

annual report 2024



Grand winner of our art-against-AIDS-2023 - Muhamad Zaim Bin Y. K. Yezniznuway

karex

OUR MISSION

We continuously aim to build an organisation that responds to the changing views and needs of sexual health and to develop products that inspire better, healthier choices.

We champion social responsibility, not just as moral imperatives but to build better, stronger relationships with stakeholders within our communities.

We cultivate entrepreneurship, diversity and the desire to excel in the things we do.

OUR VISION

To be the world's leading provider in sexual wellness by developing the most creative, inspiring and unique experiences for the global community.



TABLE OF CONTENTS

ABOUT US

Corporate Information	2
Corporate Structure	4

STRATEGY & PERFORMANCE

Key Strategies	5
Financial Highlights	6
Chairman's Statement	8
CEO's Management Discussion & Analysis	10
Sustainability Statement	17
Performance Data Table from Bursa Malaysia's ESG Reporting Platform	44

GOVERNANCE

Profile of Board of Directors	46
Profile of Key Senior Management	54
Corporate Governance Overview Statement	56
Additional Compliance Information	68
Audit Committee Report	69
Directors' Responsibility Statement	72
Statement on Risk Management and Internal Control	73

FINANCIAL STATEMENTS	78
-----------------------------	-----------

SHAREHOLDER'S INFORMATION

List of Properties	141
Analysis of Shareholdings	144
Thirty Largest Shareholders	146
Notice of 12 th Annual General Meeting	148
Form of Proxy	•

Corporate Information

BOARD OF DIRECTORS

**Dato' Dr. Ong Eng Long
@ Ong Siew Chuan**
Chairman
Senior Independent
Non-Executive Director

**Professor Dato' Dr. Adeeba
binti Kamarulzaman**
Independent
Non-Executive Director

Dato' Edward Siew Mun Wai
Independent
Non-Executive Director

Chew Fook Aun
Independent
Non-Executive Director

Lam Jiuan Jiuan
Non-Independent
Non-Executive Director

Goh Yen Yen
Non-Independent
Non-Executive Director

Goh Leng Kian
Executive Director

Goh Miah Kiat
Executive Director
Chief Executive Officer

AUDIT COMMITTEE

Dato' Edward Siew Mun Wai
Chairman
Independent
Non-Executive Director

**Professor Dato' Dr. Adeeba
binti Kamarulzaman**
Member
Independent
Non-Executive Director

Chew Fook Aun
Member
Independent
Non-Executive Director

RISK MANAGEMENT COMMITTEE

Lam Jiuan Jiuan
Chairwoman
Non-Independent
Non-Executive Director

**Professor Dato' Dr. Adeeba
binti Kamarulzaman**
Member
Independent
Non-Executive Director

Dato' Edward Siew Mun Wai
Member
Independent
Non-Executive Director

Chew Fook Aun
Member
Independent
Non-Executive Director

NOMINATION COMMITTEE

**Professor Dato' Dr. Adeeba
binti Kamarulzaman**
Chairwoman
Independent
Non-Executive Director

Dato' Edward Siew Mun Wai
Member
Independent
Non-Executive Director

Chew Fook Aun
Member and Alternate Chairman
Independent
Non-Executive Director

Lam Jiuan Jiuan
Member
Non-Independent
Non-Executive Director

REMUNERATION COMMITTEE ("RC")

Dato' Edward Siew Mun Wai
Chairman
Independent
Non-Executive Director

**Professor Dato' Dr. Adeeba
binti Kamarulzaman**
Member
Independent
Non-Executive Director

Chew Fook Aun
Member
Independent
Non-Executive Director

Goh Yen Yen
Member
Non-Independent
Non-Executive Director

Corporate Information

ESOS COMMITTEE (Sub-Committee of RC)

Chew Fook Aun

Chairman
Independent
Non-Executive Director

Dato' Edward Siew Mun Wai

Member
Independent
Non-Executive Director

Lam Jiuan Jiuan

Member
Non-Independent
Non-Executive Director

COMPANY SECRETARIES

Tai Yit Chan

(SSM PC No. 202008001023)
(MAICSA 7009143)

Tan Ai Ning

(SSM PC No. 202008000067)
(MAICSA 7015852)

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603-7890 4800
Fax : +603-7890 4650
Email: info.my@boardroomlimited.com

CORPORATE OFFICE

Lot 594, Persiaran Raja Lumu
Pandamaran Industrial Estate
42000 Port Klang
Selangor Darul Ehsan, Malaysia
Tel : +603-3165 6688
Fax : +603-3166 2000
Email: enquiry@karex.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd (199601006647 (378993-D))

11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603-7890 4700
Fax : +603-7890 4670
Email: BSR.Helpdesk@
boardroomlimited.com

AUDITORS

KPMG PLT

(LLP0010081-LCA & AF 0758)

Chartered Accountants
Level 3, CIMB Leadership Academy
No. 3, Jalan Medini Utara 1
Medini Iskandar
79200 Iskandar Puteri
Johor, Malaysia
Tel : +607-266 2213
Fax : +607-266 2214

BANKERS

Alliance Bank Malaysia Berhad
Bangkok Bank Public Company
Limited
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia)
Berhad

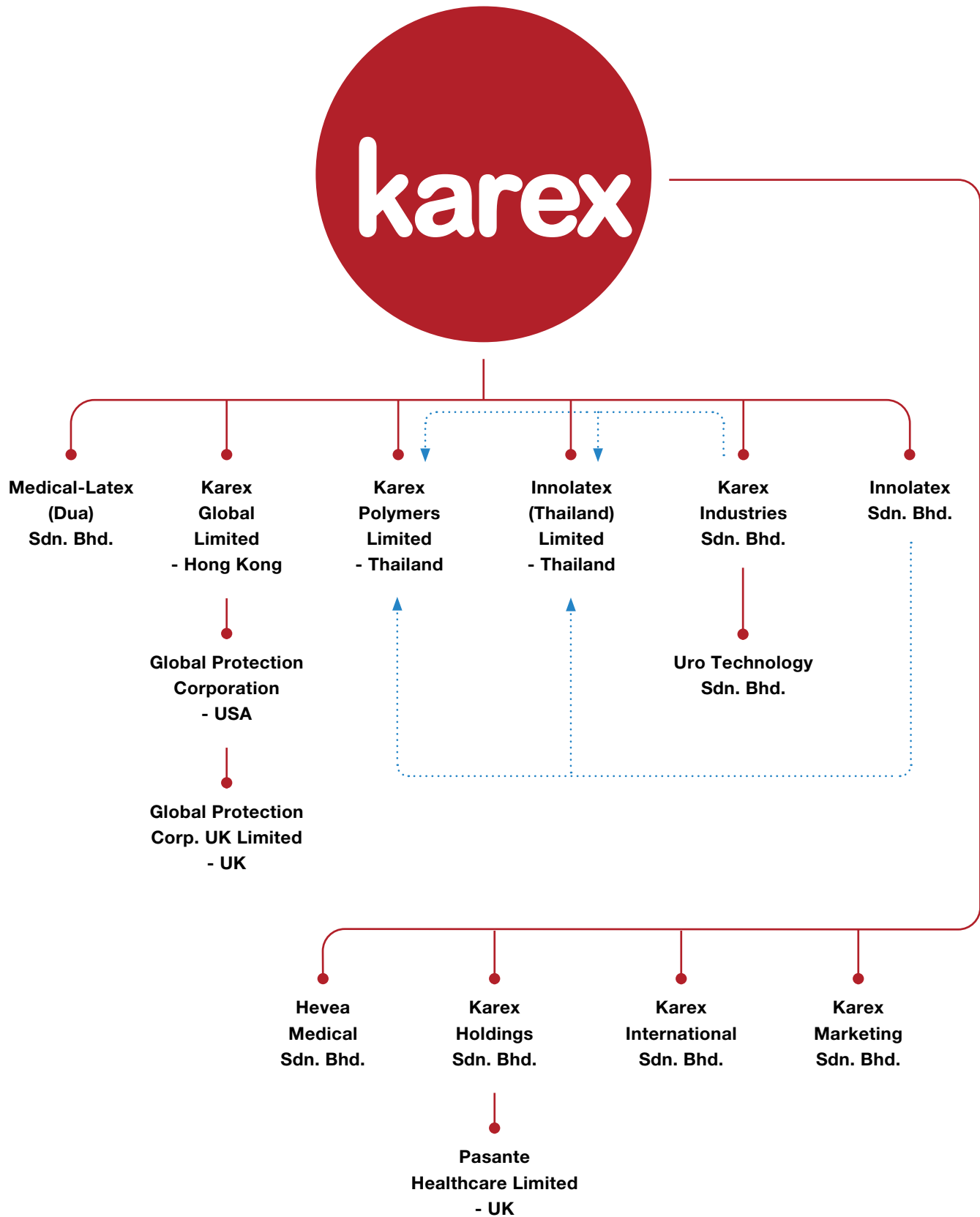
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : KAREX
Stock Code : 5247



Corporate Structure

AS AT 30 SEPTEMBER 2024



Key Strategies

CORE COMPETENCIES

Our continued investment in our core competencies is not just about staying competitive in the current environment but also ensuring that we can continue to grow and evolve in the future. Improving our unique strengths such as our in-house machine fabrication capabilities or our regulatory and compliance department allows us to differentiate ourselves from our competitors. Moreover, these investments allow us to better adapt to new industry trends and manage risks related to changes in the global landscape.



INNOVATION

Whether it is through technological advancements, improving user experiences, promoting sustainability, or adapting to an ever-changing regulatory environment, innovation remains critical to staying competitive and relevant in the global marketplace. One of our core strengths remains our in-house research and development team that continues to play a pivotal role in enabling us to distinguish ourselves from the competition.



BRANDING

Our identity as both a global manufacturer and brand owner creates powerful synergies, enabling us to better understand the changing preferences of our customers, while leveraging those insights to innovate and develop new products. We recognise that building brand recognition is a process that takes time and we remain committed to delivering unique, high-quality products that will leave a lasting impression on a younger generation of customers.



HUMAN CAPITAL

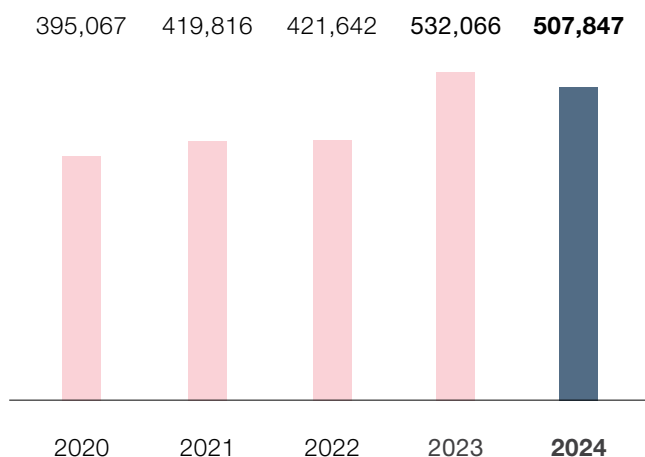
We recognize that effective human capital management encompasses the attraction, development and retention of talent and is essential to delivering sustained success. Our commitment is to build an inclusive environment, embracing individuals of all genders, races, ethnicities, sexual orientations and ages across every role, in the belief that this will further strengthen our ability to meet the needs of our diverse consumer base.

Financial Highlights

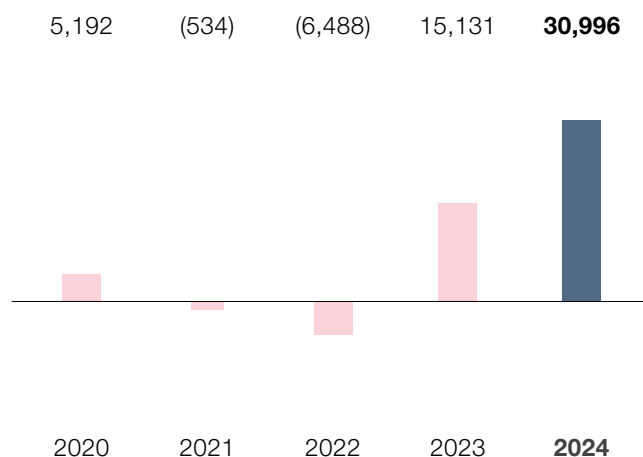
FINANCIAL YEAR ENDED 30 JUNE					
	2020	2021	2022	2023	2024
Financial Performance (RM'000)					
(i) Revenue	395,067	419,816	421,642	532,066	507,847
(ii) Profit/(Loss) before tax	5,192	(534)	(6,488)	15,131	30,996
(iii) Profit/(Loss) attributable to owners of the Company	228	(1,020)	(6,191)	10,478	23,441
Financial Position (RM'000)					
Assets					
(i) Total tangible assets	524,299	579,262	593,447	622,934	608,654
(ii) Net assets	480,149	465,756	457,782	476,567	482,915
(iii) Current assets	273,577	292,469	296,255	320,327	320,823
Liabilities and Shareholders' Funds					
(iv) Current liabilities	106,960	157,744	160,968	171,810	161,524
(v) Paid-up share capital	281,980	324,244	324,244	324,244	324,244
(vi) Shareholders' funds	480,149	465,756	457,782	476,567	482,915
Per Share					
(i) Basic earning/(loss) (sen) *	0.02	(0.10)	(0.59)	0.99	2.23
(ii) Net assets (RM) **	0.48	0.44	0.43	0.45	0.46
* Based on weighted average number of shares issued ('000)	1,002,375	1,028,828	1,053,461	1,053,461	1,053,461
** Based on number of shares issued ('000)	1,002,375	1,053,461	1,053,461	1,053,461	1,053,461
Financial Ratios					
(i) Return on total tangible assets (%)	0.04	(0.18)	(1.04)	1.68	3.85
(ii) Return on shareholders' funds (%)	0.05	(0.22)	(1.35)	2.20	4.85
(iii) Current ratio (times)	2.56	1.85	1.84	1.86	1.99
(iv) Gearing ratio (times)	0.11	0.25	0.27	0.33	0.29
(v) Gearing ratio net of cash (times)	0.11	0.13	0.22	0.26	0.21

Financial Highlights

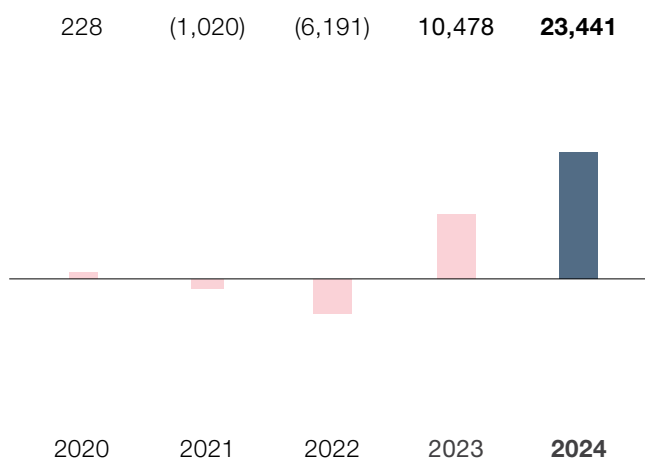
REVENUE (RM'000)



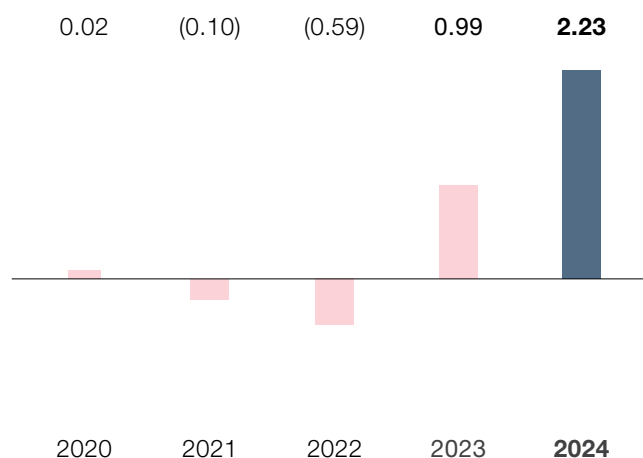
PROFIT/(LOSS) BEFORE TAX (RM'000)



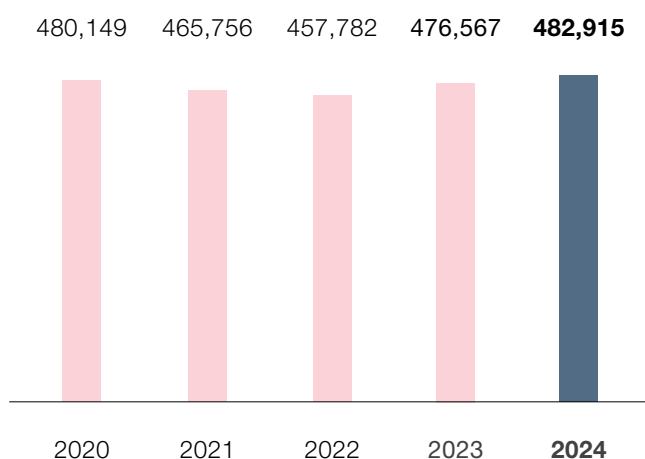
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



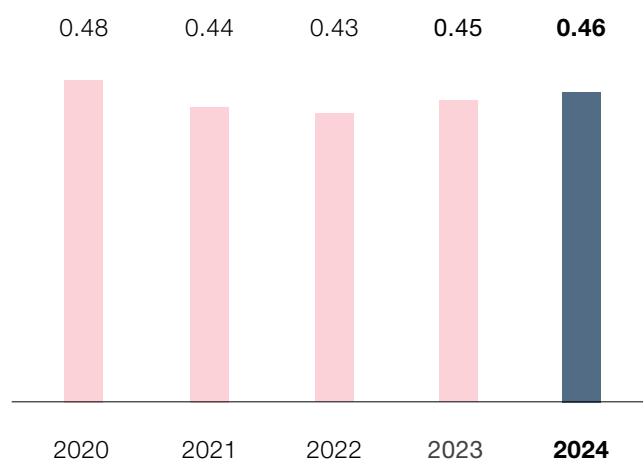
BASIC EARNING/(LOSS) PER SHARE (Sen)



NET ASSETS (RM'000)



NET ASSETS PER SHARE (RM)



Chairman's Statement

Dear Shareholders,

As we look back on the past year, the global landscape has continued to stabilise following the pandemic, with moderated growth across many economies. Despite navigating an array of geopolitical uncertainties and the looming threat of recession, I am glad to report that we remained resilient. The sexual health industry also experienced a return to more normalised customer purchasing patterns, with post-lockdown restocking having a less profound influence on order volumes. I am pleased to report that despite these challenges, we have seized many of the opportunities presented to us during this period, achieving more than double the profitability of the prior year. This demonstrates the resilience and strength of our business model.



**DATO' DR. ONG ENG LONG
@ ONG SIEW CHUAN**

Chairman
Senior Independent
Non-Executive Director

Chairman's Statement



Despite a challenging economic climate characterised by tightening monetary policies and uneven economic recovery, we recorded a revenue of RM507.8 million for the financial year ended 30 June 2024. This represents a slight decrease from the previous year, primarily due to a reduction of orders in the tender market. In spite of this, our strategic shift from higher volumes to higher-value products such as personal lubricants enabled us to deliver a profit after tax of RM23.4 million, representing an increase of 124% from the previous financial year.

We also reached a significant milestone in our own brand manufacturing segment, with sales marginally surpassing those of the tender market for the first time. Meanwhile, our personal lubricants division also delivered another year of record sales value, exceeding the preceding year's record total by 39%. These achievements were further bolstered by our commitment to sustainability, as demonstrated by Karex Berhad's continued inclusion on the FTSE4Good Bursa Malaysia Index as well as having received an award at The Edge ESG Awards during the year.

In line with our strong financial performance and commitment to delivering value to shareholders, I am pleased to report that we declared total dividends of 1.5 sen per share during the financial year, distributed across three interim dividends of 0.5 sen per share each.

November 2023 marked a proud milestone for us as we celebrated our tenth anniversary of being listed on the Main Market of Bursa Malaysia Securities Berhad. Over the past decade, we have continued to evolve into a more robust organisation thanks to the collective efforts of our wonderful employees. I would like to extend my deepest appreciation to them as well as our capable management team for their hard work and persistence during the year.

While the past few years have certainly been challenging, I genuinely believe our best years are ahead of us. I would also like to express my heartfelt gratitude to my fellow board members and our shareholders for their unwavering support. Together, we look forward to a future of continued success and growth.

DATO' DR. ONG ENG LONG
@ ONG SIEW CHUAN

Chairman

CEO's Management Discussion & Analysis

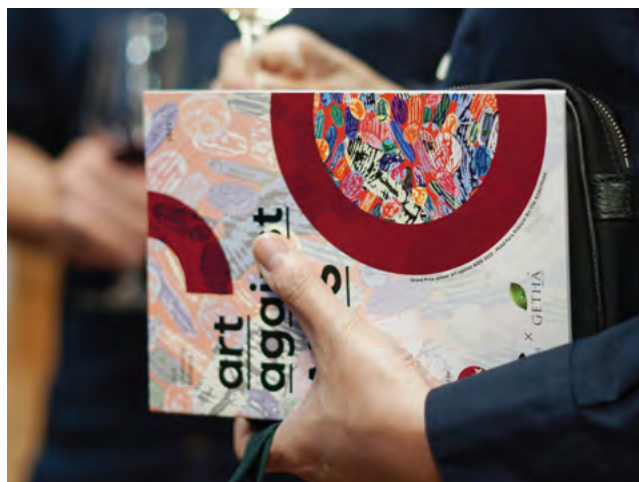
INDUSTRY OVERVIEW

Despite the tremendous progress made since the first reported case of AIDS over 40 years ago, the Joint United Nations Programme on HIV/AIDS (“UNAIDS”) provided an update in their report released in July 2024, that the world is still behind its target of ending AIDS as a public health threat by 2030. This target remains part of the United Nations Sustainable Development Goals and includes a global commitment to reduce new HIV infections to fewer than 370,000 per year by 2025. Worryingly, midway to the 2025 milestone set at the United Nations General Assembly in June 2021, new HIV infections in 2023 remained alarmingly high at 1.3 million—more than three times the target.

Although fewer people contracted HIV in 2023 than at any point since the late 1980s, global prevention efforts are proceeding at two distinct speeds. For the first time ever, the number of new HIV infections outside sub-Saharan Africa surpassed the number of new HIV infections in sub-Saharan Africa. This means that even continued steep reductions in sub-Saharan Africa will not be enough to reach the 2025 target globally, underscoring the need for a global, coordinated response.

While global efforts have seen mixed progress in addressing prevention needs, condoms remain an essential health commodity, continuing to represent the only product that simultaneously protects against HIV, unintended pregnancy, and sexually transmitted infections.

As demonstrated by the global response to COVID-19, ending epidemics requires global accountability, coordinated monitoring, and consistent support. Unfortunately, recent funding for HIV efforts has been shrinking, further endangering the progress that has been made. The total resources available for HIV in 2023 fell by 5% from the previous year, with some being redirected to more pressing humanitarian aid requirements around the world.



The path to ending AIDS is clear, but with one person dying from AIDS-related causes every minute, the need for urgent action is undeniable. No community should be left behind in the global fight to end this epidemic. As a company committed to protection and prevention, we understand the critical role we play in empowering people to make safer, healthier choices. Now, more than ever, it is essential for all stakeholders to reaffirm their commitment to combating HIV/AIDS and to prioritise the resources needed to achieve our common goal.

MK GOH

Chief Executive Officer



CEO's Management Discussion & Analysis

OPERATIONAL HIGHLIGHTS

As a global leader in this industry, our success at optimising operational efficiencies and managing our supply chain determines how swiftly we are able to respond to market demands. A key element of our value proposition to our customers has been the constant improvement of our proprietary systems and technologies, as exemplified by our efforts in machine fabrication. Our in-house engineering team played a critical role in designing and fabricating the machines that we used to develop and commercially produce synthetic condoms. This also allowed us to avoid unnecessarily expensive expenditures such as purchasing machinery, thereby achieving the cost savings necessary to focus our efforts on obtaining regulatory approvals and medical product certifications.

This self-reliant approach extends beyond machine fabrication, as during the year we also expanded our capacity to produce essential components like textured glass formers and silicone emulsion, further reducing our dependence on external suppliers and enhancing our ability to maintain quality standards. We also continued to invest in improving quality controls within our manufacturing processes by expanding the versatility of our bursting machines to accommodate a wider range of condom sizes as well as expanding the capacity of condoms tested by our electronic testing machines.

In line with the increasing contribution of personal lubricants within our portfolio of product offerings, our research and development team intensified its efforts during the year to develop new product offerings, to meet evolving customer needs and market demands. To support this growth, we have also invested in capacity expansions at both our lubricant production facilities in Pontian, Malaysia and Hat Yai, Thailand, which involved commissioning larger mixing tanks and upgrading to more advanced filling machines. These upgrades are expected to enable us to achieve greater economies of scale. We have also taken proactive measures to closely monitor industry advancements and regulatory changes, particularly pertaining to ingredient safety, ensuring our products meet the latest standards for safety and quality.

In October 2023, after 10 years of research and development, ONE® Condoms launched the world's first graphene condom, ONE® Flex™. Since launch, ONE® Flex™ has become our best-selling condom via online sales channels which in turn has resulted in it being stocked at over 1,000 retail stores across the United States of America ("USA"). Following regulatory clearances, more product launches are planned in Canada and Europe for the upcoming year. This launch complemented Global Protection Corp's stellar performance during the year which saw its sales to public sector channels improve by over 10% and direct-to-consumer sales nearly double. In Malaysia, ONE® Condoms was honoured as "The Most Wanted Next Generation Condom Range" during the "Watsons HWB Awards 2024" and recognised as the fastest-growing brand for 2023/2024.

We continued to shift reliance away from migrant workers having frozen the hiring of new migrant workers since 2019. As of 2024, our largest facility located in Hat Yai, Thailand operates with a 100% local workforce, a move which is aimed at supporting local communities and fostering a sustainable and responsible supply chain. As a testament to unconventional efforts such as these, we continue to be included in the FTSE4Good Index as a four-star rated company, a rating that we have held since our inclusion on the index in June 2020. We continued to improve our environmental, social and governance scores during the year, marking our fourth consecutive year of improvement. This year's score places us within the top 1% of companies in the same FTSE Industry Classification Benchmark Supersector. Further details of our sustainability initiatives can be found in our Sustainability Statement on pages 17 to 43 of this Annual Report.



CEO's Management Discussion & Analysis



FINANCIAL REVIEW

During the financial year ended 30 June 2024 ("FY2024"), our Group experienced a moderation in condom purchasing patterns, particularly in the tender market, which saw lower volumes as we received fewer urgent inventory replenishment orders from customers.

As a result, our Group experienced a 4.6% year-on-year decrease in overall revenue, totalling RM507.8 million. Notwithstanding this, FY2024's revenue total is the second highest in Karex's history and reflects a commendable increase of 20.4% in comparison to 2022.

Despite the decline in condom sales to the tender market, aggregate gross profit margins increased by 8.2 percentage points in comparison to the previous year to 33.7%. This was due to increased contribution from our own branded manufacturing ("OBM") division, a record year for personal lubricants sales, as well as the normalisation of logistics and raw material costs following the COVID-19 pandemic.

Overall profitability was affected by the recognition of an allowance for impairment loss for our glove facility, which faced underutilisation due to unresolved global oversupply issues. In spite of this, we recorded a profit before tax of RM31.0 million and a profit after tax of RM23.4 million, both of which more than doubled the profitability from the previous year.

Improved profitability also contributed to an increase in net cash flows from operations that totalled RM71.1 million in comparison to RM7.0 million during the previous year. Cashflow spent on capital expenditures for the financial year totalled RM20.7 million and were mainly related to the expansion of warehouse capacity and new condom dipping lines in preparation for the launch of our synthetic condom offerings. The positive cash position also enabled us to repay borrowings during the year, improving our gearing ratio net of cash to 0.21 times. Overall, this led to an improvement in year-end cash balances to RM39.0 million.

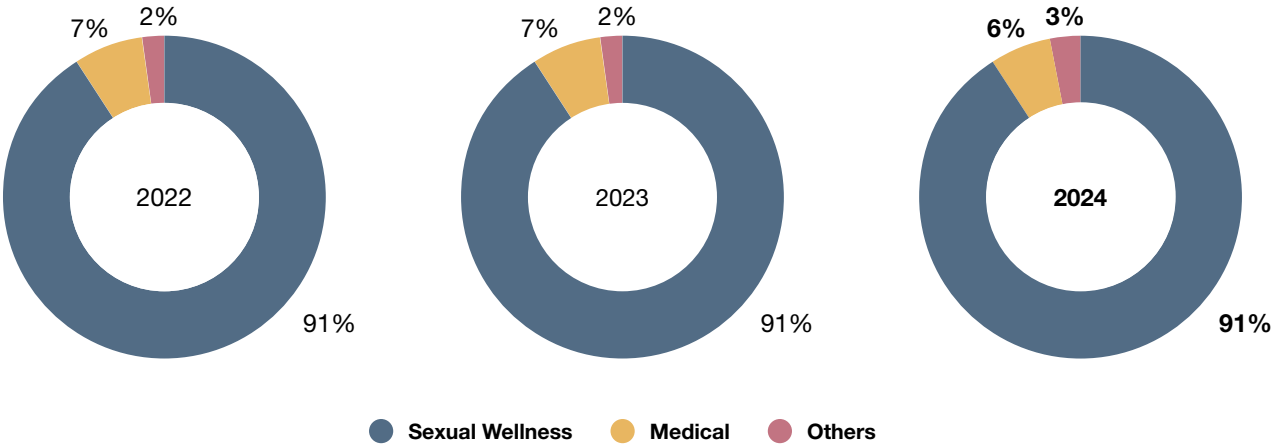
In line with normalising raw material prices and a reduced dependency on tender market orders, inventory levels marginally reduced to RM155.2 million bringing the current asset base to RM320.8 million. The repayment of short-term borrowings during the year also resulted in a decrease in current liabilities to RM161.5 million, resulting in an improvement in current ratio to 1.99 times. Overall, the net asset base increased to RM482.9 million, equating to an improvement in net assets per share to RM0.46.

CEO's Management Discussion & Analysis

PRODUCT DIVISIONS

The sexual wellness division, comprising condoms and personal lubricants, continued to account for more than 90% of our Group sales. As personal lubricants continue to become increasingly regulated around the world, our status as a proven medical device manufacturer has strengthened our position within the industry. This enables us to offer our customers access to various international markets as well as an unparalleled range of packaging and innovative product varieties. These competitive advantages have resulted in another record-breaking performance, with personal lubricant sales eclipsing last year's record sales total by approximately 39%.

Sales from the medical division declined from the previous year's record total as price competition for catheters and probe covers intensified during the year. Although we received all the requisite international certifications to begin the manufacture of gloves during the year, the supply overhang caused by the tail end of the COVID-19 pandemic resulted in a slow year for glove sales. Nevertheless, the tariff increases and the accelerated implementation schedule announced by the USA for Chinese glove manufacturers are expected to benefit manufacturers like us in the coming years.



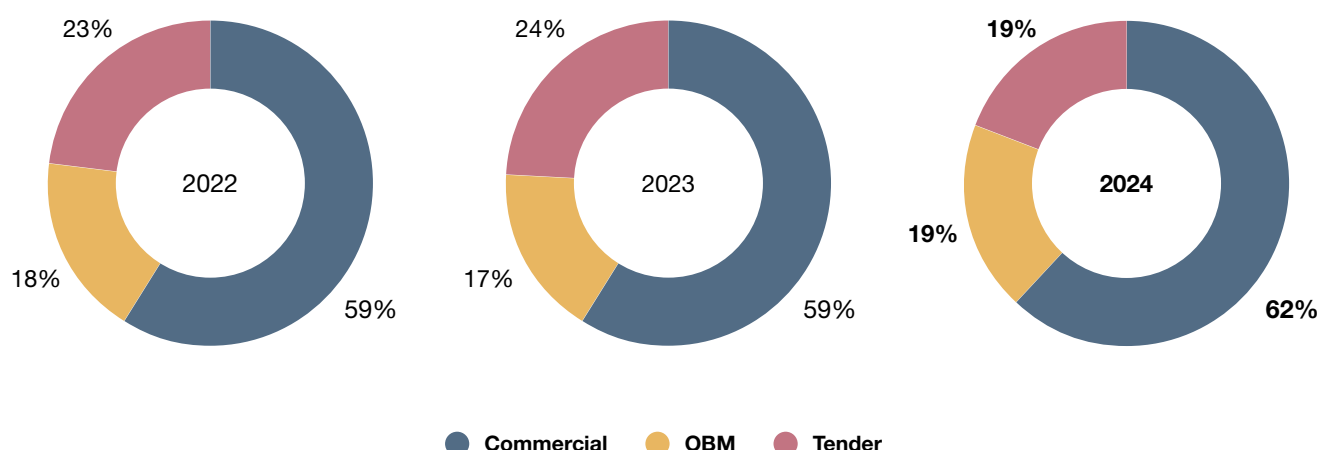
CEO's Management Discussion & Analysis

MARKET SEGMENTS

Tender market sales were impacted by many governments and non-governmental organisations (“NGOs”) remaining inconsistent on condom spending during the year. This effect was even more pronounced as much of the previous year’s sales were made on an emergency basis following the pandemic, requiring stocks to be replenished after over-relying on past inventories. Funding for condoms is expected to remain inconsistent due to more pressing humanitarian aid requirements and many markets moving towards private sector models. One prospective trend is that an increasing number of NGOs have begun acknowledging the role of lubricants and their potential to significantly improve sexual health outcomes, thereby contributing to the advancement of broader public health goals. This is likely to spur personal lubricant demand within tender markets in the coming years.

For the first time in Karex’s history, OBM sales have surpassed tender market sales value, marking a significant milestone in our transformation from a manufacturing - focused company to a comprehensive business serving both manufacturing and consumer markets. This highlights the importance of the decision to diversify our business model and invest in a portfolio of brands a few years ago. Economic shifts in various regions have notably transformed the way people acquire condoms, shifting away from free distribution to empower consumers with choice. This has emphasised the importance of branding, customer awareness and e-commerce platforms as a vital channel for consumers to purchase contraceptives. The ONE® Condoms brand in particular continues to experience success through these channels, driven by innovative product development and marketing strategies.

Commercial market sales continued to demonstrate year-on-year growth. As more regions shift away from the free distribution of condoms, brands continue to step up efforts to capture the growing value within the product segment. Our competitive strengths lie in designing and fabricating proprietary production lines, offering a wide range of products, and securing certification as well as registrations to access the most comprehensive list of markets in the world. These strengths have earned our credentials as a manufacturer to many of the world’s leading retail and private label brands. Combined with our in-house research and development capabilities, our role as a full-service manufacturer continues to solidify our leading position in the industry.



CEO's Management Discussion & Analysis

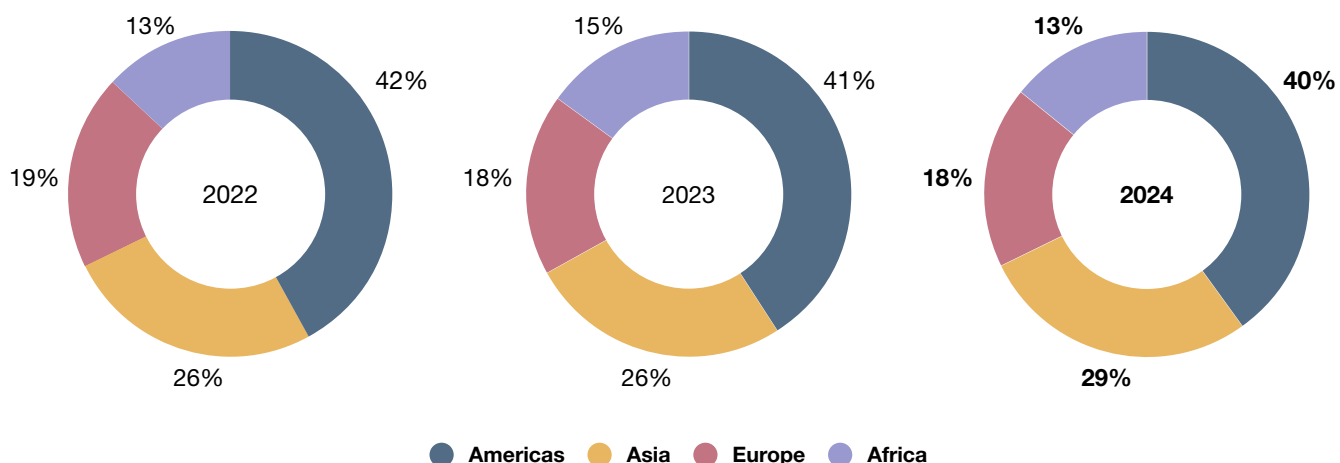
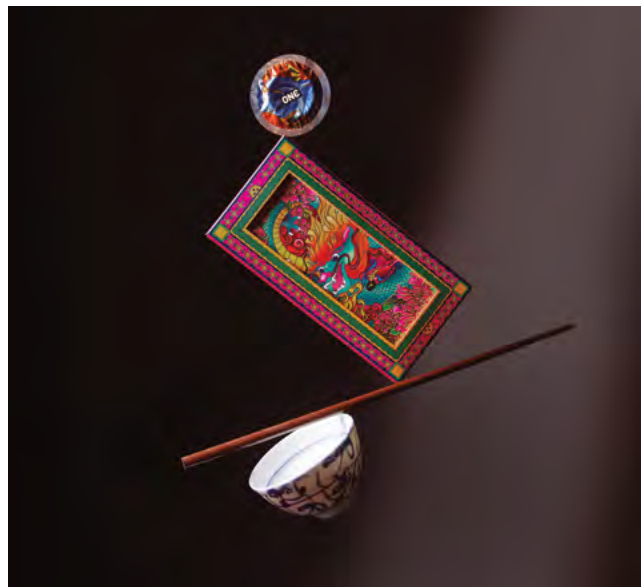
GEOGRAPHICAL REGIONS

Over the past year, our revenue breakdown by geographical regions has closely mirrored global economic patterns, particularly with regard to the divergence experienced in regional recoveries from the COVID-19 pandemic and its lingering economic impacts.

Sales in the Americas region continue to play a crucial role, contributing to 40% of our total revenue. Our subsidiary, Global Protection Corp. has witnessed a renewed boost from the public sector, driven by significant efforts from health organisations and public health authorities that promote safe sex practices.

In the meantime, Europe and Africa regions experienced decreases in revenue. The decline in contribution from the Africa region was mainly attributable to a reduction in tender market activity owing to a broader shift in health spending priorities and the challenges in obtaining humanitarian aid donations for the region. The reduction in public spending on sexual health was also experienced by our subsidiary Pasante Healthcare Limited in the United Kingdom which saw sales shift towards more e-commerce sales during this period to offset the slowdown in orders from traditional public health channels.

Sales to the Asia region continued to grow during the year, accounting for 29% of our revenue during FY2024. This growth in sales was due to an increase in purchases for higher value products such as ultrathin condoms as well as increased utilisation of sales via e-commerce channels. Demand is expected to continue to grow from this market as many markets continue to benefit from their expanding middle class and large populations.



CEO's Management Discussion & Analysis

LOOKING AHEAD

The process of manufacturing medical devices remains unique compared to other industries, requiring considerable time, investments, as well as a high level of technical expertise. Each stage, from design to obtaining regulatory approval and eventually scaling up to commercial production demands rigorous testing and constant adaptation to ensure the highest standards of safety and efficacy are maintained.

This year's results have demonstrated that our efforts to diversify and focus on evolving as an organisation are yielding positive outcomes. By expanding into new segments and product categories, we have successfully diversified our revenue streams and mitigated risks associated with an over-dependency on the tender market. Tender market sales constituted close to 50% of our revenue just a few years ago, and with that figure being reduced to approximately 19% during FY2024, our Group has still managed to deliver growth in both overall sales and profitability.

Looking ahead, the global condom market is expected to expand in terms of value at an unprecedented pace. With an established global reach, coupled with our ongoing innovations and penchant for product development, we are well-positioned to capitalise on this growth. To stay ahead in this competitive landscape and cater to evolving consumer preferences, we are expecting to launch our non-latex offerings in the upcoming year. This is a momentous development for our Group to allow us to continue moving up the value chain and remain at the forefront of the sexual health industry as both a leader in innovation as well as delivering long-term sustainable value for stakeholders.



ACKNOWLEDGEMENTS

As we celebrated our 10th year of being listed on Bursa Malaysia in November 2023, I reflect on the evolution of our organisation and how far we have come in such a short amount of time. We have become much more agile and resilient as a business in regard to how we confront adversity and challenges, yet we have managed to retain that entrepreneurial spirit that continues to distinguish us from our peers.

I would like to extend my heartfelt gratitude to our shareholders and Board of Directors for their unwavering support and guidance throughout this journey.

I also wish to express my sincere appreciation to the entire Karex family, including our dedicated colleagues and employees. Your hard work, commitment, and passion have been the foundation of our achievements, and I look forward to many more milestones together in the years to come.

MK GOH

Chief Executive Officer

Sustainability Statement



SCOPE AND BOUNDARIES

This Statement summarises our sustainability efforts for our stakeholders and other interested parties. We aim to provide a clear, comprehensive and transparent representation of our performance in managing the Economic, Environmental, Social and Governance (“EESG”) aspects of our operations.

This statement covers our EESG performance across all our entities and operations in Malaysia, Thailand, the United States of America (“USA”) and United Kingdom (“UK”). It includes discussions on the material topics identified through our materiality assessment to provide an accurate representation of our overall sustainability impact and performance. The report covers the period from 1 July 2023 to 30 June 2024 (“FY2024”) and has not been externally assured.

OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability forms part of our commitment to be a responsible corporation for the customers and communities we serve. We have attempted to embed sustainability in our policies and in our four key strategies detailed on page 5 of this Report, encouraging it to influence our investments, operations, stakeholder engagement and risk mitigation efforts, amongst others.

In an effort to ensure that the standard of our sustainability reporting is sufficiently comprehensive and aligned with international best practices, we have referenced different reporting guidelines and frameworks. We have also, where possible, utilised quantitative data and set measurable targets to provide readers with comparative statistics as we progress towards our sustainability goals.

The Global Reporting Initiative (“GRI”) is an international independent organisation that provides the world’s most widely used standards on sustainability reporting. This statement has been prepared with guidance from the GRI Standards as well as Bursa Malaysia’s Sustainability Reporting Guide. We have also referenced the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) to further improve our sustainability reporting in anticipation of the global standards issued by the International Sustainability Standards Board.

All our condom manufacturing facilities continue to be evaluated under the comprehensive four pillar Sedex Members Ethical Trade Audit (“SMETA”) audit framework. Sedex is an internationally recognised, independent, not for profit organisation that aims to improve ethical and responsible business practices in global supply chains. The four-pillar audit covers labour standards, health and safety, business ethics and environmental performance. A holistic sustainability assessment conducted by EcoVadis also awarded our subsidiary, Medical Latex (Dua) Sdn Bhd with a Bronze Medal during the year. These audits are aimed at achieving greater transparency to demonstrate our EESG credentials in order to earn the trust of stakeholders that we work with.

As a testament to our continued efforts to improve our sustainability initiatives, Karex Berhad was accredited as having met globally recognised standards and admitted as a constituent of the FTSE4Good Index in June 2020. Our continued efforts and notable improvements earned us an award recently during The Edge ESG Awards 2023 as a representative of the competitive Consumer Products and Services category. Our continued inclusion and the achievements to date are encouraging, however, stakeholders are always welcome to share their comments and suggestions about how we may further improve by sending an email to ir@karex.com.my.

Sustainability Statement

SUSTAINABILITY GOVERNANCE

Our strategic governance framework ensures that we make responsible decisions that consider the EESG landscape to achieve our long-term growth that is inclusive for all the stakeholders in our value chain.

Sustainability matters amongst others, come under the purview of our Sustainability Working Committee that includes members and representatives from a variety of business units so that we may continue to consider sustainability as holistically as possible across the organisation. The key matters and initiatives are then presented to the Risk Management Committee and ultimately our Board of Directors ("Board"). Decisions are collectively reviewed and evaluated based on the respective longstanding merits and how they fit into our Group's vision towards cultivating a sustainable business model.

Sustainability Working Committee

- Responsible for identifying, monitoring and reviewing material sustainability matters under their purview
- Respective representatives take action and continue to review effects of efforts on a periodic basis
- Reports to Risk Management Committee on material matters identified and how they have been addressed

Risk Management Committee

- Reviews material sustainability matters and efforts with respective members from the Sustainability Working Committee
- Sets in place the EESG framework of our Group including targets and the approach towards achieving them
- Reports to our Board of Directors based on outcome of discussions

Board of Directors







- Holistically reviews Group's sustainability efforts and approves of Sustainability Statement for inclusion in Annual Report
- Continuously considers macroeconomic factors against our EESG framework to ensure risks are appropriately mitigated



Sustainability Statement

STAKEHOLDER ENGAGEMENT/PRIORITISATION

We recognise that the success of business relies on developing strong and meaningful relationships with our stakeholders. We continue to utilise various channels to foster conversations with our stakeholders in order to obtain feedback, develop ideas and provide solutions that ultimately provide more satisfaction for our customers. We have, in doing so, utilised an array of platforms and different media in order to effectively align our business strategies with our sustainability goals.

OUR STAKEHOLDERS	METHODS OF ENGAGEMENT
 <p>Customers Brand owners, governments, non-governmental organisations and retail purchasers around the world</p>	<ul style="list-style-type: none"> • Campaigns • Customer service • Email and video conferencing • Customer surveys • Social networking • Online forums
 <p>Investors and Media Institutional and retail investors, analysts, fund managers and potential investors</p>	<ul style="list-style-type: none"> • Annual general meetings • Quarterly results briefings • Conferences and roadshows • Site visits • Interviews • One-to-one meetings and conference calls • Corporate website • Press releases
 <p>Employees Our employees based in Malaysia, Thailand, USA and UK</p>	<ul style="list-style-type: none"> • Online newsletters and emails • Employee surveys • Virtual meetings and conference calls • Team building • Annual performance appraisals • Townhalls • Emails
 <p>Government Agencies Regulators, health authorities and international medical device standard agencies</p>	<ul style="list-style-type: none"> • Social and compliance audits • Industry and regulatory conferences • Meetings and briefings • Trade conventions • Charity events • Local council meetings
 <p>Vendors and Suppliers Contractors that provide services and products pertaining to the entire manufacturing process chain</p>	<ul style="list-style-type: none"> • Commercial dealings • Training conferences and workshops • Outreach programmes • Video conferencing • Company sponsored events • Supplier surveys • Vendor audits • Emails
 <p>Community Local communities where we operate and conduct our businesses</p>	<ul style="list-style-type: none"> • Charity functions • Sporting events • Dialogue and knowledge exchange events • Corporate social responsibility programmes

Sustainability Statement

IDENTIFICATION OF MATERIAL MATTERS

To identify and periodically update sustainability matters that are most significant to our stakeholders and business, we conduct comprehensive materiality assessments, with the most recent having been completed in June 2022. These assessments employ a step-by-step approach to identify a list of the matters and asked a range of stakeholders about which they prioritised in terms of importance for the year in consideration. These stakeholders included employees, suppliers, customers, government agencies and investors. These assessments were first conducted several years ago, beginning in June 2018.

The data collected was then considered against previous results and suggestions received from other stakeholders including regulators. We then worked with our operations teams to devise targets and gather data so that we were able to present stakeholders with updates on developments and issues that they considered material.

METHODOLOGY

STEP 1 IDENTIFICATION

Before engaging with stakeholders to conduct an assessment, a list of material factors relating to economic, environmental and social factors relevant to our business were identified. In an effort to focus on the most material matters, the following factors were taken into consideration:

- Changing global and regional macroeconomic trends
- The expected developments of the sexual wellness, medical and rubber products industries
- International standards and regulatory changes
- Stakeholder expectations and requirements
- Our strategies and internal policies

STEP 2 PRIORITISATION AND ENGAGEMENT

A customised online survey was conducted to engage stakeholders and determine the material sustainability issues that most concerned each stakeholder. Issues identified were then narrowed down into key broad categories and ranked in terms of how critical each stakeholder considered each of them.

STEP 3 REVIEW AND REFINE

The list of prioritised material matters was then verified through interviews and discussions with operations leaders in each respective field as well as members of the Management Team and the Sustainability Working Committee.

Furthermore, we have subsequently assessed our business strategies to ensure they have taken proper consideration of the material matters identified.

The final materiality matrix was presented and endorsed by our Sustainability Working Committee.

Sustainability Statement

ASSESSMENT OF MATERIAL MATTERS

In line with Bursa Malaysia's Sustainability Reporting Guide, these materiality assessments form the basis of our framework for assessing material matters and incorporates data analysis as well as stakeholder engagement. Of the 10 material matters that concern our economic, environmental and social impacts, we prioritised 7 of them based on the matrix below. The details of these 7 material matters are then disclosed alongside our continuing governance impact improvements during the year.



ECONOMIC

- 1 Procurement Practices
- 2 Community

ENVIRONMENTAL













- 1 Waste Management
- 2 Climate Change
- 3 Supply Chain
- 4 Materials

SOCIAL

- 1 Diversity
- 2 Health and Safety
- 3 Labour Practices
- 4 Product and Services Responsibility

Sustainability Statement

We remain committed to supporting the United Nations 2030 Agenda for Sustainable Development and have mapped the material matters identified in our materiality matrix against the key United Nations Sustainable Development Goals (“UN SDGs”). The key contributions and milestones pertaining to the UN SDGs are summarised below:

MATERIAL MATTERS	KEY HIGHLIGHTS	RELATED UN SDGS
ECONOMIC		
Community	<ul style="list-style-type: none"> We donated a total of approximately RM456,000 in cash and over 500,000 condoms to charitable causes including the communities, education programs and other causes Over 5,000 individuals directly benefitted from these donations and our corporate social responsibility programs 	 
ENVIRONMENTAL		
Waste Management	<ul style="list-style-type: none"> We converted a total of 255 metric tonnes of dry rubber waste into high-quality crepe rubber sheets which could then be recycled Our total water usage across all manufacturing plants increased by 9,068m³ representing an increase of 2.1% compared to the previous year due to the higher production of textured and synthetic products during the year 	 
Climate Change	<ul style="list-style-type: none"> Climate Change has been identified as a crucial risk with potential widespread ramifications on our business during our Risk Management Committee and Board meetings during the year Our combined Scope 1 and Scope 2 emissions were reduced by 206 tCO₂e in comparison to our 2021 baseline for our carbon impact target 	
Supply Chain	<ul style="list-style-type: none"> We selected “GHG Emissions and Reporting” as our Supplier Development Program theme in FY2024 in conjunction with the extension of GHG emission data to include Scope 3 emissions 	 
SOCIAL		
Diversity	<ul style="list-style-type: none"> Over the past three financial years, we received zero incidences of complaints, reports and whistleblowing for workplace discrimination across all our facilities 	
Health and Safety	<ul style="list-style-type: none"> Our facilities continue to maintain ISO 45001 (Occupational Health & Safety Management Systems) certifications with each site undergoing independent third-party audits and inspections 	
Labour Practices	<ul style="list-style-type: none"> We continued to uphold our suspension on the hiring of migrant labour until we are certain that procurement practices can be conducted in an equitable manner at all levels 	
GOVERNANCE		
Governance Practices	<ul style="list-style-type: none"> We continue to meet globally recognised standards and have maintained our status as a constituent of the FTSE4Good Index, a status we achieved in June 2020 	
Risk Management Practices	<ul style="list-style-type: none"> Our risk management framework is integral in allowing our organisation to clearly define our objectives for the future and is frequently updated to ensure that it accurately reflects all of the relevant external and internal risks that may hinder accomplishment of our objectives 	

Sustainability Statement

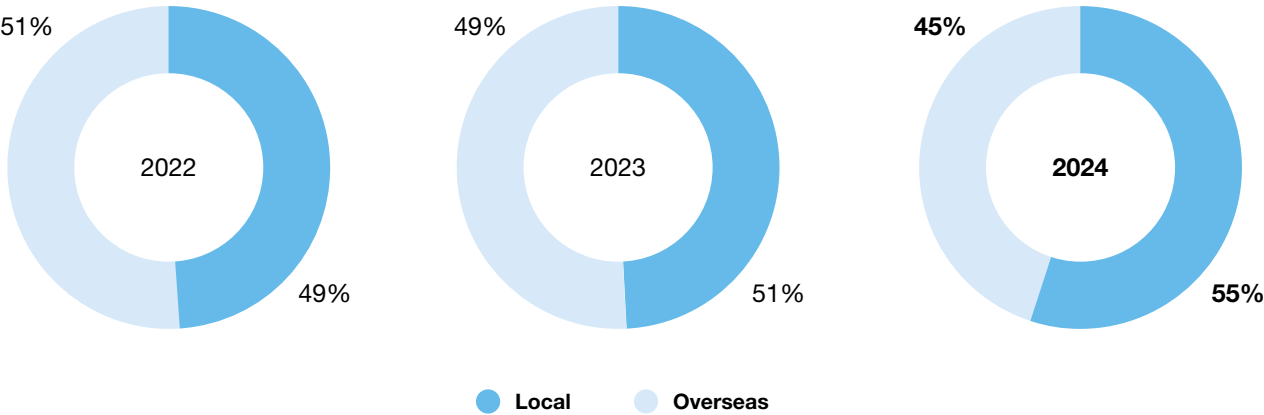
ECONOMIC 1 COMMUNITY



We have continued to make a concerted effort to work with suppliers and vendors from our local communities. We believe that in addition to procuring the best quality materials in the most cost-efficient manner, we must also continue to empower local businesses. This not only ensures that communities around us are given the opportunity to grow and benefit along with our business, but they also allow us to develop new partners that are able to offer us contingency or diversification benefits.

Working with partners from our local communities also entails developing accountability for topics such as human rights, labour standards and climate change awareness in order to improve on the implementation of certain risk mitigation measures. The data regarding the proportion of our suppliers comprising of local and foreign businesses for the last three financial years is presented below.

SUPPLIERS BY ORIGIN
(percentage of spending on all suppliers)



Sustainability Statement

ECONOMIC

1 COMMUNITY

Apart from working with our local communities on commercial engagements, we have also consistently supported causes within the proximity of our facilities, with many of these relationships beginning well before we obtained listing status. In Klang, Malaysia, we have continued our support of a school for disabled children by providing funding for repair works as well as their utility bills. In Hat Yai, Thailand, we have provided scholarships and other sponsorships for events such as children sporting events held around the industrial estate where our Thai facility is situated. As we grow into a larger organisation, it is our ambition that our corporate social responsibility work within these communities will not only continue but also develop into more meaningful methods of contribution.

Improving the quality of corporate social responsibility engagements also requires support and commitment from our employees. To date, we have provided employees with replacement overtime compensation, transportation services, as well as meals in order to encourage employee involvement with our community partners. We have also during the year considered internal feedback and explored proposals from various external parties to develop more innovative structures with which we can foster better quality employee events and engagements. These have yielded new initiatives during the year including tree planting projects that facilitated our teams working with local community leaders to raise awareness for climate change and the negative effects that are posed by it.

We are also mindful to continue engaging with the youth in our communities through various involvements. This includes our longstanding collaboration with the Malaysian Rubber Council ("MRC") to offer scholarships for promising undergraduates in a range of related fields including but not limited to Engineering, Environmental Science, Polymer Science and Logistics subjects. We have also worked with the MRC and local universities to host over 130 students as interns at our facilities between 2018 till 2024. These programs have been designed to provide students with real-world working experiences and an insight into the sexual health and rubber industries in Malaysia and Thailand. Many of these graduates have provided us with positive feedback and gone on to join as full-time employees following the completion of their respective scholarships and internships.



Following the resumption of in-person engagement at many education institutions across the world, we also took efforts to reconnect with education providers in our local communities. We contributed to events hosted by higher education providers such as Prince of Songkla University and Thaksin University where we were able to distribute condom samples as well as provide seminars on improving sexual health to destigmatise condom usage as well as raise awareness for HIV. Following the successful educational programmes for students over the years, we were also invited to the Hospital Sultan Abdul Aziz Shah and Universiti Putra Malaysia to provide information and samples for gynaecology and contraception events.

Sustainability Statement



Other causes that we continue to support include non-governmental organisations (“NGOs”) that continue to provide non-discriminatory support for marginalised communities. This includes the facilities operated by the Teratak Kasih Tok Nan who provide shelter for low-income HIV patients in rural Sarawak, the Community Health Care Clinic operated by the PT foundation who offer affordable and anonymous testing and treatment for anyone with sexual health concerns and the Pertubuhan Kesihatan Dan Kebajikan Umum Malaysia who provide support systems for sex workers and marginalised communities living with HIV.

We are a registered member of the Malaysian Business Consortium on HIV/AIDS (MBCH) and continue to run programs in partnership with the Malaysian AIDS Foundation including product donation drives, operating shelter programmes, fundraising dinners as well as the hosting of awareness events to improve sexual health awareness amongst the youth. One of the programmes that we have created in conjunction with the Malaysian AIDS Foundation includes an animated campaign titled “Kakak Kondom” that was utilised as a means of delivering relatable content over social media during the COVID-19 pandemic when in-person student events were not feasible.



The lifting of movement restrictions also allowed us to resume the in-person hosting of our annual charity event called “Art Against AIDS (AAA)”. This year marked our ninth successive year inviting students and artists from around Malaysia to submit entries for an art competition centered around themes aimed at destigmatising HIV/AIDS. The charity auction format not only gives us a chance to showcase the artwork of entrants to collectors and enthusiasts from the creative community but also raise money for causes dear to our hearts. To date, AAA has raised over RM1.5 million in funds for various NGOs working towards fostering conversations on safer sex and ending discrimination towards people living with HIV.

In the USA, ONE® Condoms also developed two innovative programs to champion inclusivity and foster healthier sexual health discussions within our local communities. Through the ONE® on Stage program, local and up-and-coming bands receive free customised ONE® Condoms products to be distributed at their shows and a profile page on our site where fans can learn about upcoming shows and events. The ONE® College Ambassador program was another initiative that inspired college students to become safer sex champions on their respective campuses. These programs have helped us reach a younger, less accessible audience in an effort to constantly progress destigmatisation movements.

For the FY2024, we donated a total of approximately RM456,000 in cash and over 500,000 condoms to charitable causes including the communities, education programs and the causes detailed above. Over 5,000 individuals directly benefitted from these donations and our corporate social responsibility programmes.

Sustainability Statement

ENVIRONMENTAL

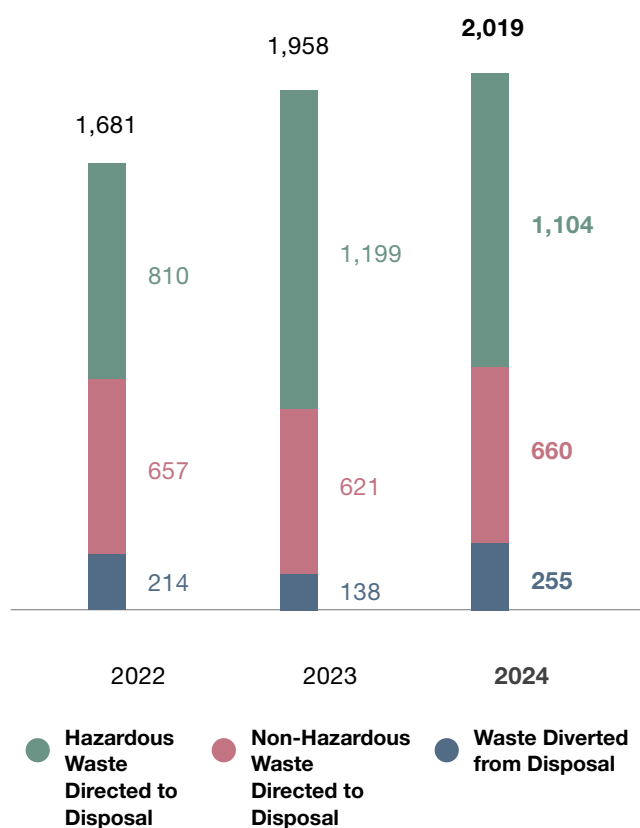
1 WASTE MANAGEMENT



Ensuring that waste from our production processes is handled and disposed of responsibly is a key focus of our environmental sustainability efforts. If left unchecked, hazardous waste produced from our facilities has the potential to cause harm to our natural ecosystems and threaten public health. As such, we ensure that all our facilities remain compliant with the applicable regulations pertaining to waste management practices.

For the FY2024, our condom and medical devices facilities generated a total of 2,019 metric tonnes (“MT”) of waste. Waste produced is inspected at regular fixed intervals so that it can be clearly identified, designated, inventoried and then stored in the appropriate manner as per the scheduled waste regulations. Hazardous waste is handled by a certified professional within each facility who ensures that the waste is stored in the appropriate containers, inventoried and eventually collected by licensed contractors for treatment and disposal. As these types of waste are often inevitable, it is imperative that proper procedures remain in place to ensure that this waste is handled appropriately. The date and method of disposal is noted as per the respective scheduled waste regulations in Thailand and Malaysia.

WASTE CATEGORIES (MT)



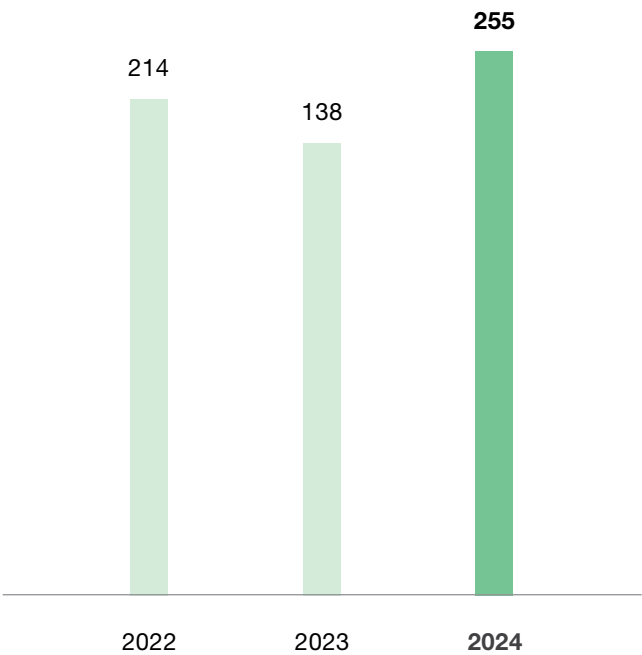
Sustainability Statement

Non-hazardous waste generated from our facilities comprises of plastics, metals and paper and are either recycled or disposed of accordingly. Though by-products from our production processes are inevitable, we have gradually implemented recycling efforts including the installation of sedimentation tanks to recover slurry powder from the process of powdering of condoms. The powder recovered is able to be processed and reused, reducing our overall consumption of this raw material in the condom manufacturing process. In addition to recycling efforts, we have also implemented various initiatives to reduce waste such as working with suppliers to reuse containers and pallets that can be refilled or reused in future deliveries as well as the increased digitisation of several processes to reduce paper consumption. Efforts in the office environment include promoting the use of paperless documentation, providing guests and visitors with beverages in non-disposable containers and installing oil traps in sinks to reduce the amount of waste that has to be processed from normal business activities.



Another significant output from our manufacturing processes includes scrap rubber that is produced during production overruns, product defects and destructive batch testing. The scrap rubber produced is typically of high quality and as part of our efforts to adopt the principles of the circular economy, we have been working with notable research institutions such as the University of Nottingham to explore improved ways in which these scraps can be reused. One method that successfully preserves the qualities of the excess rubber from our manufacturing processes involves processing dry rubber scraps into high quality rubber crepe sheets. These rubber crepe sheets are then able to be resold to other manufacturers who were then able to utilise them in their own processes. The amount of rubber crepe that is sold to customers is a function of the underlying price of rubber in the market as well as the amount of scrap rubber produced and recycled by our facilities over the year. We have also recycled glass scraps from broken glass formers to produce glass wool that has useful industrial applications in the form of insulation.

AMOUNT OF RUBBER CREPE PRODUCED FROM RECYCLED RUBBER AND SOLD TO CUSTOMERS (MT)



Sustainability Statement

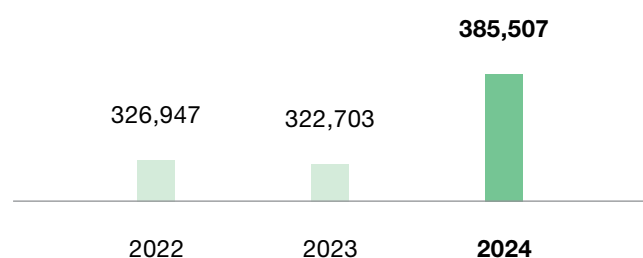
ENVIRONMENTAL

1 WASTE MANAGEMENT

Beyond the waste produced from our manufacturing processes, water is another key component used during our manufacturing processes that will result in a discharge requiring treatment before it can be released back into the environment or in certain cases recycled and reused. We are committed to complying with the applicable water regulations including the Environmental Quality Industrial Effluent Regulation 2009 in Malaysia. This involves ensuring that all the effluent that is produced is properly collected, treated and tested to confirm compliance with regulatory limits before it is discharged. In order to achieve this, all of our manufacturing facilities are equipped with the requisite equipment to measure and record parameters of treated wastewater including pH, suspended solids and dissolved minerals.

Effluent samples are also collected and sent to external laboratories at defined intervals to ensure that treated wastewater is safe to be released back into the natural environment. Our manufacturing facilities in Port Klang, Selangor and Pontian, Johor have met the requirements to comply with Industrial Effluent Standard B while our facility in Senai, Johor has been able to comply with the more stringent specifications of Standard A. For the FY2024, government officials from the Department of Environment made two visits in total to our facilities in Thailand and Malaysia and found no instances of violations or breaches of environmental regulations that resulted in fines or non-monetary sanctions of any sort.

TOTAL WATER DISCHARGE ACROSS ALL PRODUCTION FACILITIES (m³)



Destination of Water Discharge (m ³)	2022	2023	2024
Surface water [^]	201,585	190,918	205,709
Ground water	–	–	–
Sea water	–	–	–
Third-party water*	125,363	131,785	179,798

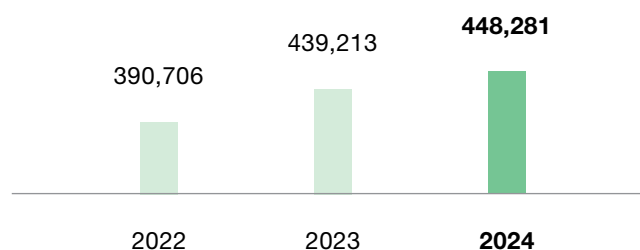
[^] All treated wastewater was discharged following strict treatment protocols into surface water reservoirs

* Discharged water in our Hat Yai, Thailand facility is discharged to facilities operated by the Industrial Estate Authority of Thailand in conjunction with local regulations

We recognise that in addition to ensuring that water waste is properly treated before discharged, an effective method of improving our environmental sustainability impact is to practice more responsible water consumption habits. We have improved the monitoring of our water consumption across all our manufacturing facilities to not only promote efforts to conserve a precious natural resource but to also identify potential cost saving opportunities. Our Group's water usage is compiled based on data from our water withdrawal sources as well as data regarding our water output based on effluent discharge. Water is used primarily in the process of former rinsing during the dipping stage of condom production as well as a key raw material in the production of personal lubricants.

During the year, our total water usage across all manufacturing plants increased by 9,068 m³ representing an increase of 2.06% compared to the previous year. The increase in water utilisation is attributed to the higher production of textured condoms and personal lubricants during the year. These products generally require more water due to the elaborate glass former rinsing process that is essential in order to maintain quality standards and reduce rejection rates. In addition to that, the additional validation processes for new product development and the establishment of new synthetic dipping lines have contributed to increased water usage during the year.

TOTAL WATER WITHDRAWAL ACROSS ALL PRODUCTION FACILITIES (m³)*



Source of Water Withdrawal (m ³)	2022	2023	2024
Surface water	–	–	–
Ground water	–	–	–
Sea water	–	–	–
Third-party water			
Freshwater (≤1,000 mg/l			
Total Dissolved Solids)	390,706	439,213	448,281
Freshwater (>1,000 mg/l			
Total Dissolved Solids)	–	–	–

* Water withdrawal data is extracted from water service provider statements and meter readings

Sustainability Statement

To counter the increased water consumption, we have continued to implement additional water conservation initiatives including the installation of rainwater harvesting facilities to supply water for tasks such as cleaning at our Hat Yai, Thailand facility as well as more widespread measures across all of our manufacturing lines such as the installation of flow meters and control valves to ensure that former rinsing and leeching processes deploy water more efficiently. These initiatives have been designed as a targeted measure to reduce over-use of water during the production processes that consume the most water traditionally.

Further improvements including new technology and systems are constantly being considered to progressively move towards our short-term target of reducing the amount of water consumed as set out below. We will endeavor to keep stakeholders up to date on the progress of reaching this target as new initiatives are implemented.

Water Intensity (m ³ per production hour)	2022	2023	2024
Condoms and probe covers	1.08	1.04	1.35

WATER CONSERVATION TARGETS

- Description**

: Reducing the amount of water consumed per production hour for condoms and probe covers (products that employ a continuous dip process) in our Malaysia and Thailand facilities by 2.5% within 5 years
- Baseline**

: Level of water intensity recorded in 2021 which was 1.06 MT of water per production hour
- Progress in FY2024**

: During FY2024, we consumed 1.35 MT of water per production hour, which is an increase of 0.29 MT per production hour in comparison to the baseline year
- Looking Ahead**

: Besides installing additional control valves at the former rinsing stage of dipping processes, we are planning to recover the water used in these processes. This water is then able to be treated and reused, addressing a significant source of water consumption in our manufacturing facilities

Sustainability Statement

ENVIRONMENTAL

2 CLIMATE CHANGE



We recognise that climate change is a global issue that will have irreversible repercussions and affect future generations if left unchecked. We support the Climate Change Mitigation Objectives of the Malaysian Government that targets to reduce carbon intensity against gross domestic product by 45% from 2005 levels by 2030. We have taken steps to move towards more responsible energy consumption by managing our energy usage more efficiently, moving towards renewable energy sources and implementing systems that allow us to track our efficiencies. Climate Change has been identified as a crucial risk with potential widespread ramifications on our business during our Risk Management Committee and Board meetings during the year. This has prompted us to dissect its effects on each business unit in order to systematically develop mitigation measures to safeguard our long-term business objectives.

Some of the immediate physical risks presented by climate change specific to our business include increased risk of flooding that affected our manufacturing facilities during the year, as well as rising temperatures and irregular precipitation patterns that have impacted latex quality during recent heatwaves. In addition to these risks, our business also faces transitional risks such as the global move towards low carbon energies as well as evolving manufacturing regulations in many of the regions that we export to. These risks present very immediate and severe consequences and as such, we have taken steps towards ensuring that our business is always evaluating and improving mitigation measures moving forward.

Whilst we have installed better drainage and irrigation systems to improve our immediate flood prevention measures, we also recognise that cultivating a culture of responsible energy use is essential to addressing the long-term risks presented by climate change. These initiatives aimed at mitigating the physical risks of climate change range from everyday efforts such as ensuring staff switch off lights and equipment outside of office hours, switching bulbs to energy efficient LEDs, installing motion sensors and solar panels progressively and switching our air conditioning to centrally controlled systems. Other more long-term measures include the installation of contingency generators to ensure power supply remains uninterrupted, diversifying our offerings to include synthetic materials and establishing a more diversified supplier base. Mitigation measures to offset transition and liability risks are mainly centered around our continued investments in research and development as well as expanding our regulatory and compliance teams to ensure that we remain at the forefront of changes in regulations.

Additionally, we have also initiated projects to help to offset our carbon footprint including collaborating with the Nusajaya Natural Heritage Trust in Iskandar Puteri Johor and the Industrial Estate Authority of Thailand in Hat Yai, Thailand to organise a tree donation and planting drive for our staff. Through these initiatives during the year, over 70 staff participated and were incentivised with transportation, meals and the reimbursement of annual leave to plant trees for a good cause, resulting in a total of 150 trees being planted by our staff during the year.

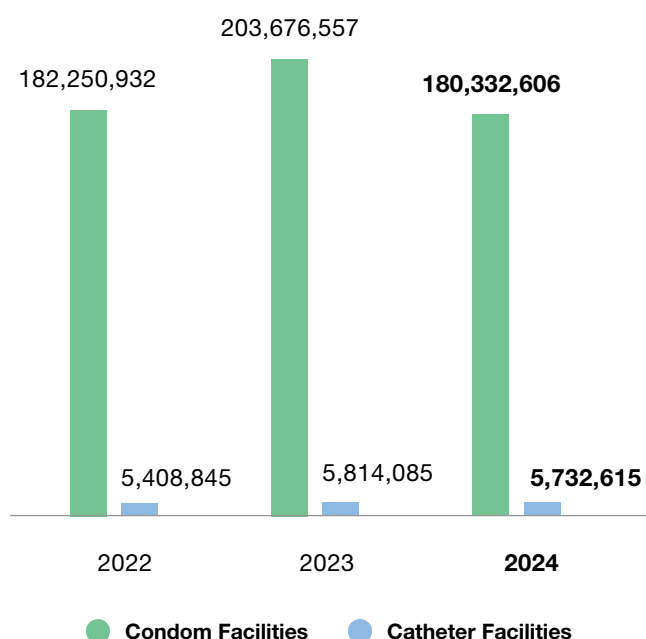
Sustainability Statement

As we progressively incorporate greater degrees of automation to reduce our dependency on labour, we have also received more commercial orders with fully packaged product specifications. This shift away from relying on physical labour has improved our production efficiencies and contributed to improved financial performance, but it has also unavoidably caused an increase in overall energy consumption in recent years. Notwithstanding these factors, our Sustainability Working Committee has been working with our operations teams to analyse our electricity consumption data in order to search for points within the manufacturing processes that can be further optimised to derive energy savings in the future.

We have successfully maintained the ISO 14001:2015 (Environmental Management System) certification across all our condom manufacturing facilities, ensuring that each facility has in place an effective environmental management system. Our Thailand facility has also been accredited the ISO 50001 (Energy Management System) certification ensuring that energy management is integrated into efforts to improve quality and environmental sustainability. In addition to these certifications, we continue to perform routine internal audits to assess our environmental management systems for potential avenues of improvement as well as ensure that we remain compliant to the changes in regulations around the world.

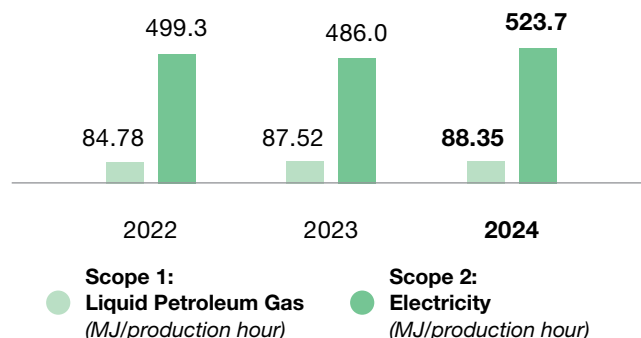
TOTAL ENERGY CONSUMPTION

(Megajoules "MJ")



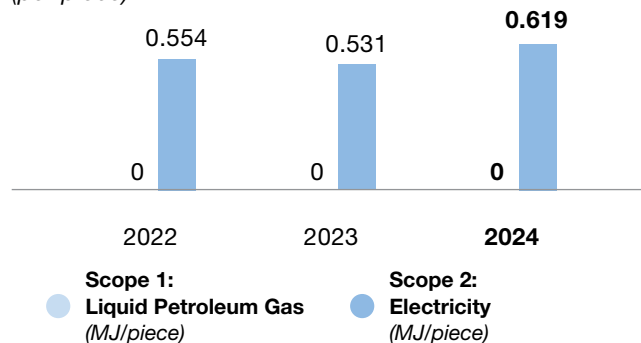
CONDOM MANUFACTURING ENERGY INTENSITY

(per production hour)



CATHETER MANUFACTURING ENERGY INTENSITY

(per piece)



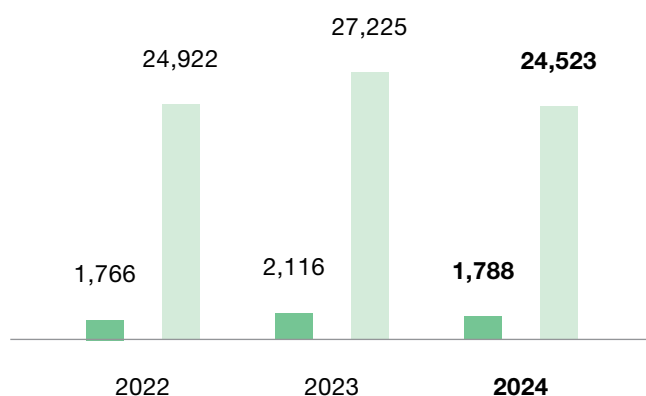
In our continued efforts to reduce our carbon footprint, we continue to install measuring equipment to track our energy consumption that contributes to carbon emissions. We have tabulated data regarding our Scope 1 and Scope 2 greenhouse gas ("GHG") emissions in accordance with the GHG Protocol Reporting Standards. Scope 1 emissions relate to LPG combustion at our manufacturing facilities. We broadened this to retrospectively capture diesel and gasoline consumption for vehicles such as forklifts and company cars. Scope 2 emissions relate to electricity purchased and used across our Group and are based on local emission factors namely, the Malaysia grid emission factors for our Malaysia facilities and Thai grid emission factors for our Thai facilities respectively. These emissions are calculated using globally recognised tools and are based on "Intergovernmental Panel on Climate Change ("IPCC") 2006 Guidelines for National Greenhouse Gas Inventories" and local emission factors (where applicable). The global warming potential of the different GHGs were converted into metric tonnes of carbon dioxide ("tCO₂e") by referring to the IPCC AR5 (Fifth Assessment Report).

Sustainability Statement

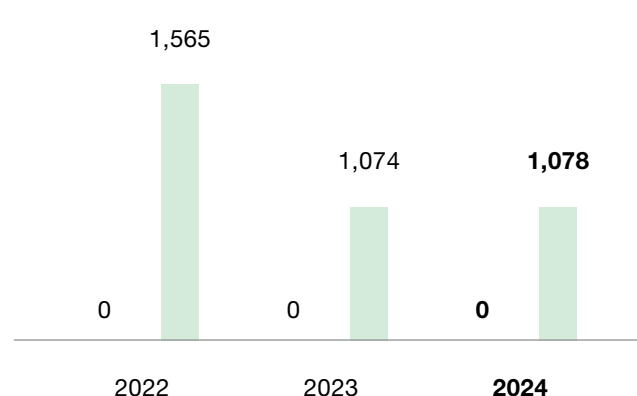
ENVIRONMENTAL

2 CLIMATE CHANGE

CONDOM MANUFACTURING FACILITIES



CATHETER MANUFACTURING FACILITIES



● Scope 1 Emissions (tCO₂e) ● Scope 2 Emissions (tCO₂e)

Notwithstanding our prior efforts, we also recognise that the majority of GHG emissions originated from sources outside of our own operations but are a result of our business activities. As a progressive effort to estimate our Scope 3 GHG emissions, we have begun tabulating the impact of business travel and employee commuting during the year. It is our intention to continue to develop methodologies to capture the carbon impact of our complex supply chains and customer usage patterns in order to identify areas that we may target in order to continue to achieve our sustainability and carbon reduction ambitions.

SCOPE 3 – BUSINESS TRAVEL & EMPLOYEE COMMUTING

	2022	2023	2024
CONDOM MANUFACTURING FACILITIES			
Business Travel	52	125	145
Employees Commuting	3,592	3,570	3,064
Total tCO ₂ e	3,644	3,695	3,208
CATHETER MANUFACTURING FACILITIES			
Business Travel	1	3	2
Employees Commuting	130	118	129
Total tCO ₂ e	131	121	131
Total Scope 3 GHG Emissions (tCO₂e)	3,775	3,816	3,339

There was a decrease in total energy consumed and resultantly Scope 1 and 2 GHG emissions during the year due to a lower production output across all of our manufacturing facilities. This was mainly attributable to the shift away from larger volume tender market orders in favour of consumer market orders which typically comprise of smaller format packaging and more elaborate features. The result of lower dipping production hours also resulted in higher energy intensities for both condoms and catheters in comparison to the previous year. Scope 3 emissions also declined from the previous year mainly due to a reduction in overall staff headcount that lessens the amount of commuting required across our facilities.

The stages of production that remain the most energy intensive include the drying oven of the dipping process which requires constant and stable temperatures to be applied, as well as the electronic testing process of condom production during which each condom is tested before it can be deemed fit for use. We are actively searching for methods to reduce the energy intensity of these processes, however, small format orders, additional features, research and development or niche orders will typically contribute to a higher energy consumption as was the case during the year.

Sustainability Statement

In an effort to continue to evolve and progress our commitment towards mitigating our impact on climate change, we consider and reference the recommendations proposed by the TCFD. We have adopted the framework below in order to facilitate more effective climate-related disclosures with the intention that this will lead to more informed decision making in addressing the climate change risks and opportunities unique to our business and stakeholders.

TCFD Pillars	Our Initiatives
Governance Governance specific to climate-related risks and opportunities	We have in place an established system of governance specific to our sustainability efforts that encompasses involvement from representatives of each business unit as well as our leadership team and our Board. Details of this structure can be found on page 18 of this Report.
Strategy The actual and potential impacts of climate-related risks and opportunities on our decision making	The main potential climate-related risks faced by our Group can be broken down into the main categories of Waste Management and Climate Change. We have intensified our data collection efforts to identify and quantify our climate-related risks. We intend to utilise this information to develop specific targets that can be linked to key performance indicators and remuneration of our management team in order to facilitate an alignment of interests. We have also established a Sustainability Working Committee made up of representatives from each business unit, in order drive sustainability initiatives and ensure that efforts consider the synergistic benefits between different departments. These initiatives are expected to allow us to make better decisions at each level of our business and also provide stakeholders with better transparency regarding our decision making.
Risk Management The processes used to identify, assess and manage climate-related risks and opportunities	As we improve our EESG efforts, we have also included Climate Change as a key risk facing our business during our Risk Management Committee and Board meetings during the year. These discussions have facilitated a more cohesive understanding of how climate change affects our different business units and which mitigation measures we are able to deploy to address them. Our teams have also been moving towards incorporating transition and physical risk assessments in alignment with IFRS S2 requirements in the near future. More details of our risk management and internal control protocols are contained on page 73 to page 77 of this Report.
Metrics and Targets The data and targets used to assess and manage climate-related risks and opportunities	We have continued to improve our data collection and disclosure regarding energy consumption. This year we extended our GHG emission data collection and reporting to include Scope 3 emissions. This data has allowed us to set targets regarding water conservation as well as carbon impact. The progress of working towards achieving these targets will be shared with all stakeholders.

Having considered the data collected, we set out a specific target for our various operations teams to improve energy efficiencies as set out below. Achieving these targets will require a holistic effort encompassing modern technologies and innovations but also a consistent effort to improve awareness within the organisation. We aim to combine this progress tracking with improvements in our data collection and reporting to provide our stakeholders with more transparency to enhance our climate change disclosures moving forward.

CARBON IMPACT TARGETS

Description	: Drive a reduction in our absolute Scope 1 and Scope 2 GHG emissions at our Malaysia and Thailand manufacturing facilities from 2022 to 2035. Reduction of 5% by 2026 and 10% by 2035
Baseline	: Combined Scope 1 and Scope 2 GHG emissions from 2021, recorded at 27,595 tCO ₂ e
Progress in FY2024	: Our Scope 1 and Scope 2 emissions reduced by 206 tCO ₂ e (0.8%) in comparison to the 2021 baseline mainly due to lower production volume across our manufacturing facilities
Looking Ahead	: We expect that effects of investments in renewable energy, process and equipment optimisation as well as energy conservation initiatives will result in improvements to our carbon impact in the upcoming year

Sustainability Statement

ENVIRONMENTAL

3 SUPPLY CHAIN

Our commitment to sustainability extends to ensuring that our procurement practices are ethical and considerate of their impact on climate change. The turbulence in global supply chains encountered over the COVID-19 pandemic highlighted the importance of conducting proper due diligence and selecting vendors based on transparent criteria who are also committed to creating value and enhancing efficiencies by employing sustainable business practices.

In order to ensure that our vendors, contractors and service providers are made aware of our ethical and environmental policies as they evolve, we have established a Supplier Code of Conduct. This document covers our expectations with regards to energy utilisation, climate change, water consumption, biodiversity, sourcing of materials, labour practices and safety protocols amongst others, and are intended to be mutually beneficial in helping all parties to ensure that risks are properly identified and mitigated. In FY2024, all new suppliers received and acknowledged the Supplier Code of Conduct, confirming their commitment towards upholding our ethical and environmental standards.

The Supplier Code of Conduct is updated when necessary and sent via email to all vendors upon each business engagement as well as frequently referenced during key milestones such as the issuance of purchase orders. Vendors are also able to access the latest copy of our Supplier Code of Conduct at all times in a variety of languages from our website. We also expect suppliers to extend these principles throughout their own supply chains whenever possible. Our suppliers are also encouraged to refer to our various policies and procedures including our Purchasing Policy, and Anti Bribery and Corruption Policy, in order to ensure that we are fully transparent about our expectations as a customer. The details of the policies are elaborated on and reinforced via frequent training and engagement during the year under our Supplier Development Program and extend not just to environmental policies but also towards developing an ethical supply chain.

As part of our Supplier Development Program in FY2024, we conducted due diligence on each new supplier as well as a total of 25 audits on existing suppliers, evaluating processes and quality controls but also adherence to the environmental, social and governance policies contained in our Supplier Code of Conduct as well. These comprehensive audits involve site inspections as well as interviews with their employees, implementing the knowledge that we have gained through the four pillar SMETA audits conducted by externally accredited audit firms.

In addition to these audits, we also conducted surveys on our suppliers requesting that they perform a self-assessment on their respective social compliance and environmental sustainability standards. For the FY2024, over 100 unique feedback results were received through these efforts allowing us to more accurately classify our risk exposure to our individual suppliers and develop more effective corrective action plans.

Our efforts in our Supplier Development Program are also supplemented by risk assessments that are conducted during the due diligence process when evaluating potential new suppliers, as well as continuously via questionnaires for our existing suppliers. In addition to the potential new suppliers that we considered, a total of 48 of our existing suppliers were evaluated during the year to determine our risk exposure and to develop contingency plans to mitigate supply chain risks classified as high risk. We selected “GHG Emissions and Reporting” as our program theme in FY2024 in conjunction with our intention to extend our GHG emission data to include Scope 3 emissions with the intention to include metrics from our upstream supply chain in the near future.

Our environmental supply chain efforts also extend downstream to working with our customers on developing packaging designs that utilise less single use plastics and non-recyclable materials. Some of the efforts include promoting the use of paper foils for condoms, utilising recycled paper for cartons and outer boxes as well as printing instruction for use information on product packaging as opposed to including a separate leaflet as has traditionally been the case. For the FY2024, our paper packaging consumption amounted to a total of 1,604 tonnes of recycled paper, primarily used in the production of outer and inner boxes for our products. In this context, recycled paper is comprised of a minimum of 70% non-virgin materials.

We also frequently work with international organisations including the International Organisation for Standardisation (ISO) to develop better industry-wide practices even amongst suppliers that we have yet to encounter firsthand. Our continued participation on the ISO Technical Committee 157 – Non-systemic Contraceptives and STI Barrier Prophylactics has enabled us to contribute to the development of quality standards as well as business processes throughout the condom industry supply chain. Similar work with organisations such as the Malaysia Rubber Council and the Fair Rubber Association have enabled us to provide re-assurance to our customers regarding the quality and sustainability of the latex used by our Group.

Sustainability Statement

SOCIAL

1 DIVERSITY



Discrimination in its many forms remains a key deterrent to progress in the war against HIV. Not only does discrimination discourage open sexual health conversations, but data has also shown that it hinders access to services such as HIV testing. Recent Joint United Nations Programme on HIV/AIDS (“UNAIDS”) survey data shows that more than 10% of people living with HIV experienced stigma and discrimination in health-care settings in 10 of 12 countries surveyed. Hard-earned progress in the lesbian, gay, bisexual, transgender, queer, intersex and asexual (“LGBTQIA”) community has also come under threat with continuing reports of prejudicial violence and the introduction of legislation restricting the rights of LGBTQIA persons.

Serving these communities as a leader within the sexual health industry, we recognise that in order to make a meaningful impact against HIV and deliver effective solutions to those in need, we must lead by example. We take great care to emphasise the importance of embracing different perspectives and demonstrating mutual respect so that we are able to ensure that employees across our global organisation continue to feel accepted for their own unique personalities and in doing so, are provided a platform to fully realise their potential. Our stance is formally disclosed within our Diversity and Inclusion policy which is regularly communicated to our staff and extends to our director nominations via our Board Diversity Policy, both of which can be accessed at any time on our website. We have encouraged a community approach towards combatting discrimination whereby employees are able to report instances of discrimination either to human resources personnel or our anonymous whistleblowing channel. Over the past three financial years, we received zero incidences of complaints, reports and whistleblowing for workplace discrimination across all our facilities.

Sustainability Statement

SOCIAL

1 DIVERSITY

We are committed to providing equal opportunities for our employees and employing a zero-tolerance stance against discrimination or harassment based on race, religion, gender expression, age, disability status or sexual orientation. We continued to expand and implement initiatives aimed at dissipating stereotypes across all of our facilities. These include the provision of disabled and gender-neutral toilets, removal of gender, religious and sexual preference data from recruitment criteria as well as provided free transportation and accommodation for those employees living far away from our facilities that do not have access to public transport. As a testament to the uniformity in which we have applied these efforts across our entire Group, our subsidiary in the UK, Pasante Healthcare Limited was recognised as a “Finalist in Diversity and Inclusion” by the Sussex Chamber of Business Awards.

This culture has also allowed us to continue to create a dynamic environment as demonstrated by the diversity statistics below encompassing employees from a range of ethnicity and age groups. The Industrial Estate Authority of Thailand recognised the efforts of our Thailand facilities and awarded us the prestigious Good Labour Practice award for our efforts in ensuring that our workplaces were free from gender discrimination, forced labour, child labour and opportunities for bribery. This particular independent assessment also evaluated the benefit system, worker welfare and operational health and safety at our facility.

Total Group Employees

	2022	2023	2024
Total Employees	3,213	3,494	3,200
Total Number of Contract/Temporary Staff	188 (5.9%)	196 (5.6%)	103 (3.2%)

Gender Diversity

Board of Directors

	Female		Male	
	Number	%	Number	%
2022	3	43.0	4	57.0
2023	3	37.5	5	62.5
2024	3	37.5	5	62.5

By Employee Category

	2022				2023				2024			
	Female		Male		Female		Male		Female		Male	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Senior Management	7	<1	15	<1	6	<1	15	<1	9	<1	15	<1
Middle Management	46	1	47	1	49	1	50	1	65	2	64	1
Production	1,491	46	964	30	1,623	46	1,097	31	1,476	46	946	30
Administrative	379	12	99	3	400	11	89	3	282	9	182	5
Technical	19	1	146	5	21	1	144	4	53	2	108	3
Total	1,942	60	1,271	40	2,099	60	1,395	40	1,885	60	1,315	40

Sustainability Statement

Age Diversity

Board of Directors

	2022						2023						2024					
	<30		30-50		>50		<30		30-50		>50		<30		30-50		>50	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Board of Directors	0	0	1	14.3	6	85.7	0	0	1	12.5	7	87.5	0	0	1	12.5	7	87.5

By Employee Category

	2022						2023						2024					
	<30		30-50		>50		<30		30-50		>50		<30		30-50		>50	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Senior Management	0	0	17	68	8	32	0	0	10	48	11	52	0	0	11	46	13	54
Middle Management	10	11	57	62	25	27	6	7	54	64	25	29	26	20	77	60	26	20
Production	1,108	45	1,153	47	194	8	1,231	45	1,292	47	210	8	982	41	1,198	49	242	10
Administrative	237	50	205	43	36	8	246	50	205	42	39	8	219	47	206	44	39	9
Technical	83	51	73	45	7	4	81	49	76	46	8	5	109	68	47	29	5	3
Total	1,438	45	1,505	47	270	8	1,564	45	1,637	47	293	8	1,336	42	1,539	48	325	10

Nationality Diversity

	2022	2023	2024
Malaysian	1,181	1,470	1,460
Bangladeshi	228	227	186
Burmese	122	104	82
Nepalese	300	256	220
Indonesian	17	14	10
Thai	1,267	1,322	1,131
Vietnamese	12	9	5
American	41	45	55
British	36	40	45
Indian	9	7	6

Our efforts to break down social stigma regarding the LGBTQIA community includes encouraging our staff to display email signatures with Pride logos during the relevant month. Through our subsidiary, Global Protection Corp., we continued our partnerships with various NGOs and sexual health advocates such as Boston Pride of the People and Planned Parenthood to donate over 400,000 condoms for a variety of non-profits, student groups and Pride festivals. This year, we participated in Boston Pride for the People by sponsoring a UFO-themed Pride float, and even hosted our own booth. We continued our longstanding programmes including partnering with organisations for five different Project Condom fashion shows during the year, with many more lined up for the upcoming year. The program was launched by ONE® Condoms in 2008 and uses fashion as a form of art to spark conversations about sexual health.

ONE® Condoms this year participated in the annual Foreskin Day by sharing resources and condom advice inspired by our customers. Through our surveys, we found that 33% of people have been treated differently by a sexual partner as a result of their personal features. In addition, 79% of respondents reported difficulty using condoms because of their foreskin. With the Foreskin Day campaign, our goal was to help close the “Foreskin Gap” by debunking common misconceptions, solving condom fit challenges, and sharing advice through a Foreskin Pleasure Enhancement Guide. Our customers shared lots of advice about how to choose and use condoms when you have a foreskin. These customer stories and the overall campaign helped us spark discussions and destigmatise a conversation that is often not discussed leading to undue prejudice.

Sustainability Statement

SOCIAL

2 HEALTH AND SAFETY

We continue to implement best practices developed during the COVID-19 pandemic and take great care to ensure that our facilities are properly equipped and sanitised regularly in order to provide our employees with a working environment that they feel safe in. This includes observing the relevant health and safety protocols such as the provision of sanitisation equipment and test kits, where necessary.

Our facilities continue to maintain ISO 45001 (Occupational Health & Safety Management System) certifications with each site undergoing independent third-party audits and inspections. One of our condom manufacturing facilities in Malaysia successfully obtained an inspection result of 'Grade A' whilst two other condom facilities and our catheter facility obtained an inspection result of 'Grade B' as evaluated by the Department of Occupational Health and Safety during the year. Our physical health and safety measures are supplemented by our Occupational Safety and Health Policy which covers a range of procedures including emergency response, first-aid, evacuation and firefighting.

Further measures to prioritise employee health and safety include maintaining a Health, Safety, Environmental and Ethical ("HSEE") Committee consisting of employee representatives as well as Senior Management representatives. The committee members receive training and conduct monthly inspections to ensure factory activities are carried out in a manner that complies with safety regulations. We have taken care to ensure that a representative from each nationality and gender is included as a nominated representative on the HSEE Committee at all times. Regular HSEE meetings have been conducted to facilitate better communication regarding the health and safety issues facing staff from time to time as well as keeping abreast as to the updates and action that has been taken to address issues that our staff have raised.

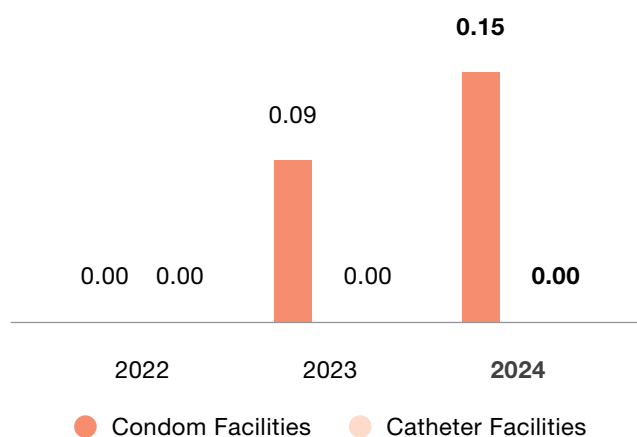
In addition to addressing issues that have been brought up, we also ensure that our facilities comply with the Occupational Safety and Health Act in Malaysia and Thailand, while adhering to the Industry Code of Practices. Besides upholding the relevant procedures and safe work practices, we also work with various third parties to conduct health and safety assessments. This includes the Chemical Health Risk Assessment (CHRA), Noise Risk Assessment (NRA) and Chemical Exposure Monitoring (CEM) to pre-emptively identify and manage potential hazards in our workplace. We also conducted a Hazard Identification Risk Assessment and Risk Control (HIRARC) to identify potential hazards around our work areas.

	2022	2023	2024
Total health and safety awareness training hours conducted (hours)	886	495	511

As a result of these measures, our staff are constantly being briefed and updated about the latest measures that we have taken to safeguard their well-being. A total of 594 employees attended our mandatory Health and Safety Awareness training sessions during the year. In order to measure the efficacy of our efforts, we continue to track the Loss Time Incident Frequency Rate ("LTIFR") at our facilities over the last three years. LTIFR refers to the amount of time lost due to injuries occurring in the workplace per one million man-hours worked. For the FY2024, government officials from the Department of Occupational Health and Safety made four visits in total to our facilities in Thailand and Malaysia and found no instances of violations or breaches that resulted in fines of any sort. Thanks in large part to these collective efforts, we have continued to record zero work-related fatalities at our facilities for the past three years.

LOSS TIME INCIDENT FREQUENCY RATE

(per 1 million work-hours)



In spite of our best efforts, we understand that accidents and emergencies are inevitable. We have also established emergency response protocols to ensure that our staff are afforded immediate access to medical attention should an accident occur and that they are adequately covered by health insurance. Our facilities operate sickbays around the clock so that medical attention and first aid can be administered whilst waiting for medical services to arrive. Health and safety notices and updates are also disseminated on all noticeboards in a number of languages so that employees are always made aware as to changes in operating procedures as well as emergency protocols.

Sustainability Statement

3 LABOUR PRACTICES

We believe that human rights are a fundamental entitlement of every individual and that it is imperative that we champion the fair treatment of our staff so that we can create a conducive culture that will allow them to reach their potential. In addition to ensuring strict compliance with labour laws, we have adopted the base codes set by the Ethical Trading Initiative as a commitment to ensuring that our working conditions are held to the internationally recognised standards of the International Labour Organisation conventions.

We have adopted a strict zero tolerance approach for all forms of modern slavery and forced labour. As such, following a comprehensive assessment performed by Impactt Limited, an independent company specialising in ethical trade, human rights and labour standards in 2019, we decided to suspend the hiring of migrant labour until we could be certain that procurement practices had taken these concerns into account at all levels. We also made the decision to take extensive remediation measures, reimbursing workers who had paid fees to obtain employment at any of our facilities. To date, we have paid over RM3 million in remediation measures to our employees as part of these efforts. We made this decision as we believe that we have a responsibility as a leader in the industry to remain committed to our values regarding human rights. We have also ensured that our hostels for foreign workers are in compliance with Act 446 (Employee's Minimum Standard of Housing, Accommodation and Amenities Act 1990). As a testament to our prioritisation of staff welfare, we are proud to report that despite the challenges faced by our business and the global economy at large during the COVID-19 pandemic, we did not make a single COVID-19 related salary cut or retrenchment.

In order to ensure that our approach towards preserving human rights encounters no lapses and that we are proactively assessing our human rights impacts on an ongoing basis, we work with accredited audit firms to conduct comprehensive four pillar SMETA audits on all of our condom manufacturing facilities covering labour standards, health and safety, business ethics and environmental performance. The day-to-day responsibilities for each business function is handled by a representative from each business unit who is also tasked with providing updates to our Chief Executive Officer, who remains in charge of overseeing matters regarding human rights. This also serves to provide suppliers and customers with comfort that we are constantly upholding our EESG commitments.

In addition to our efforts to ensure human rights are safeguarded within our internal labour practices, we have also communicated this commitment to our vendors and contractors. We have published our Human Rights Policy on our website so that external stakeholders are able to reference it at all times. Our stance on human rights is in line with the United Nations Guiding Principles on Business and Human Rights and is also communicated to suppliers explicitly in our Supplier's Code of Conduct. Care is also taken to ensure that suppliers uphold this commitment via notices in our external communications as well as during regular interviews as part of our vendor audit process.

	2022	2023	2024
Number of employees who attended training on human rights and ethical labour standards	574	1,088	437

Beyond the cultivation of a conducive working environment, we also frequently conduct training requirement analysis in order to ensure that our teams are constantly kept up to speed with the latest developments in their respective fields. We utilise a combination of electronic platforms and practical learning sessions to deliver technical training covering topics that included medical device regulations, quality assurance, health and safety, risk assessment, supply chain management and waste management. In FY2024, we spent over RM430,000 on training and development for our employees. This investment reflects our continued commitment to developing a skilled and knowledgeable workforce at all levels. On average, each employee received 2.6 hours of training ranging from topics of skill enhancement, health and safety, laws and regulations, environmental management, to data privacy and security. Further initiatives to improve our employee development include enhancing our human capital systems to track our employee turnover metrics to evaluate areas of potential improvement for our staff retention program.

Sustainability Statement

SOCIAL

3 LABOUR PRACTICES

The results of these analytics are presented as follows.

Training Hours

	2022	2023	2024
Total Formal Training Hours (Classroom, Workshops and E-Learnings)	5,654	2,812	4,167

Average Training Hours

	2022	2023	2024
By Gender			
Male	2.3	1.6	1.9
Female	2.1	1.3	1.3
Overall	2.2	1.0	2.6
By Employee Category			
Senior Management	13.6	12.0	5.2
Middle Management	11.9	9.7	8.6
Production	1.1	0.6	0.5
Administrative	5.9	4.6	4.3
Technical	5.9	3.8	3.2

Employees by Employee Contract

	2022		2023		2024	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Local	2,344	188	2,694	196	2,488	103
International	681	0	604	0	609	0
Total	3,025	188	3,298	196	3,097	103

Employee Turnover

	2022	2023	2024
Total New Hires	1,005	1,344	241
Turnover Rate	35.0%	33.6%	30.2%

	2022		2023		2024	
	No.	Turnover Rate	No.	Turnover Rate	No.	Turnover Rate
By Gender						
Male	437	40.5%	424	37.7%	416	46.7%
Female	642	59.5%	701	62.3%	474	53.3%
By Age Group						
<30	713	66.0%	821	73.0%	537	60.3%
30-50	334	31.0%	269	23.9%	323	36.3%
>50	32	3.0%	35	3.1%	30	3.4%
By Employee Category						
Senior Management	0	0.0%	0	0.0%	2	0.2%
Middle Management	6	0.6%	14	1.2%	7	0.8%
Production	936	86.7%	1,018	90.6%	752	84.5%
Administrative	102	9.5%	77	6.8%	91	10.2%
Technical	35	3.2%	16	1.4%	38	4.3%

Sustainability Statement

Bribery and corruption have been identified as key risks that have the potential to have detrimental impacts on our business. We therefore have a strict stance against bribery and corruption and have taken efforts to formalise our anti-bribery and corruption policy, which can be accessed at any time on our company website. In order to ensure staff are constantly aware of their responsibilities, we conduct anti-corruption training for new hires and frequent re-training for existing employees at regular intervals at each of our facilities. These courses were designed referencing the Malaysian Anti-Corruption Commission Act (MACC Act) 2009, amongst other regulations by qualified trainers as a means of mitigating corruption related risks. During FY2024, the entirety of our Malaysia and Thailand operations were assessed for corruption-related risks and a total of 32% of all our employees attended anti-corruption training.

	2022	2023	2024
Number of employees that received anti-corruption training	2,324	1,972	1,029

In order to further enhance the effectiveness of these policies and the training received, employees who suspect instances of corruption and bribery are encouraged to make anonymous reports via our whistleblowing channel. Further details on the administration of our whistleblowing channel are contained in the Governance Practices section to follow. During the past three financial years, we recorded no incidences of confirmed corruption or bribery.

We employ a range of IT systems and regularly conduct cybersecurity training to ensure that we uphold stringent data protection practices. During the year, 282 of our staff attended these trainings which involve scenario simulations and exams requiring employees to repeat a training module if a sufficient grade is not achieved. This ensures that confidentiality of data is treated extremely seriously, and that information is not misused in any way. In addition, we are constantly implementing new security protocols, disseminating alerts and notices as well as conducting training in order to ensure our employees are able to effectively identify and handle malware, phishing and other forms of potential cyber-attacks. These trainings have also been constructed to improve awareness on legislation such as the Personal Data Protection Act 2010 as well as our in-house Data Protection Policy that is available on our website. We are proud to report that there have been zero reports or complaints of breaches of employee privacy, customer privacy and data loss during each of the last three financial years.

We have also continued to expand and develop initiatives aimed at recognising the efforts and contributions of staff who have gone beyond their job scope to deliver extraordinary performances. These rewards include periodic spot awards, performance-based incentives and long service awards designed to align the interests of employees to our business goals as well as to cultivate a meritocratic culture within the organisation. In addition to these initiatives, we have also sponsored further education as well as organised leadership development programmes aimed at accelerating the development of the next generation of management from within our Group. We also received shareholders' approval to establish an Employee Share Option Scheme ("ESOS") that will provide us with an additional avenue with which to incentivise staff and align their interests with the long-term goals of our Group. The ESOS will be implemented and administered by an ESOS Committee comprising of non-executive members of our Board.

As part of our continued efforts to improve our working environment, we conduct an annual employee survey to obtain feedback regarding our workplaces as well as our awareness towards human rights amongst other topics. In addition to the annual survey, staff are always encouraged to provide their feedback and suggestions via suggestion boxes that are located around our facilities so that we are able to continue to consider new methods with which to improve our workplaces. Feedback from these customer surveys formed an integral part of our decision-making process when deciding what staff benefits to upgrade during the year. In a combined effort to integrate more digitisation and improve communications with our staff, we rolled out an online human resource application during the year that enabled us to facilitate better tracking of leave, appraisal and medical benefits of our staff.

These feedback systems complement our established formal grievance mechanism to empower employees and external stakeholders alike, to confidently disclose instances of misconduct including instances where they feel that there may be a potential violation of human rights. Employees are informed that anonymous reports may be made to department managers, human resources representatives or even directly via a whistleblowing platform. External parties in the meantime are able to direct any reports of potential violations through our whistleblowing platform. They are provided assurance that our Group is committed to remedying the effects should a violation of their human rights be identified. Details of the whistleblowing platform are set out in the Governance Practices section to follow and all reports received by employees regardless of reporting channel are held in strict confidence. For the past three years, we have received no substantiated complaints concerning human rights violations.

Sustainability Statement

GOVERNANCE

1 GOVERNANCE PRACTICES

We have an established system of corporate governance to regulate the way in which our business is operated, ensuring that decisions are made consistently and consider the interests of all stakeholders. Our Board is primarily responsible for the corporate governance of our Group. They have been appointed by our shareholders and are aided by independent auditors to ensure that the decisions made by the management team are in line with our Group's long-term goals.

All employees in our Group are guided by the principles in the Code of Conduct. These formal set of policies ensure that the practices concerning ethics and integrity are communicated to all employees during the induction process, frequently reinforced during refresher courses and accessible on our company intranet and website at any point in time. The Code of Conduct also provides guidance and recommendation on handling topics such as violations of anti-bribery, human rights, data protection, procurement and ethical business practices. The Code of Conduct and its associated policies are frequently reviewed and revised in order to ensure that they remain relevant and effective.

We encourage employees as well as external parties such as suppliers, customers and other third parties to report incidences of corruption along with any other breaches of the Code of Conduct. In order to ensure that any concerns raised are handled with discretion, seriousness and care, we have established an anonymous whistleblowing channel that is also available to external parties. Notices about this channel have been made available in a variety of languages and displayed in various areas across our facilities to ensure that our staff are always aware of the avenues to raise their concerns and report wrongdoings.

To ensure that this channel is handled independently, and that anonymity is safeguarded, reports via the whistleblowing channel are made directly to the Chairman of our Board, or the Audit Committee Chairman via email to karex@whistleblowing.com.my. Alternatively, reports may be posted to the following mailbox which is handled independently by the Group's Internal Auditor:

Moore Stephens Associates PLT

Suite 339, MBE 1 Mont Kiara Mall,
LG-13A, Lower Ground Floor, 1 Mont Kiara Mall,
No. 1, Jalan Kiara,
Mont Kiara, 50480, Kuala Lumpur.

Access to our whistleblowing channel has also been published on our company website. During the past three financial years, we recorded no incidences of confirmed violations via this channel.

Additional corporate governance policies are detailed in the Corporate Governance Overview Statement located on pages 56 to 67 of this Report as well more comprehensively in our Corporate Governance Report that can be accessed at <https://www.karex.com.my/>. These documents provide further details on the responsibilities of our Board, the composition details of our Board, our whistleblowing policy and corporate reporting details amongst others.

Sustainability Statement

2 RISK MANAGEMENT PRACTICES



A proper risk management framework is essential to enable our business to pre-emptively identify possible risks as well as their likelihoods and repercussions before they occur. Our business strategies and procedures are then adapted to avoid or minimise the impact of these risks should they occur. These procedures are integral in allowing our organisation to clearly define our objectives for the future and are frequently updated to ensure that they capture all of the relevant external and internal risks that may hinder accomplishment of our objectives.

The primary identification, evaluation, monitoring and management of the risks that are critical to our business at any given point in time is conducted by representatives from each of the major business units within our Group. These representatives collectively make up the Risk Management Working Committee ("RMWC"). Together with members of the Senior Management Team, the RMWC strategises the appropriate risk appetite that matches the structure, risk profile, complexity, activities and size of our Group. These findings are subsequently presented to the Risk Management Committee which is comprised of non-executive members of our Board and periodically audited by an independent internal auditor, Moore Stephen Associates PLT who in turn evaluates the compliance and the effectiveness of our control systems.

This structured approach towards risk management ensures that strategic decisions are able to be made holistically and without bias to ensure that the interests of all stakeholders are always being considered. Further details regarding our risk management practices are contained in the Statement of Risk Management and Internal Control located on pages 73 to 77 of this Report. These documents clearly outline the roles of the Risk Management Committee as well as the key risk focuses and mitigation plans that are in place to develop better risk management practices.

This Sustainability Statement is made in accordance with the resolution of our Board dated 10 October 2024.

Performance Data Table from Bursa Malaysia's ESG Reporting Platform

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	1.00
Middle Management	Percentage	4.00
Production	Percentage	74.00
Administrative	Percentage	17.00
Technical	Percentage	4.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	456,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	5,000
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	46.00
Senior Management Above 50	Percentage	54.00
Middle Management Under 30	Percentage	20.00
Middle Management Between 30-50	Percentage	60.00
Middle Management Above 50	Percentage	20.00
Production Under 30	Percentage	41.00
Production Between 30-50	Percentage	49.00
Production Above 50	Percentage	10.00
Administrative Under 30	Percentage	47.00
Administrative Between 30-50	Percentage	44.00
Administrative Above 50	Percentage	9.00
Technical Under 30	Percentage	68.00
Technical Between 30-50	Percentage	29.00
Technical Above 50	Percentage	3.00
Gender Group by Employee Category		
Senior Management Male	Percentage	62.00
Senior Management Female	Percentage	38.00
Middle Management Male	Percentage	50.00
Middle Management Female	Percentage	50.00
Production Male	Percentage	39.00
Production Female	Percentage	61.00
Administrative Male	Percentage	39.00
Administrative Female	Percentage	61.00
Technical Male	Percentage	67.00
Technical Female	Percentage	33.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	62.50
Female	Percentage	37.50
Under 30	Percentage	0.00
Between 30-50	Percentage	12.50
Above 50	Percentage	87.50

Performance Data Table from Bursa Malaysia's ESG Reporting Platform

Indicator	Measurement Unit	2024
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	51,685.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.15
Bursa C5(c) Number of employees trained on health and safety standards	Number	594
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	115
Middle Management	Hours	866
Production	Hours	1,103
Administrative	Hours	1,803
Technical	Hours	513
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	3.20
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	2
Middle Management	Number	7
Production	Number	752
Administrative	Number	91
Technical	Number	38
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	55.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	448,300,000

Profile of Board of Directors

DATO' DR. ONG ENG LONG @ ONG SIEW CHUAN

Chairman
Senior Independent
Non-Executive Director

Age
80

Gender
Male

Nationality
Malaysian

Dato' Dr. Ong Eng Long @ Ong Siew Chuan was appointed to the Board on 29 July 2013 as our Senior Independent Non-Executive Director and was a member of the Audit Committee, Remuneration Committee and Risk Management Committee and on 29 November 2021, he was appointed as the Chairman of the Nomination Committee. On 29 August 2022, Dato' Dr. Ong was re-designated as the Chairman of the Board and ceased to be a member of the Risk Management Committee, Remuneration Committee and Chairman of the Nomination Committee of the Company and on 28 August 2023, he ceased to be a member of the Audit Committee.

He graduated from University of Malaya with a Bachelor of Science (Hons) Degree in 1969 and obtained a PhD from Queen Mary College, London in 1973.

He started off at the Rubber Research Institute of Malaysia ("RRIM") as a Senior Research Officer in 1973. He has held different positions in RRIM up to 1998 when it merged with two (2) other organisations to form the Malaysian Rubber Board.

He was the former Deputy Director General of the Malaysian Rubber Board from 1998 to May 2001 and the former Deputy CEO of the Malaysian Rubber Export Promotion Council from 2001 to 2008.

He has been the Technical Advisor for Kossan Rubber Industries Bhd since July 2008. He is also the Professor (Adjunct) of Rubber appointed by the Rubber Research Institute, Chinese Academy of Tropical Agricultural Sciences and an industry advisory panel member of the Material Technology course of the Faculty of Industrial Sciences and Technology, Universiti Malaysia Pahang. He has been involved with standards development for the past two decades. He was the Chairman of ISO/TC 157 Non-Systemic Contraceptives and STI Barrier Prophylactics from 2007 until December 2017 and the Chairman of ISO/TC 45 SC4 Rubber Products Other Than Hoses from 2005 until December 2017. ISO/TC 157 is the technical committee that is responsible for, amongst others, the international condom standards while ISO/TC 45 is responsible for, also amongst others, international rubber glove standards. He has more than 180 publications in areas of rubber science and latex dipped products.

He is the Immediate Past President of the Malaysian Rubber Product Manufacturers' Association. He was the President of the Institute of Chemistry, Malaysia from March 2014 until March 2018.

He has attended all Board Meetings held during the financial year ended 30 June 2024. He does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/ or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2024.

He does not hold any directorship in other public companies and listed issuers.

The particulars of his shareholdings are set out on page 144 of this Annual Report.



Profile of Board of Directors

PROFESSOR DATO' DR. ADEEBA BINTI KAMARULZAMAN

Independent
Non-Executive Director

Age
60

Gender
Female

Nationality
Malaysian

Professor Dato' Dr. Adeeba binti Kamarulzaman was appointed to the Board on 16 January 2019 as our Independent Non-Executive Director. She is a member of the Audit Committee and Risk Management Committee. On 29 November 2021, she was appointed as a member of the Nomination Committee. On 29 August 2022, she was appointed as a member of the Remuneration Committee and re-designated as Chairwoman of the Nomination Committee.

She graduated from Monash University in 1987 and trained in internal medicine and infectious diseases at the Monash Medical Centre and Fairfield Infectious Diseases Hospital, Melbourne, Australia. She is presently the President and Pro Vice Chancellor of Monash University Malaysia having previously been the Dean of Medicine at Universiti Malaya from 2011 to 2019. She is the Chairperson of the Malaysian AIDS Foundation and a former President of the International AIDS Society.

She holds numerous other positions in international bodies including as member of the WHO Science Council and Advisory Group of UNAIDS and is a Commissioner of the Global Commission on Drug Policy.

She has played a critical role in the national response to the COVID-19 pandemic through her involvement as Chair of the UMMC COVID-19 Taskforce and as Advisor to various state governments.

Her achievements have been recognised through several national and international awards including the Merdeka Award and a Doctor of Laws (honoris causa) from her alma mater, Monash University.

She has attended all Board Meetings held during the financial year ended 30 June 2024. She does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past 5 years. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2024.

She does not hold any directorship in other public companies and listed issuers.



The particulars of her shareholdings are set out on page 144 of this Annual Report.

Profile of Board of Directors

DATO' EDWARD SIEW MUN WAI

Independent
Non-Executive Director

Age
67

Gender
Male

Nationality
Malaysian

Dato' Edward Siew Mun Wai was appointed to the Board on 27 November 2020 as our Independent Non-Executive Director and member of the Audit Committee. On 29 November 2021, he was appointed as Chairman of the Remuneration Committee ("RC") and re-designated as Chairman of the Audit Committee. On 29 August 2022, he was appointed as a member of the Nomination Committee and Risk Management Committee. On 28 August 2023, he was appointed as a member of the Employee Share Option Scheme Committee, a sub-committee under the RC.

He is a Fellow Member of the Institute of Chartered Accountants in England & Wales (ICAEW), Business Finance Professional, a Chartered Accountant of the Malaysian Institute of Accountants and was awarded ICAEW's Certificate in Sustainability.

After completing his ICAEW with over 8 years public practice in London, he returned to Malaysia and worked briefly for a local bank until recruited to join HSBC in its Hong Kong headquarters. This was followed by over 26 years of international expatriation in C-suite roles at the L'Oreal Group and the Ciba-Geigy (now Novartis) Group, managing their subsidiaries in Melbourne, Seoul, Paris, Bangkok, Singapore, Jakarta, Taipei and Hong Kong. He was on the Boards of these subsidiaries representing the public listed parent company's interests.

Following his repatriation to Malaysia on the Talent Corp program, he was the Acting Global CEO/Global CFO of Crabtree & Evelyn London until its divestment. From 2011-2014, he was an Independent Director and Audit Committee Chairman of an ASX-listed junior mining company. He was Vice-Chairman of the Taipei English School and Board member of the Taipei European Schools, Associate Faculty Member of the Othman Yeop Abdullah Graduate School of Business at Universiti Utara Malaysia, current member of the Sunway University Business School Industry Advisory Board and a pro-bono guest speaker at various local universities and the Malaysian Institute of Corporate Governance.

Presently, he also sits on the board of directors of Malton Berhad and Prestar Resources Berhad as an Independent Non-Executive Director. He is a member of Malton Berhad's Audit Committee and Nomination Committee, Chairman of Prestar Resources Berhad's Audit Committee and a member of its Nomination and Remuneration Committees. In addition, he is an Executive Director of a private company operating a premium grocery brand.

He has attended all the Board Meetings held during the financial year ended 30 June 2024. He does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2024.



The particulars of his shareholdings are set out on page 144 of this Annual Report.

Profile of Board of Directors

CHEW FOOK AUN

Independent
Non-Executive Director

Age
62

Gender
Male

Nationality
Malaysian

Chew Fook Aun was appointed to the Board on 17 April 2023 as our Independent Non-Executive Director. On 28 August 2023, he was appointed as a member of the Audit Committee, Risk Management Committee, Remuneration Committee ("RC") and Alternate Chairman of the Nomination Committee and Chairman of the Employee Share Option Scheme Committee, a sub-committee under the RC.

Chew Fook Aun has over 30 years of experience in accounting, auditing and finance in the United Kingdom and Hong Kong. He graduated from the London School of Economics and Political Science of the University of London with a Bachelor of Science (Economics) Degree. He is a certified public accountant, a Fellow Member of The Institute of Chartered Accountants in England and Wales (ICAEW), the Hong Kong Institute of Certified Public Accountants (HKICPA) and The Hong Kong Institute of Directors (HKIoD).

He is the Deputy Chairman and Executive Director (until 1 June 2023) of the Lai Sun Group of companies which is listed on the Hong Kong Stock Exchange. With effect from 2 June 2023, he was re-designated as the Deputy Chairman and Non-Executive Director of Lai Sun Garment (International) Ltd, Lai Sun Development Company Ltd and Lai Fung Holdings Ltd as announced to the Hong Kong Stock Exchange. He has fully retired from all positions at the Lai Sun group of companies from 1 October 2023.

Prior to joining the Lai Sun Group, he was an executive director and the group chief financial officer of Esprit Holdings Limited, an executive director and the chief financial officer of The Link REIT. He was also the chief financial officer of Kerry Properties Limited, a director of corporate finance for Kerry Holdings Limited and an executive director of Kyard Limited in charge of the property portfolio of a private family office.

He was a council member of the Hong Kong Institute of Certified Public Accountants and its vice president in 2010. He was also a Council member of the Financial Reporting Council ("FRC"), a member of the Independent Audit Oversight Reform Committee and a member of the Investigation and Compliance Committee of the FRC. He was a member of the Advisory Committee of the Securities and Futures Commission, the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption ("ICAC"), the Corruption Prevention Advisory Committee of the ICAC and the Operations Review Committee of the ICAC. He was also a member of the Standing Committee on Company Law Reform of the Companies Registry.

He is presently a member of the Hong Kong Judiciary Barristers Disciplinary Tribunal Panel. He is a member of the Board of Directors of the Hong Kong Sports Institute Limited (HKSI) and its current Vice Chairman. He is also a member of the Board of the Directors of The Asian Youth Orchestra and a Council Member of the Hong Kong Polytechnic University. He was appointed as a board member of the Securities & Futures Commission in Hong Kong on 1 January 2023.

He has attended all the Board Meetings held during the financial year ended 30 June 2024. He does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2024.

He does not hold any directorships in other public companies and listed issuers in Malaysia.



The particulars of his shareholdings are set out on page 144 of this Annual Report.

Profile of Board of Directors

LAM JIUAN JIUAN

Non-Independent
Non-Executive Director

Age
72

Gender
Female

Nationality
Australian

Lam Jiuan Jiuan was appointed to the Board on 30 November 2012 as our Non-Independent Non-Executive Director. She is the Chairwoman of the Risk Management Committee and a member of the Nomination Committee. On 28 August 2023, she was appointed as a member of the Employee Share Option Scheme ("ESOS") Committee, a sub-committee under the Remuneration Committee. She has a vast 40 years of experience from the financial and corporate management industry.

She started out in 1976, where she joined the Commercial Banking Company of Sydney, as a management trainee, where she gained a wide spectrum of retail banking experience before moving on to join Tricontinental Australia Limited in 1978. In 1979, she moved to Hong Kong and joined Toronto Dominion Bank in its Asia and Australasia Division, responsible for credit approvals of banks/corporate and monitoring country limits.

In 1986, she joined the Canadian Imperial Bank of Commerce for three (3) years as the Corporate Marketing Manager in charge of major public listed companies and as well as corporate company accounts. She joined Barclays Bank PLC in 1989 as a private banker and resigned in June 2015 as a Senior Banker in the bank's Wealth Investment Management Division.

Subsequently, she worked in a private family office of one of the leading property developers in Hong Kong and had since retired in 2016. She has since been with the Hong Kong Office of Zedra Group, a major independent trust, corporate and fund services group, as Private Clients Advisor.

She graduated with a Bachelor of Economics majoring in Accounting and Commercial Laws from the University of Sydney, Australia in 1976. She is also a Fellow of Certified Public Accountant, Australia as well as a member of the Hong Kong Registered Financial Planners.

She has attended all Board Meetings held during the financial year ended 30 June 2024. Goh Yen Yen and Goh Leng Kian are her siblings and Goh Miah Kiat is her nephew. She is the spouse of Lam Yiu Pang, Albert, a major shareholder of the Company. She has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2024.

She does not hold any directorship in other public companies and listed issuers.



The particulars of her shareholdings are set out on page 144 of this Annual Report.

Profile of Board of Directors

GOH YEN YEN

Non-Independent
Non-Executive Director

Age
81

Gender
Female

Nationality
Malaysian

Goh Yen Yen was appointed to the Board on 30 November 2012 as our Executive Director in Administration with over 20 years of experience in handling human resource, finance and administration system, internal quality auditing and also hands-on experience in budget, control and overhead cost and capital expenditure.

She is a member of the Remuneration Committee. On 31 August 2018, she was re-designated from Executive Director to Non-Independent Non-Executive Director. She graduated with a Bachelor's Degree of Art in Geography with Honours from the University of Malaya in 1969. Prior to joining Karex in 1996, she was a teacher in various secondary schools in Johor for 26 years.

She has attended all the Board Meetings held during the financial year ended 30 June 2024. Lam Jiuan Jiuan and Goh Leng Kian are her siblings and Goh Miah Kiat is her nephew. She has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2024.

She does not hold any directorship in other public companies and listed issuers.

The particulars of her shareholdings are set out on page 144 of this Annual Report.



Profile of Board of Directors

GOH LENG KIAN

Executive Director
Technical and R&D

Age
69

Gender
Male

Nationality
Malaysian

Goh Leng Kian was appointed to the Board on 27 September 2012 as our Executive Director in Technical and Research and Development ("R&D"). He has over 30 years of experience in the rubber and latex industry.

His experience includes the establishment of the condom and catheter manufacturing plants, exposing him to a wide spectrum of roles including the supervision and management for the detail design, construction, installation, commissioning and testing of all related equipment, systems as well as the facilities of the projects.

His career started in 1980 with Ban Seng Hong Sdn Bhd as a Mechanical Engineer, where he was in charge of the engineering unit for the company's rubber processing facilities. He joined our Group in 1988. He is currently responsible for overseeing our Group's manufacturing facilities, including production and technical matters. This includes the construction and development of our condom dipping lines, electronic testing and foiling machines, R&D activities such as improving the dipping process, new automation to improve production efficiency and product quality and overall yield of the factories as well as sourcing of new packaging machinery. He graduated with a Bachelor of Science Degree with Honours in Mechanical Engineering from the Loughborough University of Technology, UK in 1979.

He has attended all the Board Meetings held during the financial year ended 30 June 2024. Goh Yen Yen and Lam Jiuan Jiuan are his siblings and Goh Miah Kiat is his nephew. He has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2024.

He does not hold any directorship in other public companies and listed issuers.



The particulars of his shareholdings are set out on page 144 of this Annual Report.

Profile of Board of Directors

GOH MIAH KIAT

Executive Director
Chief Executive Officer

Age
46

Gender
Male

Nationality
Malaysian

Goh Miah Kiat was appointed as our Chief Executive Officer on 29 July 2013. He became an integral part of our Group since 1999 and for over 10 years, he has been overseeing the marketing and logistics, international business dealings, brand development and coordination activities. He was appointed to the Board on 25 February 2020 as our Executive Director.

Goh Miah Kiat has been acting as a representative of Malaysia in TC 157 (the technical committee for the standardisation of non-systemic contraceptives and STI barrier prophylactics) since year 2000. He was appointed as the Independent Trustee of the Malaysian AIDS Foundation in 2024.

Throughout his career, Goh Miah Kiat has actively contributed to the development and promotion of condoms in Malaysia. He played a part in the development of the following:

- Global condom standard ISO4074
- MS ISO 16037:2010 in association with SIRIM, Malaysia
- ISCR/TC 8 - Non Systematic Contraceptives and STI Barrier Prophylactics

Goh Miah Kiat graduated with a Bachelor's Degree in Economics and Management from the University of Sydney in 1999. He was named winner of the Master and Overall categories of the Ernst & Young Entrepreneur of the Year 2016 Malaysia award.

He has attended all the Board Meetings held during the financial year ended 30 June 2024. He is the nephew of Goh Yen Yen, Lam Jiuan Jiuan and Goh Leng Kian, the Board members of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2024.

He does not hold any directorship in other public companies and listed issuers.



The particulars of his shareholdings are set out on page 144 of this Annual Report.

Profile of Key Senior Management

WONG YOUR CAN

Chief Strategy Officer

Age
47

Gender
Male

Nationality
Malaysian

Wong Your Can was appointed as our Chief Strategy Officer in October 2016. He holds a Bachelor of Business in Accountancy from RMIT University, Melbourne, Australia. He obtained his professional qualification from the Certified Public Accountant, Australia and is currently a Chartered Accountant with the Malaysian Institute of Accountants.

He began his career in the financial services industry with roles in financial reporting and assurance, gaining exposure across various industries. Following that, he accumulated working experience in the corporate finance space having raised funds in both the equity capital markets as well as debt capital markets. He was also involved in originating and executing a number of mergers and acquisitions.

He does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2024.

He does not hold any directorship in other public companies and listed issuers.



Profile of Key Senior Management

GOH CHOK SIANG

Chief Financial Officer

Age
53

Gender
Male

Nationality
Malaysian

Goh Chok Siang was appointed as our Chief Financial Officer in April 2013. He obtained his professional qualification from the Association of Chartered Certified Accountants and has been a Chartered Accountant with the Malaysian Institute of Accountants since 1999.

He has over 20 years of experience in overseeing a variety of finance functions and served as Lion Group’s Chief Accountant in 2007 where he was responsible for, amongst others, corporate exercises and financial reporting. He was also a Director in Wong Chau Hwa & Co, a public accounting firm where he was involved in strategy and business development prior to joining Karex.

He does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2024.

He does not hold any directorship in other public companies and listed issuers.



Corporate Governance Overview Statement

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Statement provides an overview of the application of the corporate governance practices of the Group during the financial year ended 30 June 2024 with reference to the three (3) main principles as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”) as follows:



PRINCIPLE A: Board Leadership and Effectiveness

1. Board Responsibilities
2. Board Composition
3. Remuneration

PRINCIPLE B: Effective Audit and Risk Management

1. Audit Committee
2. Risk Management and Internal Control

PRINCIPLE C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

1. Communication with Stakeholders
2. Conduct of General Meetings

The Board has also provided more disclosures on the application of each Practice in its Corporate Governance Report (“CG Report”). The CG Report was announced together with the Annual Report of the Company on 25 October 2024. Shareholders may download the CG Report through the Company’s website link at <https://www.karex.com.my/> for further details and are advised to read this overview statement together with the CG Report.

At the start of the financial year 2024, Karex was not a “Large Company” as defined in the MCCG. Overall, the Board is of the view that the Company has, in all material aspects, complied with the Practices as set out in the MCCG except for Practice 8.2 on the disclosure of the top five senior management’s remuneration on a named basis. The explanation for the departure of the above mentioned practice is reported in the announced CG Report.

Corporate Governance Overview Statement



PRINCIPLE A: Board Leadership and Effectiveness

1 Board Responsibilities

It is the overall governance responsibility of the Board of Directors (“the Board”) to lead and control the Group. The Board, while overseeing the strategic direction and conduct of the business, leads the Group within a framework of effective controls, strong corporate governance and ethics whilst embracing the responsibilities listed in the MCCG to effectively discharge the Board’s stewardship and fiduciary responsibilities.

The Board has defined and formalised its Board Charter and it is published on the Company’s website. The Board Charter serves as a reference for the Directors’ fiduciary duties and the functions of the Board Committees. The Board reviews the Board Charter periodically to ensure that it remains relevant and consistent with the Board’s objective, regulations and best practices. The Board is also guided by key matters reserved for the Board for its deliberation and decision to ensure that the direction and control of the Group’s businesses vested in its hands are managed and attended to effectively.

Certain Board authorities and discretion are delegated and conferred on the Executive Director and the Chief Executive Officer (“CEO”) as well as on properly constituted Committees comprising Non-Executive Directors which operate within clearly defined Terms of Reference (“TOR”).

There is a clear division of responsibilities between the Chairman and CEO to ensure an optimum and effective segregation of duty and authority. These key individuals play a vital role in bringing the Group to greater heights of success whilst ensuring strong foundation blocks of sustainability, corporate governance, transparency and integrity form part of its fundamentals.

The Board is currently led by Dato’ Dr. Ong Eng Long @ Ong Siew Chuan, a Senior Independent Non-Executive Director who provides strong leadership, instils and monitors good corporate governance practices, leadership and effectiveness of the Board. The Chairman of the Board is not a member of any of the Board Committee including the Nomination Committee (“NC”), the Remuneration Committee (“RC”) and the Audit Committee (“AC”).

The CEO, Goh Miah Kiat is responsible for the overall day-to-day running of the Group’s operating units and implementation of the Group’s policies and strategic plans established by the Board within a set of authorities delegated by the Board. The detailed roles and responsibilities of the Chairman and the CEO can be found in the Board Charter on the Company’s website at <https://www.karex.com.my/>.

The Executive Directors and CEO are responsible for making and implementing operational and corporate decisions while the Non-Executive Directors balance the Board’s accountability by providing their independent views, advice and judgment to safeguard the interests of the shareholders.

The Board has unrestricted and timely access to all information necessary for the discharge of its responsibilities. All Directors also have access to the services and advice of Management and other independent professionals, at the expense of the Group in the discharge of their duties.

The Board has identified Dato’ Dr. Ong Eng Long @ Ong Siew Chuan as the Chairman and Senior Independent Non-Executive Director, acting as the point of contact for shareholders to approach for concerns and seek clarification from the Board.

Corporate Governance Overview Statement

PRINCIPLE A: Board Leadership and Effectiveness

1 Board Responsibilities

Whistleblowing Policy

The Company has established a Whistleblowing Policy to provide clear lines of communication and reporting of concerns for employees at all levels as well as external parties such as suppliers, customers and other third parties. The channel for communication for whistleblowing can be made to the Board Chairman or AC Chairman via email to karex@whistleblowing.com.my or post to the following mailbox which is handled independently by the Group's Internal Auditor:

Moore Stephens Associates PLT

Suite 339, MBE 1 Mont Kiara Mall,
LG-13A, Lower Ground Floor, 1 Mont Kiara Mall,
No. 1, Jalan Kiara,
Mont Kiara, 50480, Kuala Lumpur.

The Whistleblowing Policy is published on the Company's website.

Anti-Bribery Policy

The Company has established an Anti-Bribery and Corruption Policy to have a clear and unambiguous policy statement on the Company's position regarding bribery and corruption i.e. a zero-tolerance approach against all forms of bribery and corruption. It sets out the guidelines which ensure business activities are conducted with integrity to avoid bribery and corruption in daily operations. The policy is disseminated to all employees together with an awareness training session and is made available and accessible on the Company's website at <https://www.karex.com.my/>.

Sustainability Governance

The Board recognises the importance of incorporating sustainability and governance alongside financial goals to achieve its long-term objectives. A Sustainability Working Committee led by CEO was established to focus on developing and implementing sustainability initiatives within the Company.

The Sustainability Working Committee reports to the Risk Management Committee which oversees the formulation, implementation and effective management of the Company's sustainability strategies and targets. These strategies will be reviewed by the Board to ensure that the Company makes responsible decisions to achieve long term growth that is inclusive of all stakeholders. Further sustainability details could be found in the Sustainability Statement on pages 17 to 43 of this Annual Report.

Company Secretary

The Board is assisted by two (2) qualified and competent Company Secretaries. All Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries advise the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.

Further information of the roles and responsibilities carried out by the Company Secretaries are set out in Practice 1.5 of the Company's CG Report.

Board Commitment

The underlying factors of the Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets. Board meetings and Board Committee meetings for the ensuing financial year are scheduled in advance in consultation with the Directors to ensure optimum attendance. The Board meets at least once every quarter and on other occasions, as and when necessary, to inter-alia approve quarterly financial results, statutory financial statements, the Annual Report, business plans, acquisition and expansion, as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development matters. Where appropriate, the Board may resolve and approve various matters by way of written resolutions.

The Board papers are circulated to the Board members prior to the Board meetings to provide the Directors with relevant and timely information to enable them to conduct proper deliberation on board issues and to discharge their responsibilities with reasonable due care, skills and diligence.

Corporate Governance Overview Statement

The minutes of the Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes at the commencement of the next Board meeting. The Board also noted the decisions and salient issues deliberated by Board Committees through the reports of the respective committees' chairperson and the minutes of the respective Board Committees.

During the financial year, five (5) Board meetings were held. The Directors' attendance at Board and Board Committee meetings held during the financial year are provided below:

Director	Meeting Attendance				
	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Dato' Dr. Ong Eng Long @ Ong Siew Chuan Chairman Senior Independent Non-Executive Director			–	–	–
Professor Dato' Dr. Adeeba binti Kamarulzaman Independent Non-Executive Director					
Dato' Edward Siew Mun Wai Independent Non-Executive Director					
Chew Fook Aun Independent Non-Executive Director			–	–	
Lam Juan Juan Non-Independent Non-Executive Director		–		–	
Goh Yen Yen Non-Independent Non-Executive Director		–	–		–
Goh Leng Kian Executive Director		–	–	–	–
Goh Miah Kiat Executive Director Chief Executive Officer		–	–	–	–

Corporate Governance Overview Statement

PRINCIPLE A: Board Leadership and Effectiveness

1 Board Responsibilities

The Directors recognise the need to attend trainings to enable them to discharge their duties effectively. The training needs of each Director are identified and proposed by the individual Directors or NC.

The following are trainings attended by the Directors during the financial year:

Director	Trainings Attended
Dato' Dr. Ong Eng Long @ Ong Siew Chuan Chairman Senior Independent Non-Executive Director	<ul style="list-style-type: none"> Chemistry and Technology Information Series – Deciphering the Discoloration in the Production Process of Natural Rubber Association of Materials, Vibration & Insulation Practitioners (“AMVIP”) Sustainability Conference 2023 Sustainable Development Goals and Environmental, Social and Governance (“ESG”) Synergised with Green Chemistry Panel Speaker
Professor Dato' Dr. Adeeba binti Kamarulzaman Independent Non-Executive Director	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II – Leading for Impact Monash University Mandatory Training – Modern Slavery Monash University Mandatory Training – Cyber Security SME ESG Symposium – Monash University Malaysia – Alliance Bank – UN Global Compact Network Malaysia & Brunei (“UNGCMYB”)
Dato' Edward Siew Mun Wai Independent Non-Executive Director	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II – Leading for Impact Advocacy Session for Directors and CEOs of Main Market Listed Issuers – Bursa Malaysia Conflict of Interests by Directors – Asia School of Business / Iclif Education Centre Ethics from Theory to Practice – Institute of Chartered Accountants in England & Wales (“ICAEW”)
Chew Fook Aun Independent Non-Executive Director	<ul style="list-style-type: none"> Management of Cyber Risk Mandatory Accreditation Programme Part II – Leading for Impact
Lam Jiuan Jiuan Non-Independent Non-Executive Director	<ul style="list-style-type: none"> Society of Registered Financial Planners “The Current Situations of Hidden Champions and Unicorn in 2023” Management of Cyber Risk Australian CPA Virtual Congress Deutsche Bank Luncheon “Chief Investment Officer’s View” – “Finding Growth” Mandatory Accreditation Programme Part II – Leading for Impact
Goh Yen Yen Non-Independent Non-Executive Director	<ul style="list-style-type: none"> Briefing and Consultation on E-Invoicing Implementation Navigating ESG Risk in the Supply Chain Mandatory Accreditation Programme Part II – Leading for Impact
Goh Leng Kian Executive Director	<ul style="list-style-type: none"> Briefing and Consultation on E-Invoicing Implementation Navigating ESG Risk in the Supply Chain Mandatory Accreditation Programme Part II – Leading for Impact
Goh Miah Kiat Executive Director Chief Executive Officer	<ul style="list-style-type: none"> Briefing and Consultation on E-Invoicing Implementation Navigating ESG Risk in The Supply Chain The 39th meeting of ISO/TC 157

During the financial year, the Board adopted the Non-Assurance Services Policy.

Corporate Governance Overview Statement

2 Board Composition

The Board has eight (8) members comprising one (1) Senior Independent Non-Executive Director who is also the Chairman, three (3) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors, constituting more than one-third (1/3) of Independent Directors.

The Board Chairman, being independent and non-executive chairs effective meetings and discussions, promotes active participation and critical discussions among the Board Members and Senior Management.

Pursuant to the constitution of the Company, an election of Directors shall take place each year at the Annual General Meeting ("AGM") of the Company, where one-third (1/3) of the Directors for the time being, or nearest to one-third (1/3) shall retire from office and be eligible for re-election.

The Board values independence greatly as it is important for ensuring objectivity and fairness in the Board's decision making. All Independent Directors of the Board comply with the criteria of 'independent directors' as prescribed in the MMLR.

The Board has adopted the following practices of the MCCG in order to uphold the independence of Independent Directors:

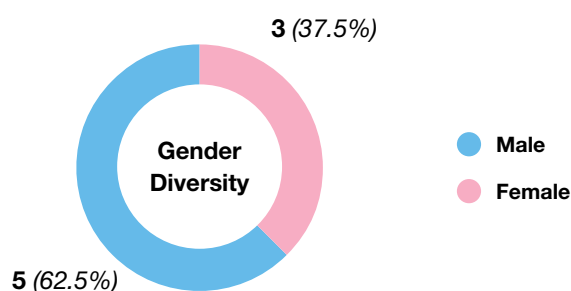
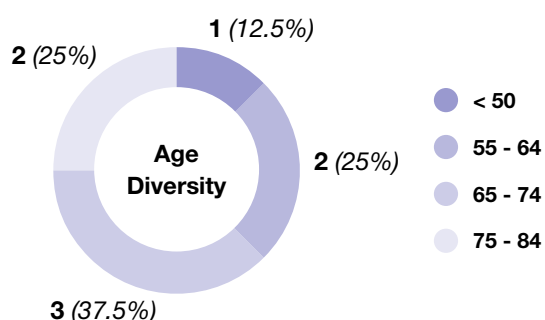
- (i) Subject to the Board's justification and shareholders' approval, tenure of Independent Directors should not exceed a cumulative term of nine (9) years; and
- (ii) Assessment of independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to board deliberation and the regulatory definition of Independent Directors.

An Independent Director may continue to serve the Board upon completion of the nine (9) years subject to re-designation of the Independent Director as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, the Board will provide justification for its decision and seek shareholders' approval through a two-tier voting process. All the independent directors have served the Board for less than nine (9) years as at 30 June 2024 except for the Senior Independent Non-Executive Director, Dato' Dr. Ong Eng Long @ Ong Siew Chuan who has reached a cumulative term of more than nine (9) years of service on the Board. In the 11th AGM, Dato' Dr. Ong Eng Long @ Ong Siew Chuan was given approval from the shareholders to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company.

The Board is satisfied with the level of independence demonstrated by the Independent Directors, their performance and contributions, as well as the ability to act in the best interest of the Company and/or the Group.

The Board Members have diverse backgrounds and experiences in various fields. Collectively, they bring a broad range of skills, experience and knowledge to direct and manage the Group's businesses. Championing diversity and equality within the Group, the Board provides fair and equal opportunities to individuals regardless of age, race or gender. As such, there are three (3) capable female directors sitting on the Board, accounting for 37.5% of the Board's composition. The Board embraces diversity in the boardroom and views diversity as an imperative and believes that diversity is required to support the execution of its business strategy. Therefore, a range of perspectives coming from different walks of lives and various experiences at the Senior Management level of the Group is also highly cultivated. Accordingly, the Board does not discriminate any board member and board candidate on the grounds of race, gender, nationality, religion, sexual orientation and family status.

The current diversity in age distribution and gender of the existing Board is as follows:



The Diversity Policy can be found on the Company's website at <https://www.karex.com.my/>.



Corporate Governance Overview Statement

PRINCIPLE A: Board Leadership and Effectiveness

2 Board Composition

NOMINATION COMMITTEE (“NC”)

The NC is established and maintained to ensure that there are formal and transparent procedures for the evaluation and appointment of new directors to the Board and for the performance appraisal of directors. The current NC comprising Non-Executive Directors with a majority being Independent Non-Executive Directors are as follows:

 CHAIRWOMAN	 MEMBERS		
PROFESSOR DATO’ DR. ADEEBA BINTI KAMARULZAMAN Independent Non-Executive Director	DATO’ EDWARD SIEW MUN WAI Independent Non-Executive Director	LAM JIUAN JIUAN Non-Independent Non-Executive Director	CHEW FOOK AUN Independent Non-Executive Director

The TOR sets out the duties and functions of the NC and can be found on the Company’s website.

The Company adopted the Directors’ Fit and Proper Policy to guide the NC and the Board in reviewing and assessing potential candidates for appointment and re-election as Directors of the Company and its subsidiaries.

The Board recognises the value of appointing individual directors who bring a diversity of opinions, perspectives, skills, experiences, backgrounds and orientations to its discussions and decision-making processes.

In this context, and with the Board’s mandate, the NC establishes criteria to appraise its Board members focusing on:

- Constructive interaction during board meetings;
- Quality inputs and sharing of insights on board agenda;
- Board meeting attendance and preparation; and
- Independence for independent directors.

The NC is responsible for reviewing and making recommendations of any appointments to the Board for approval based on the size of the Board, the relevant mix of skills, experiences and other qualities of the candidates. The NC leverages on the Directors’ wide network of professional and business contacts as well as various channels to identify suitable qualified candidates. The Board has also utilised independent sources to identify suitably qualified candidates for new appointment to the Board. For appointment of an Independent Director, the NC would also assess whether the candidate meets the requirements for independence based on the criteria prescribed under the MMLR of Bursa Malaysia.

The NC reviews the tenure and performance of each retiring director, where the re-election of a director would be contingent on satisfactory evaluation of the director’s performance and contribution to the Board.

The NC (save for Lam Jiuan Jiuan) who abstained on her own re-election), having assessed the performance of Goh Leng Kian, Lam Jiuan Jiuan and Goh Yen Yen, recommended the re-election of the aforesaid retiring Directors for re-election at the forthcoming 12th AGM and agreed that they meet the criteria of character, experience, competence and time to effectively discharge their respective roles as Director.

The NC assists the Board in reviewing the composition of the Board members annually and ensures that the current composition of the Board functions competently and effectively.

Corporate Governance Overview Statement

The NC has conducted one (1) meeting during the financial year and a summary of key activities undertaken by the NC in discharging its duties are as below:

- Reviewed and assessed the performance and effectiveness of the Board as a whole, the Board Committees, and the contribution of each individual director;
- Reviewed and recommended to the Board on the composition of the Executive and Non-Executive Directors on the Board and Board Committees of the Company;
- Reviewed and recommended to the Board the revised composition of the Board Committee of the Company in line with the MCCG 2021;
- Reviewed and assessed the independence of Independent Directors;
- Reviewed and assessed the terms of office and performance of the AC and each of its members;
- Reviewed and assessed the performance of the Senior Management;
- Reviewed the re-election of Directors at the 11th AGM of the Company; and
- Assessment of continuance in office of Dato' Dr. Ong Eng Long @ Ong Siew Chuan as Independent Director at the 11th AGM of the Company.

Based on the NC's assessment, the Board concluded that the current size and composition of the Board is balanced and sufficient for the time being. Utilising diverse skills, experience and knowledge, the Board as a whole and its Board Committees have been effective in discharging their functions. The NC and the Board are generally satisfied with the level of independence demonstrated by all the Independent Directors and their ability to bring independent and objective judgment to the Board deliberations. The NC also opined that the AC and all its members have carried out their duties in accordance with the TOR.



Corporate Governance Overview Statement

PRINCIPLE A: Board Leadership and Effectiveness

3 Remuneration

REMUNERATION COMMITTEE ("RC")

The RC is responsible for reviewing and recommending to the Board the remuneration policy and remuneration packages of Directors. They also consider the recommendation of the CEO regarding the remuneration of his Senior Management team. Composition of the RC are as follows:

 CHAIRMAN	 MEMBERS		
DATO' EDWARD SIEW MUN WAI Independent Non-Executive Director	PROFESSOR DATO' DR. ADEEBA BINTI KAMARULZAMAN Independent Non-Executive Director	GOH YEN YEN Non-Independent Non-Executive Director	CHEW FOOK AUN Independent Non-Executive Director

A sub-committee, Employees' Share Option Scheme ("ESOS") Committee was set up under the RC comprising Chew Fook Aun as the Chairman and Dato' Edward Siew Mun Wai and Lam Juan Jiuan as its members to assist the Board to implement and administer the ESOS in accordance with the provisions of the By-Laws.

The TOR sets out their duties and functions of the RC and ESOS Committee can be found on the Company's website.

The RC annually reviews the remuneration packages of the Executive and Non-Executive Directors for recommendation and approval by the Board. The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. All Directors shall abstain from participating in the decision making of his or her remuneration.

The RC also oversees the Senior Management's remuneration based on the recommendations of the CEO who has in turn appraised each Senior Management on their Key Performance Indicators and deliverable business results, experience, expertise, skills and industry benchmarks. This remuneration is maintained at a level which enables the Company to attract, develop and retain high performing individual with the relevant experience and expertise.

The remuneration packages for the Executive Directors and Senior Management comprises fixed basic salary, benefits in kind and allowances as well as variable component comprising the annual discretionary performance bonus. The Non-Executive Directors' remuneration package comprises Directors' fees and meeting allowances which reflect individual's roles and responsibilities.

During the financial year, one (1) RC meeting was held to review and recommend the adjustment of Directors' remunerations and fees for the Board's and shareholders' approval respectively.

Subject to the shareholders' approval at the forthcoming AGM, the proposed Non-Executive Directors' fee for the financial year ended 30 June 2024 is RM545,000 whilst their benefits, comprising of meeting allowances are proposed to be capped at RM61,000 for the period from 1 December 2024 to 30 November 2025.

Corporate Governance Overview Statement

DIRECTORS' REMUNERATION

The breakdown of the Directors' remuneration for the year ended 30 June 2024 are as follows:

Director	Group					Company		
	Fees ¹ RM	Salaries, Bonuses & Allowances ² RM	Benefits ³ RM	EPF RM	Total RM	Fees ¹ RM	Allowances ² RM	Total RM
Dato' Dr. Ong Eng Long @ Ong Siew Chuan	120,000	3,500	-	-	123,500	120,000	3,500	123,500
Professor Dato' Dr. Adeeba binti Kamarulzaman	90,000	7,000	-	-	97,000	90,000	7,000	97,000
Dato' Edward Siew Mun Wai	97,500	7,500	-	-	105,000	97,500	7,500	105,000
Chew Fook Aun	67,500	5,500			73,000	67,500	5,500	73,000
Lam Jiuan Jiuan	90,000	4,500	-	-	94,500	90,000	4,500	94,500
Goh Yen Yen	80,000	3,500	-	-	83,500	80,000	3,500	83,500
Goh Leng Kian	-	754,300	21,750	142,747	918,797	-	3,000	3,000
Goh Miah Kiat	-	2,193,740	21,750	402,800	2,618,290	-	3,000	3,000
	545,000	2,979,540	43,500	545,547	4,113,587	545,000	37,500	582,500

¹ Fees paid to Non-Executive Directors

² Salaries, bonuses and meeting allowances for Directors' attendance at each Board and Board Committee meeting

³ Benefits in terms of car-related benefits

SENIOR MANAGEMENT'S REMUNERATION

The Board deliberated and concluded that the disclosure of Senior Managements' remuneration including the key management personnel in the Audited Financial Statements was adequate. This approach was arrived at having taken into consideration the sensitivity of Senior Managements' remuneration packages and the potential privacy, security and potential staff poaching issues that may arise due to disclosure.

The Board wishes to provide assurance that the remuneration of Senior Management is continuously evaluated based on individual performance and potential to contribute in relation to the Group's overall performance and market benchmarking.

Corporate Governance Overview Statement

PRINCIPLE B: Effective Audit and Risk Management

1 Audit Committee ("AC")

The Board has established an effective and independent AC, comprising of highly accredited members who have vast experience in various fields. Presently, the AC comprises solely of Independent Non-Executive Directors and the Chairman of the AC is not the Chairman of the Board.

The responsibilities, composition and summary of work for the AC are outlined in the AC Report on pages 69 to 71 of this Annual Report.

The AC complies with the recommendation of MCCG requiring all members to be independent and at least one member fulfils the qualifications prescribed by the MMLR. Independence is an essential element for the AC members to fulfil their roles objectively and to provide critical and sound views in ensuring the integrity of financial controls and integrated reporting, while identifying and managing key risks. All members of the AC are financially literate. The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC and the said policy has been incorporated in the TOR of the AC which is available on the Company's website.



The Board has defined its policy on suitability and independence of External Auditors engaged to assess, review and evaluate the Group's financial matters. In accordance with this policy, the AC will review the qualification, audit performance and execution, provision of non-assurance service and tenure of service of the External Auditors. Annually, the AC also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the Board and subsequently to the shareholders for re-appointment during the AGM.

KPMG PLT, the existing External Auditors of the Company, has in place a policy on rotation for partners of an audit engagement to ensure objectivity, independence and integrity of the audit. The External Auditors have declared their independence to the Group and their compliance with By-Laws (on professional ethics, conduct and independence) of the Malaysian Institute of Accountants.

2 Risk Management and Internal Control

The Board acknowledges its overall responsibilities for establishing and maintaining sound risk management and internal control systems, and for reviewing its adequacy and integrity.

The Board has an established on-going process for identifying, evaluating and managing significant risks which may affect the Company's business objectives. The Board through its Risk Management Committee ("RMC") reviews this process to ensure the internal control and risk management framework is adequate and effective. The present composition of the RMC are as follows:

 CHAIRWOMAN	 MEMBERS		
LAM JIUAN JIUAN Non-Independent Non-Executive Director	PROFESSOR DATO' DR. ADEEBA BINTI KAMARULZAMAN Independent Non-Executive Director	DATO' EDWARD SIEW MUN WAI Independent Non-Executive Director	CHEW FOOK AUN Independent Non-Executive Director

The details of the Group's risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control on pages 73 to 77 of the Annual Report.

The internal audit function is outsourced to Moore Stephens Associates PLT, a chartered accounting firm. The internal audit function is headed by an Executive Director, with the support of a manager to oversee the audit assignments and an average of two (2) executives to carry out the audit fieldworks.

The Executive Director in charge is a certified internal auditor and Chartered Member of Institute of Internal Auditors Malaysia, while the other team members are university graduates with adequate experience. The Internal Auditors have performed their work with reference to the principles of the International Professional Practice Framework of the Institute of Internal Auditors. The AC will review the engagement between the Group and the Internal Auditors to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.

Corporate Governance Overview Statement

PRINCIPLE C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

1 Communication with Stakeholders

Corporate disclosure and information are of the utmost importance for investors and shareholders. The Board is advised by Management, the Company Secretaries and the External and Internal Auditors on the contents and timing of disclosure requirements of the MMLR on the financial results and various announcements. The Board ensures that there is timely release of quarterly financial results, circulars, annual reports, corporate announcements and press releases. In addition to the various announcements made, further information regarding the Company is available on the Company's website at <https://www.karex.com.my/>.

Promoting sustainability is part of the corporate responsibility of the Group. The Board has reported the sustainability initiatives undertaken by the Group on pages 17 to 43 of this Annual Report.

2 Conduct of General Meetings

It has always been the Company's practice to maintain a good relationship with its shareholders. Major corporate developments and activities in the Company have always been duly and promptly announced to all shareholders, in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices. The CEO also holds regular analyst briefings and investor relations meetings as part of the Company's investor relations initiatives.

The CEO presents the Company's performance and major activities carried out during the financial year under review in each AGM to provide meaningful information and encourage shareholder participation. During the AGM, shareholders have the opportunity to enquire and comment on the Company's performance, Company's direction and development, and operations. Similar information is also shared in the press conferences or press releases, if held during the year.

Given the significance of the AGM, the Notice of AGM is circulated at least twenty eight (28) days before the date of the meeting to provide shareholders sufficient time to go through the Annual Report and papers supporting the proposed resolutions.

All the resolutions set out in the Notice of the 11th AGM were put to vote by poll and duly passed. The outcome of the AGM was announced to Bursa Securities on the same day as the meeting.

The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All Directors including the Chair of all the respective Board Committees attended the last AGM, where the CEO provided shareholders with a brief review on the Group's financial performance and operations. The Board and the CEO also responded to questions posed by the shareholders. The Company has in the past published a summary of key matters discussed from each AGM on the website following the conclusion of each AGM. Moving forward, in an effort to improve transparency and communications with its' shareholders, the Company intends to publish the minutes of the forthcoming AGMs within 30 business days from each AGM.

The last AGM on 27 November 2023 was held virtually via an online meeting platform.

Shareholders who are unable to attend are allowed to appoint proxies to attend, participate, interact and vote on their behalf.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board dated 10 October 2024.

Additional Compliance Information

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad as set out in Appendix 9C for the financial year ended 30 June 2024, unless otherwise stated:

1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year.

2. Audit and Non-Audit Fees

For the financial year ended 30 June 2024, the amount of audit and non-audit fees paid by the Company and the Group to KPMG PLT and its affiliates are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fees paid to external auditors and its affiliates				
Audit fees	447	424	96	91
Non-audit fees	5	5	5	5

3. Material Contracts Involving the Interest of Directors, Chief Executive and Major Shareholders

There was no material contract entered into by the Group involving the interest of Directors, Chief Executive and Major Shareholders, either subsisting as at the end of the current financial year or entered into since the end of the previous financial period.

The Chief Executive Officer is the Chief Executive who oversees and is primarily responsible for the overall group business operations.

4. Recurrent Related Party Transactions

The recurrent related party transaction of revenue nature incurred by the Group for the financial year did not exceed the threshold prescribed under Paragraph 10.09(1) of the MMLR.

5. Employees Share Option Scheme (“ESOS”)

At an Extraordinary General Meeting held on 8 June 2023, the Company’s shareholders approved the establishment of the ESOS of not more than 10% of the issued and paid-up ordinary share capital of the Company to eligible Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years from the implementation date of 10 October 2023.




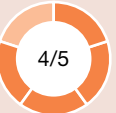
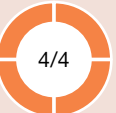

No options have been issued since the establishment of the ESOS.

Audit Committee Report

The Board of Karex Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2024.

COMPOSITION AND MEETINGS

The Audit Committee (“AC”) comprises the following members and details of their attendance at the five (5) meetings held during the financial year ended 30 June 2024 are as follows:

 CHAIRMAN	 MEMBERS		
DATO’ EDWARD SIEW MUN WAI Independent Non-Executive Director ATTENDANCE 	PROFESSOR DATO’ DR. ADEEBA BINTI KAMARULZAMAN Independent Non-Executive Director ATTENDANCE 	CHEW FOOK AUN Independent Non-Executive Director ATTENDANCE 	DATO’ DR. ONG ENG LONG @ ONG SIEW CHUAN Senior Independent Non-Executive Director (Resigned on 28 August 2023) ATTENDANCE 

The AC Chairman, Dato’ Edward Siew Mun Wai, is a Fellow Member of the Institute of Chartered Accountants in England & Wales (ICAEW), Business Finance Professional and a Chartered Accountant of the Malaysian Institute of Accountants. Accordingly, the Company complies with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

During the financial year, the Nomination Committee has reviewed the performance and effectiveness of the AC based on the criteria as stated in the Corporate Governance Overview Statement and reported that the AC and its members have discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

Further details of each AC member are listed under the Profile of Directors as set out on pages 46 to 53 of this Annual Report.

TERMS OF REFERENCE (“TOR”)

The TOR of AC are published on the corporate website of the Company at <https://www.karex.com.my/> for shareholders’ reference pursuant to Paragraph 15.11 of MMLR. These TOR were updated in accordance with the latest practices in the Malaysian Code on Corporate Governance issued by Securities Commission on the provisions of the composition requirements of AC members as well as the roles of AC Chairman and members.

Audit Committee Report

SUMMARY OF WORK

The work carried out by the AC during the financial year with respect to their responsibilities are summarised as follows:

Ensuring Financial Statements Comply with Applicable Financial Reporting Standards:

- (a) Reviewed the financial positions, unaudited quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The review is to ensure that the Group's unaudited quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the approved Malaysian Financial Reporting Standards and disclosure provision of the MMLR;
- (b) Reviewed the audited financial statements for the financial year ended 30 June 2024 and discussed with the Management and External Auditors on the accounting principles and standards that were applied in the annual audited financial statements. As part of this review, the AC also considered the integrity of information in the financial statements focusing particularly on:
 - significant adjustments resulting from the audit, going concern assumption, completeness of disclosures and compliance with accounting standards;
 - changes in and implementations of major accounting policies and practices to the Group, if any;
 - significant matters and unusual events or transactions highlighted by the External Auditors;
 - how these significant matters were addressed including the judgement of those involved and reservations, if any arising from the audit; and
- (c) Reviewed and made the recommendations to the Board in respect of the proposed dividends.

Reviewing the Audit Findings of the External Auditors and Assessing their Performance, Suitability and Independence:

- (a) Reviewed the audit plan of the External Auditors covering their scope of audit, methodology and timetable, audit materiality and areas of focus prior to the commencement of their annual audit;
- (b) Assessed and discussed the External Auditors' audit status report covering the key audit matters, audit findings and recommendations relating to internal control deficiencies;
- (c) Met the External Auditors without the presence of executive Board Members and Management to further discuss matters arising from audit and assessed the co-operation and assistance given by Management to the External Auditors; and
- (d) Reviewed the fees and expenses paid to the External Auditors, including fees paid for non-assurance services, if any, during the year and assessed the independence of the External Auditors for the re-appointment as External Auditors. The AC is of the opinion that the independence of the External Auditors has not been compromised based on the independent confirmation provided by the External Auditors.

Reviewing the Audit Findings of the Internal Auditors and Assisting the Board in Reviewing the Effectiveness and Adequacy of Systems of Internal Control in the Key Operation Processes:

- (a) Discussed with the Internal Auditors on the progress and coverage of the audit plan in its quarterly meetings to ensure that the audit scope remains relevant taking into consideration changes in the Group's operating environment;
- (b) Reviewed and discussed with the Internal Auditors, their audit findings, recommendations made, Management's responses to the audit findings and proposed action plans, including those issues arising during the course of audit (in the absence of Management, where necessary);
- (c) Reviewed the effectiveness and efficiency of the internal controls system in place and the risk factors affecting the Group as well as the action plans taken by Management to resolve the issues to ensure adequacy of the internal controls system;
- (d) Reviewed and established frameworks to address past internal audit findings, whilst further strengthening the Group's internal processes; and
- (e) Assessed the adequacy of the scope, independence, competency and cost of the Internal Audit function to ensure efficient and effective functionality of the Internal Auditors.

Audit Committee Report

Overseeing Governance Practices in the Company:

- (a) Reviewed the Corporate Governance Report, Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report;
- (b) Monitored the Group's involvement in related party transactions and ensured that these transactions were performed at arm's length basis, on normal commercial terms, and were not detrimental to the interests of minority shareholders;
- (c) Reviewed and assessed the adequacy of the Conflict of Interest ("COI") Policy and its control procedures and recommended the policy to the Board for approval;
- (d) Reviewed any potential COI situations that may arise within the Group and the measures undertaken to mitigate such conflicts, if any;
- (e) Report to and update the Board on significant issues and concerns discussed during the AC meetings and where appropriate, made the necessary recommendation to the Board;
- (f) Reviewed the performance of the External and Internal Auditors to evaluate their effectiveness in discharging their duties and responsibilities; and
- (g) Reviewed and recommended to the Board the adoption of Non-Assurance Services Policy.

INTERNAL AUDIT FUNCTIONS

The Group's internal audit function was outsourced to Moore Stephens Associates PLT, a chartered accounting firm. The outsourced Internal Auditors reports directly to AC and assist the Board via the AC in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control systems.

The Internal Auditors have performed their work in accordance with the principles of the international professional practice framework on internal auditing covering the conduct of audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit is focused on relevant and appropriate risk areas, an internal audit plan was developed in consultation with Management, taking into consideration the Group's structure, concerns and the challenges faced. A new internal audit plan will be proposed and presented to the AC when appropriate for deliberation and approval before internal audit reviews are carried out.

The summary of work conducted and reported by the Internal Auditors to the AC during the AC's quarterly meetings in the current financial year are as follows:

- (i) Assessed the effectiveness and control procedures of inventory management and health, safety and environment functions of a subsidiary;
- (ii) Assessed the effectiveness and control procedures of order-to-cash, human resources, and information technology functions of an oversea manufacturing facility;
- (iii) Assessed the effectiveness and control procedures of general financial reporting functions of the Group and its subsidiaries;
- (iv) Assessed the effectiveness and control procedures of procurement and supply chain management of Group and its subsidiaries; and
- (v) Conducted follow-up reviews quarterly with Management to ensure implementation of the agreed audit recommendations.

The fee for internal audit function of the Group for the financial year ended 30 June 2024 was RM100,000.

This report is made in accordance with the resolution of the Board dated 10 October 2024.

Directors' Responsibility Statement

The Directors of Karex Berhad ("the Company") are required to prepare financial statements for each financial year which have been made in accordance with the applicable financial reporting standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state affairs of the Company and of the Group at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements of the Company and of the Group for the financial year ended 30 June 2024, the Directors of the Company have:-

- Adopted suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that applicable financial reporting standards have been followed; and
- Prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, upon making enquiries, that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible to ensure that the Company and the Group maintain proper accounting records that disclose their financial positions with reasonable accuracy, in compliance with the Companies Act 2016.

The Directors are also responsible for taking such steps which are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraudulent and irregular activities.

Statement on Risk Management and Internal Control

The Board of Directors (“the Board”) is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 30 June 2024. This Statement is prepared pursuant to paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements (“MMLR”) and is guided by the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers” (“the Guidelines”) endorsed by Bursa Malaysia Securities Berhad (“Bursa Securities”).

BOARD’S RESPONSIBILITY



Committed towards the maintenance of a sound internal control system and effective risk management structure, the Board sets appropriate policies on internal control and constantly seeks assurance of the adequacy and effectiveness of them. These policies and guidelines comply with applicable laws and rules of risk management, including the best practices prescribed by the Malaysian Code of Corporate Governance.

The Board is also responsible for setting the business direction and for overseeing the conduct of the Group’s management and operations, including building a stronger foundation of internal controls to effectively manage and mitigate risks faced by the Group. This solid ethical foundation of internal controls has been ingrained into the Group’s corporate culture as a mechanism to safeguard shareholders’ interests and the Group’s assets.

RISK MANAGEMENT AND INTERNAL CONTROLS

As part of the Group’s endeavour to continuously uphold high sustainability standards of corporate governance practices, the Board has established a Risk Management Committee (“RMC”), specifically to perform risk assessment, particularly to identifying and analysing risks which could potentially affect the Group. This Committee is further assisted by the Group’s Senior Management, who collectively form the Risk Management Working Committee (“RMWC”).

COMPOSITION OF THE RMC

 CHAIRWOMAN	 MEMBERS		
LAM JIUAN JIUAN Non-Independent Non-Executive Director	PROFESSOR DATO’ DR. ADEEBA BINTI KAMARULZAMAN Independent Non-Executive Director	DATO’ EDWARD SIEW MUN WAI Independent Non-Executive Director	CHEW FOOK AUN Independent Non-Executive Director

RISK MANAGEMENT

The RMWC carries the responsibility of identifying, evaluating, monitoring and managing key risk areas which could potentially affect the achievement of the Group’s business objectives and strategies. Identification of an appropriate risk appetite that matches the structure, risk profile, complexity, activities and size of the Group is also performed by the RMWC, which is subsequently presented to the RMC for approval.

The RMC then continues to assess the key risks, controls and action plans identified to mitigate and manage the Group’s risk exposure as part of its continuous efforts to further strengthen the Group’s existing risk management framework. Major risks identified, together with the RMWC’s proposed action plans are then presented to the Board.

Statement on Risk Management and Internal Control

Throughout the financial year in review, two (2) meetings were conducted by the RMC, which revolved around the analysis of emerging and existing strategic risks faced by the Group and the establishment of solid mitigation plans in managing the identified risks. Key matters raised during the meeting are as follows:

Key Risk Focus	Key Mitigation Plan
Information Technology ("IT") Risks	<ul style="list-style-type: none"> Apart from designated authorised users, staff have limited access to websites and are restricted from downloading software onto their workstations without prior approval from the IT Department. Only authorised personnel are able to access servers and share information whilst conducting virtual meetings. Alerts, simulations and regular training are conducted to ensure employees are aware of the latest phishing schemes. The latest information regarding IT developments and security is published on the Company's intranet to closely monitor the IT risks. Engagement of independent information technology security vendors to perform a security assessment and provide recommendations for improvement. Back-up systems, equipment and networks have been established to reduce downtime and minimize data loss during network disruptions. The Group has established an IT Disaster recovery plan that is frequently tested and updated in order to minimise potential data loss.
Labour Risks and Foreign Workers Risks	<ul style="list-style-type: none"> The Group continues to undertake various social compliance audits that are conducted by reputable independent parties in order to ensure that labour standards are continuously upheld to international standards. The Group maintains a direct whistleblowing channel of communication for employees and other external stakeholders should they feel the need to express concerns regarding their working conditions or human rights violations. In addition to the essential certifications such as the Occupational Safety and Health Administration certifications, our manufacturing facilities also electively undergo audits from the Sedex Members Ethical Trade Audit ("SMETA") which evaluate a variety of labour protocols including Labour Standards, Health and Safety, Environment and Business Ethics. Continue to explore efficiency improvements and implement greater degrees of automation to reduce dependency on labour within manufacturing processes. Progressively implement better conditions to improve the working environment at our facilities in order to attract and develop the best local talent.
Supply Chain Risk	<ul style="list-style-type: none"> The Group established a dedicated strategic sourcing department to improve ability to source for competitive rates, consistent and better-quality materials and reduce the occurrence of delivery delays. Efforts have been made to diversify the supplier base and establish contingency suppliers in order to ensure that there is minimal disruption to our logistics and supply of raw materials. The Group has explored several initiatives to optimise container utilisation with regards to shipments to subsidiaries in the USA and UK to reduce costs. Efforts have been made to shift the delivery terms to Free on Board (FOB) from traditional terms of Cost, Insurance and Freight (CIF) in order to reduce exposure to fluctuations in freight charges. To secure buffer stocks of raw materials in order to prevent delivery delays and reduce price volatility that may disrupt production. To continue to implement and improve our Supplier Development Program including performing audits on our suppliers in order to ensure processes and quality controls are adhered to in addition to the environmental, social and governance policies within our Supplier Code of Conduct.

Statement on Risk Management and Internal Control

Key Risk Focus	Key Mitigation Plan
Succession Planning	<ul style="list-style-type: none"> The Group's succession planning is being monitored and development evaluations are also conducted annually by management across the various facilities. Additional training and recruitment programs are being carried out to enhance staff development and retention.
Foreign Exchange Risks	<ul style="list-style-type: none"> Foreign currency exposure is mitigated through the utilisation of derivatives such as Forward Exchange Contracts in line with the Group's formal hedging policy. Efforts have been made to shift the payment currency of raw materials to US Dollars in order to match the currency of sale of finished goods. Where possible, borrowings for certain capital expansion have also been established in the currency of sale of finished goods in order to add an additional layer of mitigation from foreign currency fluctuations. The movement of foreign exchange is monitored on a daily basis by the Group.
New Product Launch Risks	<ul style="list-style-type: none"> Pre-launch work in conjunction with global brand clients includes market research and advice from external consultants in order to minimise risks of poor market acceptance. We have a dedicated and competent team focusing on the registration of new products to ensure regulatory approval is secured prior to the launch of new products in each market. Comprehensive clinical trials need to be conducted in some cases to provide regulators with assurance regarding quality standards before the appropriate certifications are granted. As a mandatory practice in our industry, the appropriate medical device certifications need to be obtained prior to each launch. This involves being subjected to frequent audits conducted by independent regulators. A strategic roadmap needs to be formulated with brand owners and distributors in order to ascertain market conditions prior to the release of new products into new markets.
Climate Change Risks	<ul style="list-style-type: none"> The Group has intensified our shift towards renewable energy sources such as exploring the installation of solar panels to achieve our carbon impact targets. Continued to conduct audits and assessments of suppliers to ensure they meet environmental standards which can reduce the overall environmental impact of our supply chain. Ensured that our compliance teams have kept up-to-date with the latest climate-related regulatory developments to avoid fines and reputational damage. Continued to improve sustainability reporting standards as well as educate and train employees regarding the latest developments in sustainability initiatives. Progressively developed waste reduction strategies, such as recycling and treating of waste materials in order to minimise the environmental impact from our production processes.

On the operational level, risk management remains a primary matter discussed in management meetings between the RMWC and Head of Departments ("HODs"). Involved in the daily affairs of the Group, these HODs are then required to monitor and implement action plans, while enforcing appropriate systems and process controls to manage the potential risks.

Statement on Risk Management and Internal Control

INTERNAL CONTROLS

The key manufacturing subsidiaries of the Group continue to be certified under the ISO 13485:2016 Quality Management System and the ISO 14001:2015 Environmental Management System. These management systems form the fundamentals of the operational procedures in ensuring consistency in production processes. Internal quality audits and independent surveillance audits are also conducted by external independent bodies to ensure compliance of the Group with regulatory requirements. In addition, the Group continues to be certified and licensed by regulators from various countries.

Other key elements relating to the internal control system of the Group are as follows:

- The Group's organisation chart outlines the responsibilities, accountability and hierarchical structure of reporting lines;
- The structure establishes a clear reporting line for approval and authority of the Board, Chief Executive Officer ("CEO"), Senior Management and HODs for the transactions undertaken in the Group;
- As a precautionary step, risks faced by the Group have been insured to minimise financial exposure and losses. They include burglary, fire, stocks, money, fidelity guarantee, product liability and staff health and safety;
- Financial performance is reviewed by Executive Directors and CEO;
- The Group has also established a Sustainability Working Committee comprising of members and representatives from a range of business units. This committee plays an integral role in actively managing sustainability risks such as climate change which have an overarching impact on a variety of aspects of our business;
- Written policies and procedures on key processes of the Group are annually being reviewed and enhanced to ensure its adequacy;
- Ongoing monthly management reporting procedures are executed to monitor and track the Group's performance; and
- Internal Auditors conduct testing of the effectiveness and adequacy of internal control procedures and processes and the Group's compliance of them.

BOARD REVIEW MECHANISM

The Audit Committee ("AC") is entrusted by the Board with the responsibility of safeguarding the internal control systems within the Group. In order to enhance the effectiveness of risk management and internal control systems, the AC is assisted by the Internal Auditors, a body independent of the Group's activities and operational management, to assess the adequacy and effectiveness of control of the selected key functions on a quarterly basis. The Group's External Auditors have also provided the AC with their audit findings on significant risk identified during the course of their statutory audit.

Areas for improvement identified by both Internal and External Auditors throughout the financial year in review have been deliberated by the Board and AC to maintain the integrity of internal controls. None of the reported control weaknesses have resulted in any material loss, contingencies or uncertainties that would require mention in the Annual Report. While the Group takes pride in its current comprehensive internal control framework, the Management Team continuously strives to further strengthen and enhance internal controls with assistance from both internal and external parties.

In addition, management supplements the AC's review on control and understanding of risk issues when presenting their quarterly financial performance and results. Together with the Group's business development and the performance of its subsidiaries, the financial performance of the Group is then reviewed and thereafter recommended to the Board for approval before subsequently being publicly announced.

The Board has also defined the Code of Ethics for the Group and established a whistleblowing channel for reporting of any potential violations. Under this establishment, employees and stakeholders who know of or suspect any forms of violation are encouraged to report the incident to parties that would be able to escalate these concerns to independent parties.

Statement on Risk Management and Internal Control

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Guidelines, Management is responsible to the Board for:

- Identifying risks relating to the Group's objectives and strategies;
- Designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- Identifying changes to risks or emerging risks, responding appropriately and promptly by bringing these to the attention of the Board.

The Board has received assurance and affirmation from the CEO and Chief Financial Officer that to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects.

BOARD ASSURANCE AND LIMITATION

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group is on-going. For the financial year under review, there were no material losses resulted from significant control weaknesses. The Board is satisfied that the existing levels of risk management and internal controls are adequate and effective in enabling the Group to achieve its business objectives and operational efficiency and effectiveness.

The Board is of the view that the risk management and internal control systems in place for the year under review are adequate and effective in safeguarding the shareholders' investment, the interest of customers, regulators, suppliers, banks and employees, and the Group assets.

While the Board wishes to reiterate that risk management and systems of internal control are being continuously improved in line with evolving business development, it should be noted that the risk management systems and systems of internal control cannot fully eliminate all risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group are only able to provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("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 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 cause them to believe that the statement intended to be included in the Annual Report, in all material respects:

- a) Has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) 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 opinion by the Board of Directors 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.

The Statement of Risk Management and Internal Control is made in accordance with the resolution of our Board dated 10 October 2024.

Directors' Report	79
Statements of Financial Position	85
Statements of Profit or Loss and Other Comprehensive Income	86
Consolidated Statement of Changes in Equity	88
Statement of Changes in Equity	89

Statements of Cash Flows	90
Notes to the Financial Statements	94
Statement by Directors	134
Statutory Declaration	135
Independent Auditors' Report	136



FINANCIAL STATEMENTS



Director's Report

For the year ended 30 June 2024

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company consists of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	23,441	3,942

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- i) In respect of the financial year ended 30 June 2023 as reported in the Directors' Report of that year:
 - a single tier interim dividend of 0.5 sen per ordinary share totalling RM5,267,000 declared on 28 August 2023 and paid on 6 November 2023.
- ii) In respect of the financial year ended 30 June 2024:
 - a single tier interim dividend of 0.5 sen per ordinary share totalling RM5,267,000 declared on 8 December 2023 and paid on 19 January 2024;
 - a single tier interim dividend of 0.5 sen per ordinary share totalling RM5,267,000 declared on 21 May 2024 and paid on 20 June 2024; and
 - a single tier interim dividend of 0.5 sen per ordinary share totalling RM5,267,000 declared on 23 August 2024 and paid on 23 September 2024.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

Director's Report

For the year ended 30 June 2024

DIRECTORS

Directors who served the Company during the financial year until the date of this report are:

Dato' Dr. Ong Eng Long @ Ong Siew Chuan
 Professor Dato' Dr. Adeeba binti Kamarulzaman
 Dato' Edward Siew Mun Wai
 Chew Fook Aun
 Lam Jiuan Jiuan
 Goh Yen Yen
 Goh Leng Kian**
 Goh Miah Kiat**

** These Directors are also Directors of the Company's subsidiaries.

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Boong Siew Choon
 Goh Chok Siang

DIRECTORS' INTERESTS IN SHARES

The direct and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares			
Name of Directors	Interest	At 1 July 2023	Bought	Sold	At 30 June 2024
Company					
Directors of the Company					
Dato' Dr. Ong Eng Long @ Ong Siew Chuan	Direct	860,000	-	-	860,000
Dato' Edward Siew Mun Wai	Direct	-	50,000	-	50,000
Chew Fook Aun	Deemed ⁽¹⁾	-	150,000	-	150,000
Lam Jiuan Jiuan	Direct	19,087,456	-	-	19,087,456
	Deemed ⁽²⁾	49,312,456	-	-	49,312,456
	Deemed ⁽³⁾	213,089,600	-	-	213,089,600
Goh Yen Yen	Direct	12,062,456	-	-	12,062,456
	Deemed ⁽⁴⁾	121,460,400	-	-	121,460,400
Goh Leng Kian	Direct	41,468,865	-	-	41,468,865
	Deemed ⁽⁵⁾	184,250,000	-	-	184,250,000
	Deemed ⁽²⁾	573,750	-	-	573,750
Goh Miah Kiat	Direct	49,055,097	-	-	49,055,097
	Deemed ⁽⁵⁾	184,250,000	-	-	184,250,000

Director's Report

For the year ended 30 June 2024

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

- (1) Deemed interested by virtue of his interest in The Orchid Growers Association Ltd pursuant to Section 8 of the Companies Act 2016.
- (2) Deemed interested by virtue of her/his equity interest held by her/his spouse pursuant to Section 59 (11)(c) of the Companies Act 2016.
- (3) Deemed interested by virtue of her equity interest in AJNA Holdings Limited, Maharani Limited and Karex One Limited pursuant to Section 8 of the Companies Act 2016.
- (4) Deemed interested by virtue of her equity interest in Maryen Holdings Limited pursuant to Section 8 of the Companies Act 2016.
- (5) Deemed interested by virtue of his equity interest in Karex One Limited pursuant to Section 8 of the Companies Act 2016.

By virtue of their substantial interests in the shares of the Company, Lam Jiuan Jiuan, Goh Yen Yen, Goh Leng Kian and Goh Miah Kiat are also deemed interested in the ordinary shares of the wholly-owned subsidiaries during the financial year to the extent that Karex Berhad has an interest.

The other Director holding office as at 30 June 2024 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 30 June 2024 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	545	-
Remuneration	38	2,942
Contributions to the state plans	-	546
Estimated money value of any other benefits	-	43
Transactions with companies in which certain Directors/Directors' close family members have substantial financial interests and certain companies in the Group in the ordinary course of business:		
- Sales of goods	-	123
	583	3,654

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

Director's Report

For the year ended 30 June 2024

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

At an Extraordinary General Meeting held on 8 June 2023, the Company's shareholders approved the establishment of the ESOS of not more than 10% of the issued and paid-up ordinary share capital of the Company to eligible Directors and employees of the Group.

The salient features of the ESOS are as follows:

- a) The ESOS is administered by a ESOS Committee consisting of Directors and/or other persons as shall be appointed and duly authorised by the Board, to implement and administer the ESOS in accordance with the provisions of the rules, terms and conditions governing the ESOS.
- b) The aggregate number of options to be issued under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point in time during the duration of the ESOS.
- c) The allocation to any individual eligible person shall be determined at the sole and absolute discretion of the ESOS Committee and shall be subject to the following: the allocation to any individual eligible person, who either individually or collectively, through persons connected with him/her, holds 20% or more of the total number of issued shares, must not exceed 10% of the total number of new shares to be issued under the ESOS; the Directors and senior management of the Company do not participate in the deliberation or discussion of their own allocation of ESOS as well as allocation to persons connected with them, if any; not more than 70% of the total number of new shares to be issued under the ESOS shall be allocated, in aggregate, to the Directors and senior management of the Company.
- d) The eligible person must be at least eighteen (18) years of age, is neither an undischarged bankrupt nor subject to any bankruptcy proceedings, must be employed on a full-time basis and is on the payroll of the Group and has been confirmed, and has not served a notice of resignation or received a notice of termination prior to the ESOS offer date, or employed under a contract for a fixed duration of not less than 1 year in the Group.
- e) The exercise price of the ESOS which each eligible person is entitled to subscribe for the new shares of the Company ("Karex Shares"), to be determined by the Board upon recommendation of the ESOS Committee, shall be fixed based on the 5-day volume weighted average price of Karex Shares immediately preceding the date of offer, with either a premium or a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad from time to time.
- f) An offer to take up the ESOS granted by the ESOS Committee shall be in writing and such offer is personal to the eligible person to whom the offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- g) The ESOS shall be in force for a period of five (5) years commencing from the implementation date. On or before the expiry of the above initial 5-year period, the ESOS may be extended by the Board at its absolute discretion upon recommendation of the ESOS Committee, without having to obtain approval from the Company's shareholders, for an additional period of up to 5 years, but will not in aggregate exceed 10 years from the implementation date.

No options have been issued since the establishment of the ESOS.

Director's Report

For the year ended 30 June 2024

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of premium paid for insurance effected for Directors and officers of the Group and of the Company was RM39,000 for a total sum insured of RM10 million.

There was no indemnity given to, or insurance effected for auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Director's Report

For the year ended 30 June 2024

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The details of remuneration paid by the Group and the Company to auditors of the Group and of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration		
Statutory audit		
KPMG PLT	329	96
Member firms of KPMG International Limited	118	-
Other auditors	484	-
Non-audit fees		
KPMG PLT	5	5
	936	101

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

Goh Leng Kian

Director

Goh Miah Kiat

Director

Date: 10 October 2024

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					
Property, plant and equipment	3	258,748	270,988	-	-
Right-of-use assets	4	26,383	27,411	-	-
Investments in subsidiaries	5	-	-	321,836	321,836
Intangible assets	6	100,186	98,791	-	-
Deferred tax assets	7	2,700	4,208	-	-
Total non-current assets		388,017	401,398	321,836	321,836
Inventories	8	155,162	157,748	-	-
Trade and other receivables	9	124,217	128,093	103,705	83,944
Current tax assets		2,458	2,701	55	22
Cash and cash equivalents	10	38,986	31,785	3,671	2,332
Total current assets		320,823	320,327	107,431	86,298
Total assets		708,840	721,725	429,267	408,134
Equity					
Share capital	11	324,244	324,244	324,244	324,244
Reserves	11	158,671	152,323	71,906	83,765
Total equity		482,915	476,567	396,150	408,009
Liabilities					
Loans and borrowings	12	43,142	53,344	-	-
Lease liabilities		16,503	16,754	-	-
Deferred tax liabilities	7	4,756	3,250	-	-
Total non-current liabilities		64,401	73,348	-	-
Loans and borrowings	12	77,173	82,420	30,661	-
Lease liabilities		3,029	4,065	-	-
Trade and other payables	13	62,544	71,699	2,456	125
Contract liabilities	14	16,948	8,953	-	-
Derivative financial liabilities	15	111	796	-	-
Current tax liabilities		1,719	3,877	-	-
Total current liabilities		161,524	171,810	33,117	125
Total liabilities		225,925	245,158	33,117	125
Total equity and liabilities		708,840	721,725	429,267	408,134

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

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	16	507,847	532,066	2,700	-
Cost of sales		(336,589)	(396,214)	-	-
Gross profit		171,258	135,852	2,700	-
Other income		1,278	6,210	854	2,827
Distribution expenses		(56,142)	(53,942)	-	-
Administrative expenses		(70,720)	(64,328)	(2,538)	(1,686)
Other expenses		(6,186)	(1,367)	(361)	-
Results from operating activities		39,488	22,425	655	1,141
Finance income		337	134	5,014	4,061
Finance costs	17	(8,829)	(7,428)	(1,444)	-
Net finance (costs)/income		(8,492)	(7,294)	3,570	4,061
Profit before tax		30,996	15,131	4,225	5,202
Tax expense	18	(7,555)	(4,653)	(283)	(303)
Profit for the year attributable to owners of the Company	19	23,441	10,478	3,942	4,899
Basic and diluted earnings per ordinary share (sen)	20	2.23	0.99		

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

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the year	23,441	10,478	3,942	4,899
Other comprehensive (expense)/income, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(1,292)	8,307	-	-
Total comprehensive income for the year attributable to owners of the Company	22,149	18,785	3,942	4,899

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Attributable to owners of the Company					Total equity RM'000
		Share capital RM'000	Merger reserve RM'000	Translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	
Group							
At 1 July 2022		324,244	63,511	8,587	718	60,722	457,782
Foreign currency translation differences for foreign operations/ Total other comprehensive income for the year		-	-	8,307	-	-	8,307
Profit for the year		-	-	-	-	10,478	10,478
Total comprehensive income for the year		-	-	8,307	-	10,478	18,785
At 30 June 2023/1 July 2023		324,244	63,511	16,894	718	71,200	476,567
Foreign currency translation differences for foreign operations/ Total other comprehensive expense for the year		-	-	(1,292)	-	-	(1,292)
Profit for the year		-	-	-	-	23,441	23,441
Total comprehensive (expense)/ income for the year		-	-	(1,292)	-	23,441	22,149
<i>Distributions to owners of the Company</i>							
Dividends to owners of the Company/ Total transactions with owners of the Company	21	-	-	-	-	(15,801)	(15,801)
At 30 June 2024		324,244	63,511	15,602	718	78,840	482,915

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

Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Attributable to owners of the Company			Total equity RM'000
		Share capital RM'000	Merger reserve RM'000	Retained earnings RM'000	
Company					
At 1 July 2022		324,244	63,511	15,355	403,110
Profit and total comprehensive income for the year		-	-	4,899	4,899
At 30 June 2023/1 July 2023		324,244	63,511	20,254	408,009
Profit and total comprehensive income for the year		-	-	3,942	3,942
<i>Distributions to owners of the Company</i>					
Dividends to owners of the Company/ Total transactions with owners of the Company	21	-	-	(15,801)	(15,801)
At 30 June 2024		324,244	63,511	8,395	396,150

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

Statements of Cash Flows

For the 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 tax		30,996	15,131	4,225	5,202
Adjustments for:					
Allowance for impairment loss on:					
- Property, plant and equipment		5,241	-	-	-
- Trade receivables		686	142	-	-
Bad debt written off		226	599	-	-
Depreciation and amortisation:					
- Property, plant and equipment		22,064	21,755	-	-
- Right-of-use assets		3,181	4,795	-	-
- Intangible assets		263	252	-	-
Fair value loss on derivative instruments		111	796	-	-
Finance costs	17	8,829	7,428	1,444	-
Inventories:					
- Allowance for slow-moving		1,979	3,355	-	-
- Write-down to net realisable value		531	912	-	-
- Written off		1,261	985	-	-
Loss on derecognition of right-of-use assets		104	4	-	-
Property, plant and equipment written off		419	246	-	-
Dividend income		-	-	(2,700)	-
Finance income		(337)	(134)	(5,014)	(4,061)
Gain on disposal of property, plant and equipment		(127)	(28)	-	-
Operating profit/(loss) before changes in working capital		75,427	56,238	(2,045)	1,141
Change in inventories		(1,185)	(10,641)	-	-
Change in trade and other receivables		509	(10,617)	334	(853)
Change in contract assets		-	542	-	-
Change in trade and other payables		(5,184)	(25,862)	131	(2)
Change in contract liabilities		7,995	(296)	-	-
Cash generated from/(used in) operations		77,562	9,364	(1,580)	286
Tax paid		(6,456)	(2,396)	(316)	(290)
Net cash from/(used in) operating activities		71,106	6,968	(1,896)	(4)

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

Statements of Cash Flows

For the year ended 30 June 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from investing activities					
Acquisition of:					
- Property, plant and equipment	22	(19,864)	(18,150)	-	-
- Intangible assets	6	(840)	(514)	-	-
Advances to subsidiaries, net of repayment		-	-	(15,167)	(597)
Proceeds from disposal of property, plant and equipment		1,064	658	-	-
Dividend received		-	-	2,700	-
Interest received		337	134	86	37
Net cash used in investing activities		(19,303)	(17,872)	(12,381)	(560)
Cash flows from financing activities					
Interest paid		(8,829)	(7,428)	(1,444)	-
Change in pledged deposits		65	1,396	-	-
Dividends paid to owners of the Company	21	(15,801)	-	(15,801)	-
Advances from a subsidiary		-	-	2,200	-
Repayments of:					
- banker's acceptances		(17,439)	-	-	-
- export financing		(8,969)	-	-	-
- hire purchase liabilities		(620)	(247)	-	-
- lease liabilities		(4,295)	(3,735)	-	-
- term loans		(10,736)	(8,544)	-	-
Drawdown of:					
- bankers' acceptances		-	4,623	-	-
- export financing		-	9,888	-	-
- revolving credit		24,661	10,000	30,661	-
- term loans		-	11,651	-	-
Net cash (used in)/from financing activities		(41,963)	17,604	15,616	-
Effect of exchange rate fluctuations on cash held		1,518	518	-	-
Net increase/(decrease) in cash and cash equivalents		11,358	7,218	1,339	(564)
Cash and cash equivalents at 1 July		27,628	20,410	2,332	2,896
Cash and cash equivalents at 30 June	10	38,986	27,628	3,671	2,332

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

Statements of Cash Flows

For the year ended 30 June 2024

CASH OUTFLOWS FOR LEASES AS A LESSEE

	Note	Group	
		2024 RM'000	2023 RM'000
Included in net cash from operating activities			
Payment relating to short-term leases	19	3,425	3,139
Payment relating to leases of low-value assets	19	39	14
Included in net cash from financing activities			
Payment of lease liabilities		4,295	3,735
Interest paid in relation to lease liabilities	17	506	637
Total cash outflows for leases		8,265	7,525

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

Statements of Cash Flows

For the year ended 30 June 2024

RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Group	At 1 July 2022 RM'000	Net changes from financing cash flows RM'000	Derecognition of leases RM'000	Acquisition of new hire purchase/ leases RM'000	Foreign exchange movement RM'000	At 30 June 2023/ 1 July 2023 RM'000	Net changes from financing cash flows RM'000	Derecognition of leases RM'000	Acquisition of new hire purchase/ leases RM'000	Foreign exchange movement RM'000	At 30 June 2024 RM'000
Banker's acceptances	36,432	4,623	-	-	29	41,084	(17,439)	-	-	(8)	23,637
Export financing	6,035	9,888	-	-	-	15,923	(8,969)	-	-	-	6,954
Hire purchase liabilities	530	(247)	-	420	-	703	(620)	-	1,754	-	1,837
Lease liabilities	19,716	(3,735)	(35)	4,323	550	20,819	(4,295)	(1,641)	4,045	604	19,532
Revolving credit	-	10,000	-	-	-	10,000	24,661	-	-	-	34,661
Term loans	60,855	3,107	-	-	-	63,962	(10,736)	-	-	-	53,226
Total liabilities from financing activities	123,568	23,636	(35)	4,743	579	152,491	(17,398)	(1,641)	5,799	596	139,847

Company	At 1 July 2023 RM'000	Net changes from financing cash flows RM'000	At 30 June 2024 RM'000
Amount due to a subsidiary	-	2,200	2,200
Revolving credit	-	30,661	30,661
Total liabilities from financing activities	-	32,861	32,861

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

Notes to the Financial Statements

Karex Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Lot 594, Persiaran Raja Lumu
Pandamaran Industrial Estate
42000 Port Klang
Selangor Darul Ehsan
Malaysia

Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 30 June 2024 do not include other entities.

The principal activity of the Company consists of investment holding. The principal activities of the subsidiaries are disclosed in Note 5.

These financial statements were authorised for issue by the Board of Directors on 10 October 2024.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company.

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Derivative financial instruments	Fair value

(c) Functional and presentation currency

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

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in the following notes:

- Note 3 - measurement of the recoverable amount of gloves manufacturing facilities
- Note 6 - measurement of the recoverable amount of intangible assets
- Note 8 - valuation of inventories
- Note 24.4 - measurement of expected credit loss ("ECL")

2. CHANGES IN MATERIAL ACCOUNTING POLICY

2.1 Material accounting policy information

The Group adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 July 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Land and buildings RM'000	Plant and machinery RM'000	Equipment, furniture and fittings RM'000	Electrical installation and renovation RM'000	Motor vehicles RM'000	Construction -in-progress RM'000	Total RM'000
Group								
At cost								
At 1 July 2022		118,753	227,123	32,153	47,090	5,909	19,803	450,831
Additions	22	728	3,971	1,756	487	456	11,802	19,200
Disposals		-	(1,077)	(51)	-	(792)	(58)	(1,978)
Written off		(17)	(1,786)	(383)	(95)	-	(10)	(2,291)
Transfers		7,453	3,373	247	526	-	(11,599)	-
Translation differences		3,398	5,515	413	1,510	58	405	11,299
At 30 June 2023/ 1 July 2023		130,315	237,119	34,135	49,518	5,631	20,343	477,061
Additions	22	211	1,675	1,635	2,700	2,178	8,452	16,851
Disposals		-	(886)	(25)	-	(1,168)	-	(2,079)
Written off		-	(1,947)	(266)	-	-	(108)	(2,321)
Transfers		5,751	7,948	96	2,800	-	(16,595)	-
Reclassification		-	1,588	-	1,590	-	213	3,391
Translation differences		(1,781)	(2,441)	(129)	(610)	(41)	(72)	(5,074)
At 30 June 2024		134,496	243,056	35,446	55,998	6,600	12,233	487,829
Accumulated depreciation								
At 1 July 2022		20,922	116,486	22,197	19,323	4,604	-	183,532
Depreciation charge		3,405	12,747	2,363	2,821	419	-	21,755
Disposals		-	(612)	(51)	-	(685)	-	(1,348)
Written off		-	(1,583)	(370)	(92)	-	-	(2,045)
Translation differences		665	2,731	316	416	51	-	4,179
At 30 June 2023/ 1 July 2023		24,992	129,769	24,455	22,468	4,389	-	206,073
Depreciation charge		3,799	12,478	2,309	2,981	497	-	22,064
Disposals		-	(294)	(17)	-	(831)	-	(1,142)
Written off		-	(1,654)	(248)	-	-	-	(1,902)
Reclassification		-	-	-	936	-	-	936
Translation differences		(363)	(1,437)	(98)	(157)	(25)	-	(2,080)
At 30 June 2024		28,428	138,862	26,401	26,228	4,030	-	223,949
Accumulated allowance for impairment loss								
At 1 July 2023		-	-	-	-	-	-	-
Allowance for impairment loss	3.1	-	5,241	-	-	-	-	5,241
Translation differences		-	(109)	-	-	-	-	(109)
At 30 June 2024		-	5,132	-	-	-	-	5,132
Carrying amounts								
At 1 July 2022		97,831	110,637	9,956	27,767	1,305	19,803	267,299
At 30 June 2023/ 1 July 2023		105,323	107,350	9,680	27,050	1,242	20,343	270,988
At 30 June 2024		106,068	99,062	9,045	29,770	2,570	12,233	258,748

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings

Included in the carrying amount of land and buildings are:

	Group	
	2024 RM'000	2023 RM'000
Freehold land	20,568	20,568
Buildings	85,500	84,755
	106,068	105,323

3.1 Allowance for impairment loss

One of the subsidiaries in Thailand has diversified into manufacturing gloves ("the unit") in 2020. However, the production line for gloves was operated below the normal capacity. Accordingly, the management estimated the recoverable amount of the production line based on value in use method. The carrying amount of the unit amounting to RM26,041,000 was determined to be higher than its recoverable amount of RM20,800,000 and an allowance for impairment loss of RM5,241,000 (2023: NIL) was recognised and included in other expenses.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on an estimated useful life of the unit of 15 years.
- Revenue growth, selling price and profit margins were projected based on current development in global business environment which is in line with information obtained from external sources.
- A pre-tax discount rate of 10.0% (2023: NIL) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Group's weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the gloves manufacturing industry and are based on both external sources and internal sources (historical data).

Following an impairment in the gloves manufacturing cash-generating unit, the recoverable amount is equal to the carrying amount. Therefore, any change in a key assumption may result in a reversal or further impairment loss.

3.2 Security

The freehold land and buildings and plant and machinery of the Group with a total carrying amount of RM87,895,000 (2023: RM72,517,000) are charged to licensed banks for banking facilities granted as disclosed in Note 12.

3.3 Leased motor vehicles

The carrying amount of motor vehicles of the Group acquired under hire purchase agreements is RM2,296,000 (2023: RM821,000).

3.4 Construction-in-progress

Construction-in-progress consists of assets relating to condom production facilities and other machinery which are in process of being built and assembled and are not ready for intended use.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.5 Material accounting policy information

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated allowance for impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 - 50 years
Plant and machinery	10 - 20 years
Motor vehicles	5 - 10 years
Electrical installation, renovation, equipment, furniture and fittings	3 - 10 years

4. RIGHT-OF-USE ASSETS

Group	Leasehold land RM'000	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At 1 July 2022	19,640	7,377	-	27,017
Addition	-	4,045	278	4,323
Derecognition	-	(39)	-	(39)
Depreciation	(605)	(4,078)	(112)	(4,795)
Translation differences	536	345	24	905
At 30 June 2023/1 July 2023	19,571	7,650	190	27,411
Addition	-	4,045	-	4,045
Derecognition	-	(1,745)	-	(1,745)
Depreciation	(608)	(2,498)	(75)	(3,181)
Translation differences	(239)	90	2	(147)
At 30 June 2024	18,724	7,542	117	26,383

The Group leases a number of land, hostels, factory buildings and equipment that run between 1 year to 99 years, with an option to renew the leases after the expiry dates.

Notes to the Financial Statements

4. RIGHT-OF-USE ASSETS (CONTINUED)

4.1 Extension options

Some leases of buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Group	Lease liabilities recognised (discounted)		Potential future lease payments not included in lease liabilities (discounted)		Historical rate of exercise of extension options	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 %	2023 %
Buildings	4,078	3,909	9,566	9,716	33	50

4.2 Security

At 30 June 2024, the leasehold land with a carrying amount of RM11,070,000 (2023: RM11,429,000) are charged to banks for banking facilities granted as disclosed in Note 12.

4.3 Material accounting policy information

(a) Recognition and measurement

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated allowance for impairment losses.

(b) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(c) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 RM'000	2023 RM'000
Cost of investment	321,836	321,836

Notes to the Financial Statements

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

		Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
Name of entity	Principal activities		2024 %	2023 %
Direct subsidiaries				
Hevea Medical Sdn Bhd	Manufacture and sale of condoms, rubber products, personal lubricants and others	Malaysia	100	100
Innolates Sdn Bhd	Manufacture and sale of condoms, rubber products, personal lubricants and others	Malaysia	100	100
Innolates (Thailand) Limited*	Manufacture and sale of condoms, rubber products, personal lubricants and others	Thailand	100	100
Karex Global Limited#	Investment holding	Hong Kong	100	100
Karex Holdings Sdn Bhd	Investment holding	Malaysia	100	100
Karex Industries Sdn Bhd	Manufacture and sale of condoms, rubber products, personal lubricants and others	Malaysia	100	100
Karex International Sdn Bhd	Investment holding	Malaysia	100	100
Karex Marketing Sdn Bhd	Distribution of hand sanitizers, trading products and others	Malaysia	100	100
Karex Polymers Limited#	Manufacturing of pre-vulcanised latex	Thailand	100	100
Medical-Latex (Dua) Sdn Bhd	Manufacture and sale of condoms, rubber products, personal lubricants and others	Malaysia	100	100
Subsidiary of Karex Global Limited				
Global Protection Corporation#	Distribution, packaging and marketing of condoms and related products	United States of America	100	100
Subsidiary of Global Protection Corporation				
Global Protection Corp UK Limited#	Dormant	United Kingdom	100	100
Subsidiary of Karex Holdings Sdn Bhd				
Pasante Healthcare Limited#	Wholesalers of healthcare products	United Kingdom	100	100
Subsidiary of Karex Industries Sdn Bhd				
Uro Technology Sdn Bhd	Manufacture and sale of urinary urethral products	Malaysia	100	100

* Audited by member firms of KPMG International Limited

Audited by firm of auditors other than KPMG PLT

5.1 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

Notes to the Financial Statements

6. INTANGIBLE ASSETS

	Goodwill RM'000	Brands RM'000	Patents and trademarks RM'000	Other intangible assets RM'000	Total RM'000
Group					
At cost					
At 1 July 2022	27,230	63,380	3,237	5,947	99,794
Addition	-	-	514	-	514
Effect of movements in exchange rates	-	1,296	130	-	1,426
At 30 June 2023/1 July 2023	27,230	64,676	3,881	5,947	101,734
Addition	-	-	840	-	840
Effect of movements in exchange rates	-	829	33	-	862
At 30 June 2024	27,230	65,505	4,754	5,947	103,436
Accumulated amortisation					
At 1 July 2022	-	-	1,422	-	1,422
Amortisation charge	-	-	252	-	252
Effect of movements in exchange rates	-	-	63	-	63
At 30 June 2023/1 July 2023	-	-	1,737	-	1,737
Amortisation charge	-	-	263	-	263
Effect of movements in exchange rates	-	-	44	-	44
At 30 June 2024	-	-	2,044	-	2,044
Accumulated allowance for impairment loss					
At 1 July 2022/30 June 2023	-	848	-	358	1,206
At 1 July 2023/30 June 2024	-	848	-	358	1,206
Carrying amounts					
At 1 July 2022	27,230	62,532	1,815	5,589	97,166
At 30 June 2023/1 July 2023	27,230	63,828	2,144	5,589	98,791
At 30 June 2024	27,230	64,657	2,710	5,589	100,186

Other intangible assets

Other intangible assets comprise patents, distribution rights, websites, quality certifications and others that are related to fitted condom and former production.

Notes to the Financial Statements

6. INTANGIBLE ASSETS (CONTINUED)

6.1 Amortisation

The brands and the other intangible assets are of such nature that they will continue to remain relevant to the Group in terms of access to market, brand loyalty from customers, innovative business platform and restriction of new entrant. The management expects the brands and the other intangible assets to generate net cash inflows indefinitely into the future. As a result, no amortisation is provided against the carrying value of the brands and the other intangible assets as the management believes that the lives of such assets are indefinite at this point.

The amortisation of patents and trademarks which have finite useful lives are recognised and charged to the administration expenses.

6.2 Impairment testing for cash-generating units ("CGU") containing intangible assets

For the purpose of impairment testing, goodwill, brands and other intangible assets with indefinite useful lives are allocated to the Group's respective manufacturing and distribution cash-generating units which represent the lowest level within the Group at which the intangible assets are monitored for internal management purpose.

The aggregate carrying amount of the intangible assets allocated to each unit are as follows:

	Goodwill		Brands		Other intangible assets	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Pasante Healthcare Limited ("Pasante")	27,230	27,230	-	-	-	-
"ONE" brand manufacturing and distribution	-	-	30,557	29,728	-	-
"Trustex" brand manufacturing and distribution	-	-	34,100	34,100	-	-
Other intangible assets related to fitted condom	-	-	-	-	5,589	5,589
	27,230	27,230	64,657	63,828	5,589	5,589

Goodwill

Goodwill was generated upon acquisition of Pasante. The recoverable amount of the CGU to which goodwill is allocated was based on its value in use, determined by discounting the future cash flows to be generated from the CGU and was based on the following key assumptions:

- Cash flows were projected based on 10-year plan and the terminal value was estimated using the perpetuity growth model with NIL growth rate to perpetuity which is consistent with prior year.
- Revenue growth was projected to be at 8% - 15% per annum based on historical sales performance.
- Profit margins were based on the historical performance of the distribution unit and remained constant throughout the projected period.
- A pre-tax discount rate of 14.9% (2023: 14.1%) was applied in determining the recoverable amount of the distribution unit. The discount rate was estimated based on the Group's weighted average cost of capital.

Notes to the Financial Statements

6. INTANGIBLE ASSETS (CONTINUED)

6.2 Impairment testing for cash-generating units ("CGU") containing intangible assets (continued)

Brands

The recoverable amount for brands was based on their value in use, determined by discounting the future cash flows to be generated from the CGUs to which the brands belong and was based on the following key assumptions:

- i) Cash flows were projected based on 10-year plan and the terminal value was estimated using the perpetuity growth model with NIL growth rate to perpetuity which is consistent with prior year.
- ii) Revenue was projected based on the estimated adult population that uses condom of the target territories over the projected period.
- iii) Profit margins were based on the historical performance of the respective manufacturing and distribution units and remained constant throughout the projected period.
- iv) A pre-tax discount rate of 15.0% - 15.3% (2023: 14.9% - 15.0%) was applied in determining the recoverable amount of the respective manufacturing and distribution units. The discount rate was estimated based on the Group's weighted average cost of capital.

Other intangible assets related to fitted condoms

The recoverable amount for the other intangible assets was based on its value in use, determined by discounting the future cash flows to be generated from the CGU to which the other intangible assets belong and was based on the following key assumptions:

- i) Cash flows were projected based on 10-year plan and the terminal value was estimated using the perpetuity growth model with NIL growth rate to perpetuity which is consistent with prior year.
- ii) Revenue was projected based on the estimated adult population that uses condom of the target territories over the projected period.
- iii) Profit margins were based on the historical performance of the manufacturing and distribution unit and remained constant throughout the projected period.
- iv) A pre-tax discount rate of 15.0% (2023: 15.2%) was applied in determining the recoverable amount of the manufacturing and distribution unit. The discount rate was estimated based on the Group's weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both internal and external sources of information.

Based on the management's assessment, no impairment is required as the recoverable amount was higher than carrying amount of the above intangible assets.

The following table shows the reduction of recoverable amount with the changes in the key assumptions which are particularly sensitive:

	1 percentage point change in revenue growth		1 percentage point change in gross profit margin		1 percentage point change in discount rate	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Pasante	5,496	8,206	6,291	7,504	7,057	8,320
"ONE" brand manufacturing and distribution	7,685	8,494	5,567	6,774	8,690	12,104
"Trustex" brand manufacturing and distribution	3,194	3,550	1,054	1,590	3,944	4,745
Other intangible assets related to fitted condom	716	1,030	503	552	457	596

Notes to the Financial Statements

6. INTANGIBLE ASSETS (CONTINUED)

6.3 Material accounting policy information

(a) Recognition and measurement

Goodwill arising on business combinations is measured at cost less any accumulated allowance for impairment losses.

Brands and other intangible assets, that are acquired by the Group, which have indefinite useful lives, are measured at cost less any accumulated allowance for impairment losses.

Patents and trademarks acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated allowance for impairment losses.

(b) Amortisation

Goodwill, brands and other intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Patents and trademarks with finite useful lives are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

- Patents and trademarks 10 - 15 years

7. DEFERRED TAX ASSETS/(LIABILITIES)

7.1 Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group						
Property, plant and equipment	-	-	(12,553)	(13,626)	(12,553)	(13,626)
Right-of-use assets	-	-	(1,591)	(1,711)	(1,591)	(1,711)
Unutilised business losses	2,567	2,821	-	-	2,567	2,821
Unutilised reinvestment allowances	2,808	2,232	-	-	2,808	2,232
Unutilised capital allowances	3,306	6,093	-	-	3,306	6,093
Inventories	2,209	3,527	-	-	2,209	3,527
Trade receivables	1,415	1,293	-	-	1,415	1,293
Lease liabilities	1,818	1,892	-	-	1,818	1,892
Others	593	776	(2,628)	(2,339)	(2,035)	(1,563)
Tax assets/(liabilities)	14,716	18,634	(16,772)	(17,676)	(2,056)	958
Set off of tax	(12,016)	(14,426)	12,016	14,426	-	-
Net tax assets/(liabilities)	2,700	4,208	(4,756)	(3,250)	(2,056)	958

Notes to the Financial Statements

7. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

7.2 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of unutilised business losses of certain subsidiaries amounting to RM9,041,000 (2023: RM9,921,000) because it is not probable that future taxable profits will be available against which the subsidiaries can utilise the benefits therefrom.

The comparative figures have been restated to reflect the unutilised business losses available to the subsidiaries.

The unutilised business losses will expire in the following years of assessment ("YA") under the respective tax authorities as follows:

	2024 RM'000	2023 RM'000
YA 2027	-	6,010
YA 2028	-	2,873
YA 2029	5,408	-
YA 2033	1,038	1,038
YA 2034	2,595	-
	9,041	9,921

7.3 Movement in temporary differences during the year

	At 1 July 2023 RM'000	Recognised in profit or loss (Note 18) RM'000	At 30 June 2024 RM'000
Group			
Property, plant and equipment	(13,626)	1,073	(12,553)
Right-of-use assets	(1,711)	120	(1,591)
Unutilised business losses	2,821	(254)	2,567
Unutilised reinvestment allowances	2,232	576	2,808
Unutilised capital allowances	6,093	(2,787)	3,306
Inventories	3,527	(1,318)	2,209
Trade receivables	1,293	122	1,415
Lease liabilities	1,892	(74)	1,818
Others	(1,563)	(472)	(2,035)
	958	(3,014)	(2,056)

Notes to the Financial Statements

7. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

7.3 Movement in temporary differences during the year (continued)

	At 1 July 2022 RM'000	Recognised in profit or loss (Note 18) RM'000	At 30 June 2023 RM'000
Group			
Property, plant and equipment	(13,408)	(218)	(13,626)
Right-of-use assets	(86)	(1,625)	(1,711)
Unutilised business losses	2,774	47	2,821
Unutilised reinvestment allowances	1,932	300	2,232
Unutilised capital allowances	7,418	(1,325)	6,093
Inventories	2,146	1,381	3,527
Trade receivables	(351)	1,644	1,293
Lease liabilities	-	1,892	1,892
Others	(363)	(1,200)	(1,563)
	62	896	958

The unutilised business losses and unutilised reinvestment allowances are available for offsetting against future taxable profits of the respective entities within the Group, subject to guidelines issued by the respective tax authorities as follows:

	Group	
	2024 RM'000	2023 RM'000
Within 5 years of recognition	3,834	3,408
Within 10 years of recognition	1,541	1,645
	5,375	5,053

Unutilised capital allowances do not expire under the respective tax authorities.

Notes to the Financial Statements

8. INVENTORIES

	Group	
	2024 RM'000	2023 RM'000
Raw materials	35,814	34,072
Work-in-progress	42,953	44,065
Finished goods	73,665	76,959
Consumables	2,730	2,652
	155,162	157,748
Carrying amounts:		
- At cost	150,565	152,711
- At net realisable value	4,597	5,037
	155,162	157,748
Recognised in profit or loss:		
- Inventories recognised as cost of sales	332,818	390,962
- Allowance for slow-moving inventories (included in cost of sales)	1,979	3,355
- Write-down to net realisable value (included in cost of sales)	531	912
- Written off (included in cost of sales)	1,261	985

8.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the first-in first-out method.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade				
Trade receivables	102,998	113,581	-	-
Non-trade				
Other receivables	4,050	4,045	-	-
Deposits	3,072	1,676	-	-
Prepayments	14,097	8,791	32	-
Due from subsidiaries	-	-	103,673	83,944
	21,219	14,512	103,705	83,944
	124,217	128,093	103,705	83,944

The non-trade amount due from subsidiaries is unsecured, subject to interest of 5% (2023: 5%) per annum and repayable on demand.

Included in prepayments of the Group is advance payment made for clinical research amounting to RM8,986,000 (2023: RM2,675,000).

Notes to the Financial Statements

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	36,983	29,705	1,671	317
Short-term deposits	2,003	2,080	2,000	2,015
Cash and cash equivalents in the statements of financial position	38,986	31,785	3,671	2,332
Less: Bank overdraft	-	(4,092)	-	-
Less: Pledged deposits	-	(65)	-	-
Cash and cash equivalents in the statements of cash flows	38,986	27,628	3,671	2,332

The short-term deposits of the Group was pledged to licensed bank as security for bank guarantee facilities granted to the Group.

11. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2024 RM'000	2023 RM'000	2024 '000	2023 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares	324,244	324,244	1,053,461	1,053,461

Reserves

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Distributable				
Retained earnings	78,840	71,200	8,395	20,254
Non-distributable				
Merger reserve	63,511	63,511	63,511	63,511
Translation reserve	15,602	16,894	-	-
Other reserve	718	718	-	-
	158,671	152,323	71,906	83,765

Notes to the Financial Statements

11. CAPITAL AND RESERVES (CONTINUED)

11.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

11.2 Merger reserve

The merger reserve comprises the differences between the cost of acquisition and the nominal value of shares acquired together with any other reserves of the combining entities during the restructuring among common shareholders.

11.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

11.4 Other reserve

Based on Thailand Law, the other reserve comprises the reserve fund allocated at each distribution of dividend, being at least 5% of the profit until it reaches 10% of the registered capital of the Thailand subsidiary, and claimable upon disposal or liquidation of the subsidiary by the Group. This legal reserve is not available for dividend distribution.

12. LOANS AND BORROWINGS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current				
Secured				
Term loans	41,733	52,906	-	-
Hire purchase liabilities	1,409	438	-	-
	43,142	53,344	-	-
Current				
Secured				
Term loans	11,493	11,056	-	-
Banker's acceptances	23,637	41,084	-	-
Export financing	6,954	15,923	-	-
Hire purchase liabilities	428	265	-	-
Revolving credit	34,661	10,000	30,661	-
Bank overdraft	-	4,092	-	-
	77,173	82,420	30,661	-
	120,315	135,764	30,661	-

The loans and borrowings are secured by fixed and floating charges over the Group's certain assets as disclosed in Notes 3, 4 and 10, and guaranteed by the Company.

Notes to the Financial Statements

12. LOANS AND BORROWINGS (CONTINUED)

Significant covenants

The borrowings of the subsidiaries of the Group are subject to the following covenants:

- a. Karex Industries Sdn Bhd ("KISB") and Innolatex (Thailand) Limited ("ITL") shall maintain gearing ratio of not more than 1.5 times or 2.0 times and 1.0 times, respectively as defined by the respective licensed banks.
- b. The net tangible assets of the Group shall not be less than RM350,000,000.
- c. KISB shall not without the banks' prior written consent, alter the present ownership structure and extend loans and advances to the Directors of KISB and its related companies.
- d. The subsidiaries shall not without the banks' prior written consent, declare and pay dividend exceeding 50% of the profit after tax of each financial year.
- e. ITL shall maintain leverage ratio of not more than 3.0 times and debt service coverage ratio exceeding 1.2 times as defined by the licensed banks.

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade				
Trade payables	38,307	41,932	-	-
Non-trade				
Other payables and accrued expenses	24,237	29,767	238	125
Amount due to a subsidiary	-	-	2,218	-
	62,544	71,699	2,456	125

Included in other payables and accrued expenses of the Group is defined benefit plans operated for employees under the labour laws applicable in Thailand in respect of its subsidiaries incorporated in Thailand amounting to RM2,965,000 (2023: RM2,391,000). No disclosure of other information is made as the amount is not significant to the Group.

The non-trade amount due to a subsidiary is unsecured, subject to interest of 5% (2023: NIL) per annum and repayable on demand.

Notes to the Financial Statements

14. CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration from customers for works which revenue will be recognised upon work completion. The contract liabilities are expected to be recognised as revenue within 90 days.

15. DERIVATIVE FINANCIAL LIABILITIES

	2024		2023	
	Nominal value RM'000	Financial liabilities RM'000	Nominal value RM'000	Financial liabilities RM'000
Group				
Derivatives at fair value through profit or loss				
- Forward exchange contracts	72,963	111	33,223	796

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currency of the Group. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

16. REVENUE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from contracts with customers	507,847	532,066	-	-
Other revenue				
- Dividend income	-	-	2,700	-
Total revenue	507,847	532,066	2,700	-

Notes to the Financial Statements

16. REVENUE (CONTINUED)

16.1 Disaggregation of revenue from contracts with customers

	Reportable segments							
	Sexual wellness		Medical		Others		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group								
Primary geographical markets								
Asia	129,726	118,560	15,355	18,783	-	-	145,081	137,343
Africa	68,449	78,852	13	124	-	-	68,462	78,976
Americas	201,824	216,784	2,166	1,273	-	-	203,990	218,057
Europe	63,343	70,044	13,494	17,799	13,477	9,847	90,314	97,690
	463,342	484,240	31,028	37,979	13,477	9,847	507,847	532,066
Major products and service lines								
Condoms	384,302	426,414	-	-	-	-	384,302	426,414
Personal lubricants	76,420	54,901	-	-	-	-	76,420	54,901
Probe covers	-	-	9,759	13,418	-	-	9,759	13,418
Catheters	-	-	17,155	20,497	-	-	17,155	20,497
Others	2,620	2,925	4,114	4,064	13,477	9,847	20,211	16,836
	463,342	484,240	31,028	37,979	13,477	9,847	507,847	532,066
Timing of recognition								
At a point in time	462,676	484,240	31,028	37,979	13,477	9,847	507,181	532,066
Overtime	666	-	-	-	-	-	666	-
	463,342	484,240	31,028	37,979	13,477	9,847	507,847	532,066

16.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Condoms, personal lubricants, probe covers, catheters and others	Revenue is recognised at a point in time when the control over the product or service is delivered and accepted by the customer	Credit period of up to 120 days from invoice date
Made-to-order products	Revenue is recognised overtime as costs are incurred. The work performed does not create an alternative use to the Group and the Group has rights to payment for work performed	Upon shipment of goods

The revenue from contracts with customers of the Group are not subject to variable element in the consideration, obligation for returns or refunds and warranty.

The Group applies the practical expedient for exemption on disclosure of information on remaining performance obligation that have original expected durations of one year or less.

Notes to the Financial Statements

17. FINANCE COSTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	8,323	6,791	1,444	-
Interest expense on lease liabilities	506	637	-	-
	8,829	7,428	1,444	-

18. TAX EXPENSE

18.1 Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax expense				
- Current year	4,790	5,070	255	273
- (Over)/Under provision in prior year	(249)	479	28	30
	4,541	5,549	283	303
Deferred tax expense/(credit)				
- Origination and reversal of temporary differences	2,671	(886)	-	-
- Under/(Over) provision in prior year	343	(10)	-	-
	3,014	(896)	-	-
	7,555	4,653	283	303

18.2 Reconciliation of tax expense

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax	30,996	15,131	4,225	5,202
Income tax calculated using Malaysian tax rate of 24%	7,439	3,631	1,014	1,248
Non-deductible expenses	2,014	155	1,006	348
Non-taxable income	(1,091)	(487)	(1,765)	(1,323)
Recognition of previously unrecognised tax losses	(2,132)	-	-	-
Current year losses for which no deferred tax asset was recognised	1,921	1,316	-	-
Effect of tax rates in foreign jurisdictions	139	559	-	-
Tax incentives	(829)	(990)	-	-
	7,461	4,184	255	273
Under provision in prior year	94	469	28	30
Tax expense	7,555	4,653	283	303

Notes to the Financial Statements

19. PROFIT FOR THE YEAR

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the year is arrived at after charging/(crediting)					
Allowance for impairment loss on:					
- Property, plant and equipment		5,241	-	-	-
- Trade receivables		686	142	-	-
Audit fees					
- KPMG PLT		329	312	96	91
- Member firms of KPMG International Limited		118	112	-	-
- Other auditors		484	472	-	-
Non-audit fees					
- KPMG PLT		5	5	5	5
Bad debt written off		226	599	-	-
Depreciation and amortisation:					
- Property, plant and equipment		22,064	21,755	-	-
- Right-of-use assets		3,181	4,795	-	-
- Intangible assets		263	252	-	-
Expenses relating to short-term leases	a	3,425	3,139	-	-
Expenses relating to leases of low-value assets	a	39	14	-	-
Fair value loss on derivative instruments		111	796	-	-
Loss on derecognition of right-of-use assets		104	4	-	-
Net unrealised foreign exchange loss/(gain)		2,527	(4,028)	(854)	(2,814)
Personnel expenses (including key management personnel):					
- Contributions to state plans		7,870	7,334	-	-
- Wages, salaries and others		132,544	137,365	545	518
Property, plant and equipment written off		419	246	-	-
Gain on disposal of property, plant and equipment		(127)	(28)	-	-
Net realised foreign exchange (gain)/loss		(1,961)	(1,493)	361	(13)

Note a

The Group leases a number of hostels and equipment with contract terms of 1 to 4 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to the Financial Statements

20. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2024 RM'000	2023 RM'000
Profit for the year attributable to owners of the Company	23,441	10,478
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares at 30 June ('000)	1,053,461	1,053,461
Basic earnings per ordinary share (sen)	2.23	0.99

Diluted earnings per ordinary share

The diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares outstanding.

21. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2024			
Interim	0.5	5,267	19 January 2024
Interim	0.5	5,267	20 June 2024
		10,534	
2023			
Interim	0.5	5,267	6 November 2023

After the end of the reporting period, the following dividend was paid by the Company on 23 September 2024. This dividend will be recognised in subsequent financial year.

	Sen per share	Total amount RM'000
2024		
Interim	0.5	5,267

Notes to the Financial Statements

22. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Acquisition of property, plant and equipment in statement of cash flows represents:

	Group	
	2024 RM'000	2023 RM'000
Current year additions	16,851	19,200
Add/(Less):		
- Amount financed by hire purchase liabilities	(1,754)	(420)
- Balances in respect of acquisition of property, plant and equipment included in other creditors:		
- at end of year	(1,052)	(5,819)
- at beginning of year	5,819	5,189
Cash outflows from acquisition of property, plant and equipment	19,864	18,150

23. OPERATING SEGMENTS

Group

The Group's main business activities comprise investment holding, manufacture and sale of sexual wellness, medical and other health related products. These activities are principally located in Malaysia, Thailand, United States of America and United Kingdom. Inter-segment pricing is determined based on negotiated terms.

Performance is measured based on segment profit before tax and interest, as included in the internal management reports that are reviewed by the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is not included in the internal management reports. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets and intangible assets other than goodwill.

Notes to the Financial Statements

23. OPERATING SEGMENTS (CONTINUED)

	Sexual wellness RM'000	Medical RM'000	Others RM'000	Total RM'000
2024				
Segment profit/(loss)	43,612	(2,827)	1,554	42,339
<i>Included in the measure of segment profit/(loss) are:</i>				
Revenue from external customers	463,342	31,028	13,477	507,847
Inventories:				
- Allowance for slow moving	(1,967)	(12)	-	(1,979)
- Write-down to net realisable value	(452)	(79)	-	(531)
- Written off	(1,261)	-	-	(1,261)
Allowance for impairment loss on property, plant and equipment	-	(5,241)	-	(5,241)
Depreciation and amortisation	(23,444)	(1,933)	(131)	(25,508)
<i>Not included in the measure of segment profit/(loss):</i>				
Finance income	248	3	-	251
Finance costs	(7,338)	(59)	(7)	(7,404)
Segment assets	628,403	59,284	16,457	704,144
<i>Not included in the measure of segment assets are:</i>				
Additions to non-current assets other than financial instruments and deferred tax assets	24,873	254	-	25,127

Notes to the Financial Statements

23. OPERATING SEGMENTS (CONTINUED)

	Sexual wellness RM'000	Medical RM'000	Others RM'000	Total RM'000
2023				
Segment profit/(loss)	23,458	(2,603)	1,402	22,257
<i>Included in the measure of segment profit/(loss) are:</i>				
Revenue from external customers	484,240	37,979	9,847	532,066
Inventories:				
- (Allowance for)/Reversal of allowance for slow moving	(3,428)	73	-	(3,355)
- Write-down to net realisable value	(912)	-	-	(912)
- Written off	(977)	(8)	-	(985)
Depreciation and amortisation	(23,765)	(3,026)	(11)	(26,802)
<i>Not included in the measure of segment profit/(loss):</i>				
Finance income	96	-	-	96
Finance costs	(4,682)	(2,737)	(9)	(7,428)
Segment assets	617,077	92,456	8,822	718,355
<i>Not included in the measure of segment assets are:</i>				
Additions to non-current assets other than financial instruments and deferred tax assets	15,817	8,220	-	24,037

Reconciliations of reportable segment revenues, profit or loss, assets and other material items:

	Group	
	2024 RM'000	2023 RM'000
Profit or loss		
Total profit for reportable segments	42,339	22,257
Finance costs	(7,404)	(7,428)
Finance income	251	96
Unallocated items:		
- Corporate expenses	(3,344)	(2,659)
- Net foreign exchange gain	493	2,827
- Finance income from deposits with licensed banks and other corporation	86	38
- Finance costs	(1,425)	-
Consolidated profit before tax	30,996	15,131
Total assets		
Total assets for reportable segments	704,144	718,355
Other non-reportable segments	4,696	3,370
Consolidated total assets	708,840	721,725

Notes to the Financial Statements

23. OPERATING SEGMENTS (CONTINUED)

Geographical segments

The sexual wellness and medical segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices in Malaysia, Thailand, United States of America and United Kingdom.

In presenting information on the basis of geographical segments, segment revenue is based on geographical destination markets of the export for the financial years.

Geographical segment non-current assets information is not included in the internal management reports. Hence, no disclosure is made on geographical segment non-current assets.

Geographical revenue

Geographical segment revenue is as disclosed in Note 16.1.

Major customers

There is no significant concentration of sales to a customer exceeding 10% of the Group's revenue for year 2024 and 2023.

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9

	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group			
2024			
Financial assets			
Trade and other receivables*	110,120	110,120	-
Cash and cash equivalents	38,986	38,986	-
	149,106	149,106	-
Financial liabilities			
Trade and other payables*	(59,579)	(59,579)	-
Loans and borrowings	(120,315)	(120,315)	-
Derivative financial liabilities	(111)	-	(111)
	(180,005)	(179,894)	(111)

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group			
2023			
Financial assets			
Trade and other receivables*	119,302	119,302	-
Cash and cash equivalents	31,785	31,785	-
	151,087	151,087	-
Financial liabilities			
Trade and other payables*	(69,308)	(69,308)	-
Loans and borrowings	(135,764)	(135,764)	-
Derivative financial liabilities	(796)	-	(796)
	(205,868)	(205,072)	(796)
Company			
2024			
Financial assets			
Trade and other receivables*	103,673	103,673	-
Cash and cash equivalents	3,671	3,671	-
	107,344	107,344	-
Financial liabilities			
Trade and other payables	(2,456)	(2,456)	-
Loans and borrowings	(30,661)	(30,661)	-
	(33,117)	(33,117)	-
2023			
Financial assets			
Trade and other receivables*	83,944	83,944	-
Cash and cash equivalents	2,332	2,332	-
	86,276	86,276	-
Financial liabilities			
Trade and other payables	(125)	(125)	-

* Excludes non-financial instruments

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net (losses)/gains on:				
Financial liabilities at AC	(8,323)	(6,791)	(1,444)	-
Financial assets at AC	(1,141)	4,914	5,507	6,888
Financial liabilities at FVTPL				
- Mandatorily required by MFRS 9	(111)	(796)	-	-
	(9,575)	(2,673)	4,063	6,888

24.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and subsidiaries. There are no significant changes as compared to prior period.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior period.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there were no significant concentrations of credit risk and the maximum exposure to credit risk arising from trade receivables are represented by the carrying amount in the statement of financial position.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. Invoices which are past due 365 days will be considered as credit impaired.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2024			
Current (not past due)	65,847	-	65,847
1 - 30 days past due	14,095	-	14,095
31 - 60 days past due	7,931	-	7,931
61 - 90 days past due	7,326	-	7,326
More than 90 days past due	8,229	430	7,799
	103,428	430	102,998
Credit impaired			
Individually impaired	241	241	-
	103,669	671	102,998
2023			
Current (not past due)	77,217	-	77,217
1 - 30 days past due	24,336	-	24,336
31 - 60 days past due	7,330	-	7,330
61 - 90 days past due	2,798	-	2,798
More than 90 days past due	1,913	13	1,900
	113,594	13	113,581
Credit impaired			
Individually impaired	297	297	-
	113,891	310	113,581

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Group	
	2024 RM'000	2023 RM'000
At 1 July	310	1,472
Amounts written off	(325)	(1,304)
Net remeasurement of loss allowance	686	142
At 30 June	671	310

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company's exposure to credit risk arose from unsecured advances provided to its subsidiaries.

The Company monitors the financial positions of subsidiaries in assessing its credit risk.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers amount due from subsidiaries has low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. The Company considers amount due from subsidiaries to be credit impaired when:

- The subsidiaries are unlikely to repay the amount to the Company in full; or
- The subsidiaries are continuously loss making and are having a deficit shareholders' fund.

The Company determines the probability of default for this amount individually using internal information available.

At the end of the reporting period, there is no indication that the amount due from subsidiaries is not recoverable.

Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

These licensed banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

The Group and the Company monitor the exposure to credit risk on individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position and the Group and the Company do not recognise any allowance for impairment loss.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries. The Company monitors on an ongoing basis the results of its subsidiaries and repayments made by its subsidiaries.

Exposure to credit risk, credit quality and collateral

The Company's maximum exposure to credit risk amounts to RM164,373,000 (2023: RM171,629,000) representing the outstanding banking facilities of its subsidiaries as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company determines the probability of default of the guaranteed loans using internal information available by assessing individual subsidiary's financial position and likelihood to repay the loan.

As at the end of the reporting period, there was no indication that these subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

24.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
2024							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	59,579	-	59,579	59,579	-	-	-
Term loans	53,226	2.90 - 5.61	60,728	13,745	15,371	19,170	12,442
Hire purchase liabilities	1,837	3.20 - 4.99	1,954	517	492	859	86
Banker's acceptances	23,637	4.43 - 5.17	23,829	23,829	-	-	-
Export financing	6,954	3.50 - 6.37	7,201	7,201	-	-	-
Lease liabilities	19,532	2.31 - 4.50	27,134	4,114	2,785	6,884	13,351
Revolving credit	34,661	5.21 - 7.30	35,024	35,024	-	-	-
	199,426		215,449	144,009	18,648	26,913	25,879
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
- Outflow	111	-	72,963	72,963	-	-	-
- Inflow	-	-	(72,852)	(72,852)	-	-	-
	199,537		215,560	144,120	18,648	26,913	25,879
2023							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	69,308	-	69,308	69,308	-	-	-
Term loans	63,962	3.08 - 5.43	72,886	14,237	13,411	27,730	17,508
Hire purchase liabilities	703	2.90 - 5.24	748	290	239	219	-
Banker's acceptances	41,084	2.50 - 6.40	41,445	41,445	-	-	-
Export financing	15,923	2.75 - 6.58	16,890	16,890	-	-	-
Lease liabilities	20,819	3.70 - 4.50	23,183	4,416	2,176	6,431	10,160
Revolving credit	10,000	5.02 - 5.22	10,514	10,514	-	-	-
Bank overdraft	4,092	5.30 - 8.05	4,334	4,334	-	-	-
	225,891		239,308	161,434	15,826	34,380	27,668
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
- Outflow	796	-	34,019	34,019	-	-	-
- Inflow	-	-	(33,223)	(33,223)	-	-	-
	226,687		240,104	162,230	15,826	34,380	27,668

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Company							
2024							
<i>Non-derivative financial liabilities</i>							
Due to a subsidiary	2,218	5.00	2,329	2,329	-	-	-
Revolving credit	30,661	5.35 - 7.30	30,812	30,812	-	-	-
Other payables and accrued expenses	238	-	238	238	-	-	-
Financial guarantee*	-	-	164,373	164,373	-	-	-
	33,117		197,752	197,752	-	-	-
2023							
<i>Non-derivative financial liabilities</i>							
Other payables and accrued expenses	125	-	125	125	-	-	-
Financial guarantee*	-	-	171,629	171,629	-	-	-
	125		171,754	171,754	-	-	-

* The amount represents the outstanding banking facilities of the subsidiaries at the end of the reporting period.

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Chinese Yuan ("CNY"), Euro ("EUR"), Great Britain Pound ("GBP") and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk from time to time. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in				
	USD RM'000	CNY RM'000	EUR RM'000	GBP RM'000	SGD RM'000
Group					
2024					
Trade receivables	51,102	5,285	986	-	132
Intercompany receivables	141,272	-	39	3,813	-
Cash and cash equivalents	11,581	-	72	256	-
Trade payables	(3,226)	-	-	-	(62)
Other payables	(5,278)	-	-	(6)	-
Intercompany payables	(103,631)	-	-	-	-
Loans and borrowings	(28,627)	-	-	(1,146)	-
Forward exchange contracts	(72,963)	-	-	-	-
Net exposure	(9,770)	5,285	1,097	2,917	70
2023					
Trade receivables	62,137	4,452	699	-	-
Intercompany receivables	142,048	-	39	-	-
Cash and cash equivalents	11,616	202	446	244	-
Trade payables	(7,057)	-	-	-	-
Other payables	(3,559)	-	-	-	-
Intercompany payables	(95,769)	-	-	-	-
Loans and borrowings	(40,793)	-	-	-	-
Forward exchange contracts	(33,223)	-	-	-	-
Net exposure	35,400	4,654	1,184	244	-

	Denominated in USD RM'000
Company	
2024	
Intercompany receivables	78,763
Cash and cash equivalents	23
Loans and borrowings	(9,061)
Net exposure	69,725
2023	
Intercompany receivables	60,422
Cash and cash equivalents	82
Net exposure	60,504

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2023: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Denominated in				
	USD RM'000	CNY RM'000	EUR RM'000	GBP RM'000	SGD RM'000
Group					
2024					
Profit or loss	743	(402)	(83)	(222)	(5)
2023					
Profit or loss	(2,690)	(354)	(90)	(19)	-

	Denominated in USD RM'000
Company	
2024	
Profit or loss	(5,299)
2023	
Profit or loss	(4,598)

A 10% (2023: 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

There is no formal hedging policy with respect to interest rate exposure. Exposure to interest rate is monitored on an ongoing basis and the Group endeavours to keep the exposure to an acceptable level.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments and lease liabilities, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fixed rate instruments				
Financial assets	2,003	2,080	105,673	85,959
Financial liabilities	(67,089)	(67,710)	(32,879)	-
Lease liabilities	(19,532)	(20,819)	-	-
	(84,618)	(86,449)	72,794	85,959
Floating rate instruments				
Financial liabilities	(53,226)	(68,054)	-	-

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) the Group's post-tax profit or loss by RM405,000 (2023: RM517,000). This analysis assumes that all other variables remained constant.

24.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, short term payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of the hire purchase liabilities approximates its fair value as there is no material change in the interest charged on similar kind of borrowings in the market.

The carrying amount of the floating rate term loans approximates its fair values as its effective interest rate changes accordingly to movements in the market interest rate.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value Level 2 RM'000	Total fair value RM'000	Carrying amount RM'000
Group			
2024			
Financial liabilities			
Forward exchange contracts	(111)	(111)	(111)
2023			
Financial liabilities			
Forward exchange contracts	(796)	(796)	(796)

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2023: no transfer in either directions).

Notes to the Financial Statements

25. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio to operate effectively with minimal external borrowings.

During the financial year ended 30 June 2024, the Group's strategy was to maintain the debt-to-equity ratio at below 1.0. The debt and equity position and debt-to-equity ratio of the Group were as follows:

	Group	
	2024 RM'000	2023 RM'000
Loans and borrowings (Note 12)	120,315	135,764
Lease liabilities	19,532	20,819
Total debt	139,847	156,583
Less: Cash and cash equivalents (Note 10)	(38,986)	(31,785)
	100,861	124,798
Total equity attributable to owners of the Company	482,915	476,567
Debt to equity ratio	0.21	0.26

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

26. CAPITAL COMMITMENT

	Group	
	2024 RM'000	2023 RM'000
Capital expenditure commitment		
Property, plant and equipment		
Contracted but not provided for	1,626	3,638

Notes to the Financial Statements

27. RELATED PARTIES

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 13.

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
A. Subsidiaries				
Dividend income	-	-	2,700	-
Interest income	-	-	4,928	4,024
Interest expense	-	-	(18)	-
Advances, net of repayment	-	-	(15,167)	(597)
Advance from	-	-	2,200	-
B. Companies in which certain Directors/ Directors' close family members have substantial financial interests				
Sales of goods	123	72	-	-
C. Key management personnel				
Directors				
- Fees	545	490	545	490
- Remuneration	2,980	2,139	38	38
- Benefits	43	37	-	-
- Contributions to the state plans	546	386	-	-
	4,114	3,052	583	528
Other key management personnel				
- Remuneration	1,895	2,109	-	-
- Contributions to the state plans	316	391	-	-
	2,211	2,500	-	-
Total short-term employee benefits	6,325	5,552	583	528

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 85 to 133 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 then ended.

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

Goh Leng Kian

Director

Goh Miah Kiat

Director

Date: 10 October 2024

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Goh Chok Siang**, the officer primarily responsible for the financial management of KAREX BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 85 to 133 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Goh Chok Siang, NRIC: 710621-04-5081, MIA CA 14638, at Petaling Jaya in the State of Selangor on 10 October 2024.

Goh Chok Siang

Before me:

Chua Fong Ling (B519)
Commissioner For Oaths

Independent Auditors' Report

To the Members of Karex Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Karex 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 year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 85 to 133.

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 cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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 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.

Impairment of non-financial assets - Group

Impairment of goodwill and intangible assets - Group

Note 6 - Intangible assets.

The key audit matter

The Group has goodwill of RM27,230,000, brands of RM64,657,000 and other intangible assets of RM5,589,000 with indefinite useful life as at 30 June 2024 which are required to be tested for impairment on an annual basis. When a review of impairment is conducted, the recoverable amount is determined based on discounted future cash flow projections using the Group's assumptions and assessment of the future results and prospects of the business. The key assumptions applied by the Group in the cash flow projections are those relating to discount rates, revenue growth rates and profit margin.

We have identified this as a key audit matter because judgement is required in our assessment of the recoverable amount and the significance of the carrying amount of goodwill, brands and other intangible assets with indefinite useful life in the financial statements.

Independent Auditors' Report

To the Members of Karex Berhad

Key Audit Matters (continued)

Impairment of non-financial assets - Group (continued)

Impairment of goodwill and intangible assets - Group (continued)

How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We obtained the annual impairment assessment model of the Group and compared with the requirements of the relevant accounting standards.
- We assessed the appropriateness of key assumptions used particularly those relating to revenue growth, profit margin, terminal growth rate and discount rate applied to the cash flows projections, with reference to internally and externally derived sources of information.
- We evaluated the historical forecasting accuracy by comparing the cash flows projections used in the prior year against the actual cash flows in the current year.
- We evaluated the estimation uncertainty and performed sensitivity analysis on key assumptions.
- We also assessed whether the Group's disclosures in the financial statements about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risk inherent in the impairment assessment of goodwill, brands and other intangible assets.

Inventories valuation - Group

Note 8 - Inventories.

The key audit matter

The Group is primarily involved in manufacturing and selling of condoms based on the design specification prescribed by customers. As at 30 June 2024, the Group has reported inventory balance of RM155,162,000.

The consumption of the pre-printed raw materials and the demand of finished goods depend on the likelihood of repeat orders and/or the ability of the Group to sell these items. Pricing has been more competitive in the tender market. Hence, there is a high possibility that inventories, particularly those manufactured for the tender market, may be quoted at a lower selling price.

The inventories valuation is identified as a key audit matter because judgement involved in assessing the level of inventory write down required in order to ascertain that inventories are stated at the lower of cost and net realisable value.

How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We evaluated the design and implementation of the Group's controls over the assessment of slow-moving inventories.
- We evaluated the appropriateness of the Group's provision policy for slow-moving inventories by performing retrospective review.
- We assessed the accuracy and reliability of the inventory aging and evaluated the provisions made for slow-moving inventories are in accordance with the Group's policy.
- We assessed the net realisable values for finished goods as at 30 June 2024 by selecting samples and comparing them to the most recent selling prices to ascertain the inventories are carried at the lower of cost and net realisable values.

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

Independent Auditors' Report

To the Members of Karex Berhad

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report

To the Members of Karex Berhad

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

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

- 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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 gives a true and fair view.
- 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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

To the Members of Karex Berhad

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

Other Matter

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Chee Keong
Approval Number: 03175/04/2025 J
Chartered Accountant

Johor Bahru

Date: 10 October 2024

List of Properties

No.	Address	Land area/ Build up area	Description/ Existing use	Date of acquisition	Tenure	Year of expiry	Approximate age of buildings	Net book value at 30 June 2024
		Sq/ft					Years	RM'000
1	PTD 7906, Taman Pontian Jaya, Batu 34 Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	9,354/ 5,460	1 1/2 storey semi-detached building which we use as office, factory and warehouse	5/4/2000	Freehold	-	31	459
2	PTD 7907, Taman Pontian Jaya, Batu 34 Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	10,807/ 5,460	1 1/2 storey semi-detached building which we use as office, factory and warehouse	5/4/2000	Freehold	-	31	459
3	Lot 1235, Benut, 82000 Pontian, Johor Darul Takzim, Malaysia	225,418/ -	Vacant land	10/9/2002	Freehold	-	-	853
4	PTD 7915, Taman Pontian Jaya, Batu 34 Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	9,720/ 5,460	1 1/2 storey semi-detached building which we use as warehouse	22/2/2005	Freehold	-	31	495
5	Lot 2767, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	781,335/ -	Building under construction	21/10/2010	Freehold	-	-	10,508
6	Lot 1863, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	18,241/ 7,798	Single storey semi-detached building which we use as office, factory and warehouse	27/7/2015	Leasehold 99 years	October 2063	31	554
7	Lot 2491, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	54,450/ 21,385	Single storey semi-detached building which we use as office, factory and warehouse	27/7/2015	Leasehold 99 years	October 2063	31	2,539

List of Properties

No.	Address	Land area/ Build up area	Description/ Existing use	Date of acquisition	Tenure	Year of expiry	Approximate age of buildings	Net book value at 30 June 2024
		Sq/ft					Years	RM'000
8	Lot 10985, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	39,204/6,439	Single storey semi-detached building which we use as factory and warehouse	27/7/2015	Leasehold 99 years	October 2063	31	1,536
9	Lot 10986, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	199,477/152,058	2 storey building which we use as office, factory and warehouse	27/7/2015	Freehold	-	31	14,532
10	PTD 5997, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	168,563/-	Vacant land	27/7/2015	Freehold	-	-	3,038
11	Lot 591, Persiaran Raja Lumu, Pandamaran Industrial Estate, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	43,560/28,908	1 1/2 storey building which we use as warehouse	9/3/2012	Leasehold 99 years	September 2074	33	5,165
12	Lot 594, Persiaran Raja Lumu, Pandamaran Industrial Estate, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	43,560/63,907	3 storey building which we use as office, factory and warehouse	20/10/2003	Leasehold 99 years	September 2074	36	9,346
13	Land slot No: E1-6 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	64,446/37,835	1 1/2 storey building which we use as office, factory and warehouse	30/4/2003	Leasehold 30 years	April 2033	19	1,460
14	Land slot No: E1-7 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	65,182/29,773	Single storey building which we use as office, factory and warehouse	9/2/2003	Leasehold 30 years	February 2036	19	2,149

List of Properties

No.	Address	Land area/ Build up area	Description/ Existing use	Date of acquisition	Tenure	Year of expiry	Approximate age of buildings	Net book value at 30 June 2024
		Sq/ft					Years	RM'000
15	Land slot No: E1-8 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	65,448/ 43,099	Single storey building which we use as warehouse	1/11/2012	Leasehold 30 years	October 2042	10	2,438
16	Land slot No: E1-9-11 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	194,394/ 105,092	Single storey factory	1/8/2014	Leasehold 30 years	July 2044	9	18,634
17	Land slot No: E1-18, E1-19, E1-20, E1-21 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	276,651/ 170,508	Single storey building, which we use as factory and warehouse	22/9/2020	Leasehold 30 years	September 2050	3	33,659
18	Land slot No: E14-15 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	137,778/ 69,406	1 1/2 storey building, which we use as factory and warehouse	20/10/2016	Leasehold 30 years	October 2046	8	7,471
19	PTD 8780, PLO8, Jalan Perindustrian, Senai Industrial Estate 1, 81400 Senai, Johor Darul Takzim, Malaysia	174,235/ 79,789	Single storey building which we use as office, factory and warehouse	12/1/1983	Leasehold 60 years	January 2043	39	8,108
20	PTD 8786, PLO11, Jalan Perindustrian, Senai Industrial Estate 1, 81400 Senai, Johor Darul Takzim, Malaysia	87,123/ 1,956	Single storey building which we use as factory and warehouse	23/9/1985	Leasehold 60 years	September 2045	39	1,389

Analysis of Shareholdings

As at 27 September 2024

Value of Issued Shares : RM 324,243,586.22
 Number of Issued Shares : 1,053,460,761 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per Ordinary Share
 Number of Shareholders : 10,533

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	482	4.58	19,021	0.00
100 - 1,000	1,600	15.19	971,344	0.09
1,001 - 10,000	5,320	50.51	26,868,287	2.55
10,001 - 100,000	2,705	25.68	83,040,295	7.88
100,001 to less than 5% of issued shares	424	4.02	644,977,814	61.23
5% and above of issued shares	2	0.02	297,584,000	28.25
Total	10,533	100.00	1,053,460,761	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDING AS AT 27 SEPTEMBER 2024

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Dr. Ong Eng Long @ Ong Siew Chuan	860,000	0.08	-	-
Professor Dato' Dr. Adeeba binti Kamarulzaman	-	-	-	-
Dato' Edward Siew Mun Wai	50,000	0.01	-	-
Chew Fook Aun	-	-	150,000 ⁽¹⁾	0.01
Lam Jiuan Jiuan	19,087,456	1.81	262,402,056 ⁽²⁾	24.91
Goh Yen Yen	12,062,456	1.15	121,460,400 ⁽³⁾	11.53
Goh Leng Kian	41,468,865	3.94	184,823,750 ⁽⁴⁾	17.54
Goh Miah Kiat	49,055,097	4.66	184,250,000 ⁽⁵⁾	17.49

Analysis of Shareholdings

As at 27 September 2024

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 27 SEPTEMBER 2024

Name of Substantial Shareholders	Direct Holdings		Indirect Holdings (excluding bare trustees)	
	No. of Shares	%	No. of Shares	%
Karex One Limited	184,250,000	17.49	-	-
Maryen Holdings Limited	121,460,400	11.53	-	-
Lam Yiu Pang Albert	49,312,456	4.68	232,177,056 ⁽⁶⁾	22.04
Lam Jiuan Jiuan	19,087,456	1.81	262,402,056 ⁽²⁾	24.91
Goh Leng Kian	41,468,865	3.94	184,823,750 ⁽⁴⁾	17.54
Goh Yen Yen	12,062,456	1.15	121,460,400 ⁽³⁾	11.53
Goh Yin	19,181,170	1.82	121,460,400 ⁽³⁾	11.53
Goh Ai Noi	-	-	211,286,056 ⁽⁷⁾	20.06
Goh Miah Kiat	49,055,097	4.66	184,250,000 ⁽⁵⁾	17.49

⁽¹⁾ Deemed interested by virtue of his interest in The Orchid Growers Association Ltd pursuant to Section 8 of the Companies Act 2016.

⁽²⁾ Deemed interested by virtue of her interest in AJNA Holdings Limited, Maharani Limited and Karex One Limited pursuant to Section 8 of the Companies Act 2016 and interest held by her spouse pursuant to Section 59 (11) (c) of the Companies Act 2016.

⁽³⁾ Deemed interested by virtue of her interest in Maryen Holdings Limited pursuant to Section 8 of the Companies Act 2016.

⁽⁴⁾ Deemed interested by virtue of his interest in Karex One Limited pursuant to Section 8 of the Companies Act 2016 and interest held by his spouse pursuant to Section 59 (11) (c) of the Companies Act 2016.

⁽⁵⁾ Deemed interested by virtue of his interest in Karex One Limited pursuant to Section 8 of the Companies Act 2016.

⁽⁶⁾ Deemed interested by his interest in AJNA Holdings Limited and Maharani Limited pursuant to Section 8 of the Companies Act 2016 and interest held by his spouse.

⁽⁷⁾ Deemed interested by virtue of her interest in Karex One Limited and Jeyya Ltd pursuant to Section 8 of the Companies Act 2016.

Thirty Largest Shareholders

As at 27 September 2024

No.	Name of Shareholders	No. of Shares	%
1.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SINGAPORE BRANCH (A/C CLIENTS-FGN)	177,584,000	16.86
2.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR MARYEN HOLDINGS LIMITED (PB)	120,000,000	11.39
3.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR LAM YIU PANG ALBERT (PB)	49,312,456	4.68
4.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DAVIN THOMAS WEDEL	48,423,500	4.60
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH LENG KIAN (PB)	27,468,865	2.61
6.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR JEYYA LIMITED (PB)	25,162,456	2.39
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH MIAH KIAT	22,300,000	2.12
8.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR LAM JIUAN JIUAN (PB)	19,087,456	1.81
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH YIN (PB)	18,952,170	1.80
10.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH MIAH KIAT	17,755,000	1.69
11.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG HONG KONG (FOREIGN)	16,905,550	1.60
12.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR MAHARANI LIMITED (PB)	16,014,600	1.52
13.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR AJNA HOLDINGS LIMITED (PB)	12,825,000	1.22
14.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH YEN YEN (PB)	12,062,456	1.15
15.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	11,818,200	1.12

Thirty Largest Shareholders

As at 27 September 2024

No.	Name of Shareholders	No. of Shares	%
16.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI EQUITY GROWTH FUND	11,426,800	1.08
17.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR KAREX ONE LIMITED (PB)	10,000,000	0.95
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	9,507,100	0.90
19.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH MIAH KIAT (PB)	9,000,097	0.85
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH LENG KIAN	9,000,000	0.85
21.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	7,944,100	0.75
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABDN EQ ABSR FD)	7,913,300	0.75
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NIAM EQ)	7,861,600	0.75
24.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS PLUS FUND	7,403,800	0.70
25.	TAN KOK CHOON	6,409,100	0.61
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN BHD (ABERDEEN 2)	6,398,500	0.61
27.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS SWITZERLAND AG	6,290,900	0.60
28.	MAYBANK INVESTMENT BANK BERHAD IVT (10) ECD D1-H	5,617,200	0.53
29.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE BRANCH (BJSSSGBR-CL FR)	5,310,850	0.50
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TECK SOON (E-SS2)	5,250,000	0.50
TOTAL		711,005,056	67.49

Notice of 12th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting ("12th AGM") of Karex Berhad ("Karex" or "Company") will be conducted on a virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities from the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 27 November 2024 at 10:00 a.m. for the purpose of considering the following businesses:

AGENDA

Ordinary Business

1. 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.
(Refer to Explanatory Note (a))
2. To re-elect Mr Goh Leng Kian who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, has offered himself for re-election.
(Ordinary Resolution 1)
3. To re-elect Madam Lam Jiuan Jiuan who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, has offered herself for re-election.
(Ordinary Resolution 2)
4. To re-elect Madam Goh Yen Yen who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, has offered herself for re-election.
(Ordinary Resolution 3)
5. To approve the payment of Directors' Fees of RM545,000 for the financial year ended 30 June 2024.
(Ordinary Resolution 4)
6. To approve the payment of Directors' remuneration (excluding Directors' Fees) and benefits payable to the Directors of the Company and its subsidiaries up to an amount of RM61,000 for the period from 1 December 2024 to 30 November 2025.
(Ordinary Resolution 5)
7. To re-appoint Messrs KPMG PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.
(Ordinary Resolution 6)

Special Business

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

8. Authority to Issue and Allot Shares

"THAT subject always to the Companies Act 2016 ("the Act"), Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Act ("Mandate").

Notice of 12th Annual General Meeting

THAT such approval on the Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- (c) revoked or varied by resolution passed by shareholders of the Company in a general meeting.

THAT the Directors of the Company be and are hereby also authorised and empowered to give effect to the proposed Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities and to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for such new shares on the Main Market of Bursa Securities.

THAT pursuant to Section 85 of the Companies Act 2016, read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this Mandate.

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

(Ordinary Resolution 7)

9. Continuation in Office of Independent Non-Executive Director

"THAT approval be and is hereby given to Dato' Dr. Ong Eng Long @ Ong Siew Chuan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until 28 July 2025."

(Ordinary Resolution 8)

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

BY ORDER OF THE BOARD
TAI YIT CHAN (MAICSA 7009143)
SSM PC NO. 202008001023

TAN AI NING (MAICSA 7015852)
SSM PC NO. 202008000067

Company Secretaries

Selangor Darul Ehsan
Dated this 25th day of October 2024

Notice of 12th Annual General Meeting

Notes:

- 1) *The Company will continue to leverage on technology to facilitate communications with its shareholders by conducting the 12th AGM on a virtual basis where shareholders are allowed to participate remotely through live streaming and online remote voting using RPEV facilities via online meeting platform available at <https://meeting.boardroomlimited.my>. Please follow the procedures provided in the Administrative Details of the 12th AGM in order to register, participate (including pose questions) and vote remotely via the RPEV facilities.*
- 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/PROXIES/CORPORATE REPRESENTATIVES will be permitted to be physically present at the Broadcast Venue on the day of the Meeting.*
- 3) *A member entitled to virtually attend and vote at the above Meeting is entitled to appoint a proxy or proxies to exercise all or any of his rights to virtually attend, participate, interact and vote in his/her stead, in accordance with the Administrative Details.*
- 4) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
- 5) *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*
- 6) *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where the Exempt Authorised Nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of his holdings to be represented by each proxy.*
- 7) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
- 8) *The instrument appointing a proxy must be deposited at the Share Registrar's office of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia or via electronic means through the Boardroom Smart Investor Portal at <http://www.investor.boardroomlimited.com> (please follow the procedures as stipulated in the Administrative Details) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
- 9) *Shareholders/proxies/corporate representatives are encouraged to refer to the procedures set out in the Administrative Details in order to participate remotely.*
- 10) *Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and interact at the Annual General Meeting is 20 November 2024.*

Notice of 12th Annual General Meeting

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

a) *Item 1 of the Agenda*

Audited Financial Statements for the financial year ended 30 June 2024

This Agenda item is meant for discussion only, as the provisions of Section 248 and Section 340 (i)(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.

b) *Ordinary Resolutions 1, 2 & 3*

Re-election of Directors who retire in accordance with Clause 97 of the Company's Constitution

No individual is seeking election as a Director at the forthcoming 12th AGM of the Company.

Pursuant to Clause 97 of the Constitution of the Company, Mr Goh Leng Kian, Madam Lam Jiuan Jiuan and Madam Goh Yen Yen are standing for re-election as Directors of the Company and being eligible offered themselves for re-election at this 12th AGM of the Company. The profiles of the retiring Directors are set out on pages 52, 50 and 51 of the Annual Report. The Board through its Nomination Committee had assessed the retiring Directors, as detailed in the Corporate Governance Overview Statement on page 62 of the Annual Report.

c) *Ordinary Resolutions 4 & 5*

Payment of Directors' fees and benefits made payable to the Directors

Section 230(1) of the Act, provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval at the 12th AGM for the payment of Directors' fees and benefits payable to the Directors in two (2) separate resolutions as below:

- (i) Resolution 4 on the proposed Directors' fees of RM545,000 in respect of the financial year ended 30 June 2024;
- (ii) Resolution 5 on the payment of Directors' Benefits (excluding Directors' Fees) payable to the Directors of the Company and its subsidiaries up to an amount of RM61,000 for the period from 1 December 2024 to 30 November 2025. The benefits comprise the meeting allowance, which will only be accorded based on actual attendance of meetings by the Directors.

d) *Ordinary Resolution 7*

Authority to Issue and Allot Shares

The proposed Ordinary Resolution, if approved, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This is the renewal of the mandate obtained from the shareholders at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and no proceeds were raised. The purpose of this general mandate sought will provide flexibility to the Company for any possible fund-raising activities but not limited for further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

Notice of 12th Annual General Meeting

e) Ordinary Resolution 8

Continuance in Office as an Independent Non-Executive Director - Dato' Dr. Ong Eng Long @ Ong Siew Chuan

The proposed Ordinary Resolution is subject to two-tier voting, if approved, will allow the named Director to remain as an Independent Director notwithstanding that he has served a cumulative term of more than nine years as an Independent Director.

As part of our commitment to sustainable leadership, the Company is mentoring successor to secure the future leadership of the Company. The guidance and mentorship of Dato' Dr. Ong Eng Long @ Ong Siew Chuan is invaluable in preparing the next generation of leaders.

The Board after the annual assessment of the independence of Dato' Dr. Ong Eng Long @ Ong Siew Chuan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, had recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

- 1) He fulfilled the criteria under the definition of Independent Director as set out under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance and bring an element of objectivity to the Board;
- 2) He has cumulative knowledge of the Group's business and operations and has made and continue to make valuable contributions to the Group;
- 3) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making by actively participating in board discussions and provided an independent voice to the Board through his vast experience in various industries; and
- 4) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders.

Personal data privacy:

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Form of Proxy

KAREX BERHAD

(Registration No. 201201034091 (1018579-U))

(Incorporated in Malaysia)



Number of Shares Held	
CDS Account No.	

* I/We _____

NRIC/No./Passport/No./Company No. _____

of _____

Telephone No. _____ being a Member(s) of KAREX BERHAD (201201034091 (1018579-U)), hereby appoint

Full Name (in Block Letters) (First Proxy)				NRIC/ Passport No.	Proportion of Shareholding (%)
Email:		Contact No.:			
*And/or					
Full Name (in Block Letters) (Second Proxy)				NRIC/ Passport No.	Proportion of Shareholding (%)
Email:		Contact No.:			

or failing him/her, #THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the 12th Annual General Meeting ("12th AGM") of the Company to be conducted on a virtual basis through live-streaming and online remote voting using the Remote Participation and Electronic Voting ("RPEV") facilities from the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 27 November 2024 at 10:00 a.m. or at any adjournment thereof and to vote as indicated below:

Ordinary Resolutions		For	Against
Ordinary Business			
1.	To re-elect Mr Goh Leng Kian as a Director of the Company		
2.	To re-elect Madam Lam Juan Juan as a Director of the Company		
3.	To re-elect Madam Goh Yen Yen as a Director of the Company		
4.	To approve the payment of Directors' Fees		
5.	To approve the payment of Directors' Remuneration (excluding Directors' Fees) and Benefits		
6.	To re-appoint Messrs KPMG PLT as Auditors of the Company		
Special Business			
7.	To approve the Authority to Issue and Allot Shares		
8.	To approve the continuation in office of Independent Non-Executive Director, Dato' Dr. Ong Eng Long @ Ong Siew Chuan		

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

* Delete if not applicable.

Signed this _____ day of _____ 2024

Signature/Common Seal of Shareholder

Notes:

- 1) The Company will continue to leverage on technology to facilitate communications with its shareholders by conducting the 12th AGM on a virtual basis where shareholders are allowed to participate remotely through live streaming and online remote voting using RPEV facilities via online meeting platform available at <https://meeting.boardroomlimited.my>. Please follow the procedures provided in the Administrative Details of the 12th AGM in order to register, participate (including pose questions) and vote remotely via the RPEV facilities.
- 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/PROXIES/CORPORATE REPRESENTATIVES will be permitted to be physically present at the Broadcast Venue on the day of the Meeting.
- 3) A member entitled to virtually attend and vote at the above Meeting is entitled to appoint a proxy or proxies to exercise all or any of his rights to virtually attend, participate, interact and vote in his/her stead, in accordance with the Administrative Details.
- 4) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- 5) Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- 6) Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where the Exempt Authorised Nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of his holdings to be represented by each proxy.
- 7) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- 8) The instrument appointing a proxy must be deposited at the Share Registrar's office of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia or via electronic means through the Boardroom Smart Investor Portal at <http://www.investor.boardroomlimited.com> (please follow the procedures as stipulated in the Administrative Details) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- 9) Shareholders/proxies/corporate representatives are encouraged to refer to the procedures set out in the Administrative Details in order to participate remotely.
- 10) Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and interact at the Annual General Meeting is 20 November 2024.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/ or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the AGM.

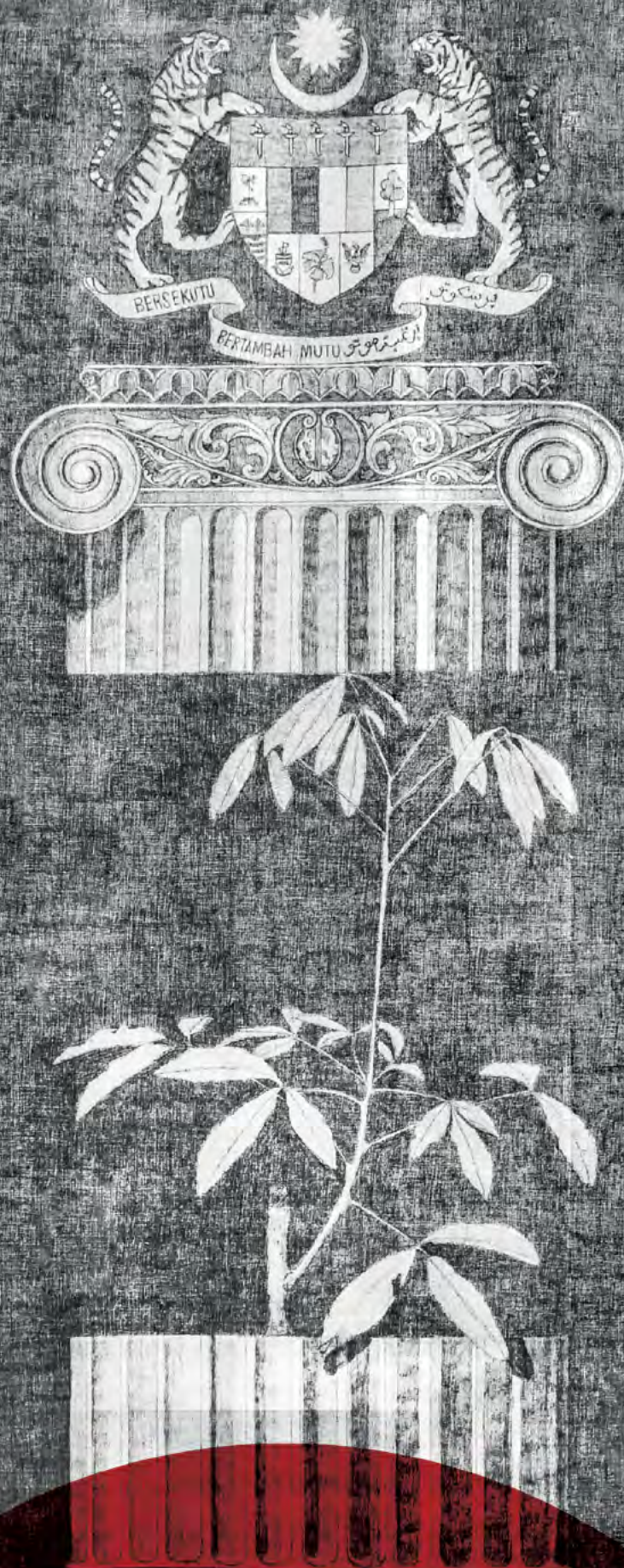
Fold here

Affix Stamp

KAREX BERHAD (201201034091 (1018579-U))

c/o Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold here



KAREX BERHAD

(Registration No.: 201201034091 (1018579-U))

Lot 594, Persiaran Raja Lumu,
Pandamaran Industrial Estate,
42000 Port Klang,
Selangor, Malaysia.

T : +603-3165 6688

F : +603-3166 2000

E : enquiry@karex.com.my

W : karex.com.my