s) this _____ day of _____ 2024.

Signature of Member/Common Seal

Notes:

Virtual 25th AGM

- The Meeting will be held as a virtual meeting at the Broadcast Venue. Members are advised to refer to the Administrative Guide for the 25th AGM on the registration and voting process for the Meeting.
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Proxy

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- A member entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same meeting, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the Corporation's common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Poll Administrator at 69-B, Jalan Kenari 20, Bandar Puchong Jaya, 47170 Puchong, Selangor or email to ir_kib@kotrapharma.com, not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. All resolutions set out in the Notice of the Meeting are to be voted by poll.

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AFFIX
STAMP

KOTRA INDUSTRIES BERHAD

[Registration No. 199901022732 (497632-P)]

c/o Poll Administrator

69-B, Jalan Kenari 20,
Bandar Puchong Jaya,
47170 Puchong,
Selangor.

2nd Fold Here

Fold This Flap For Sealing

KOTRA INDUSTRIES BERHAD

[Registration No. 199901022732 (497632-P)]

No. 1, 2 & 3, Jalan TTC 12, Cheng Industrial Estate, 75250 Melaka.

Tel : 606 - 336 2222 Fax : 606 - 336 6122

www.kotrapharma.com

www.appeton.com



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